BIC Bank

ANNUAL REPORT 2020

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Message

From the Chairman

"Mindful of that optimism, it is my hope that we at BIC Bank together with the Kingdom of Cambodia are in preparation for better days ahead, and that when the going gets tough, that way may strive to 'Pivot, Reimagine, Reinvent'."

Dear Shareholders and Stakeholders,

I am pleased to report the results of B.I.C (Cambodia) Bank Plc. (the “Bank” or “BIC Bank”) for the year ended 31 December 2020.

A YEAR OF UNPRECEDENTED CHALLENGES, AND THE REBOUND TO FOLLOW

First of all, it is my sincere hope that all of you have been and continue to be in good health and wellbeing.

2020 brought on a year of unprecedented challenges and perhaps for the first time in history, has done so on a completely global scale. Key industries, including ours in banking and finance, have experienced massive changes in large part enabled by technology, as a way to addressing the challenges that the Covid-19 pandemic has presented.

Against the backdrop of multiple industries having to *‘Pivot, Reimagine, Reinvent’* in order to remain resilient, it brings hope that in such a time of great invention, the eventual rebound and recovery of both the global and Cambodian economy is closer than many may have predicted.

Indeed, real GDP growth is projected to be at 4.2% for 2021 according to the IMF’s IMF Data Mapper (April 2021), having experienced a tepid -3.5% real GDP growth in 2020. In the following year, the IMF’s World Economic Outlook dated April 2021 projects an even better 5.7% real GDP growth rate within its country classification *(Other Emerging and Developing Asia)*, showing green shoots of optimism for a robust recovery.

Mindful of that optimism, it is my hope that we at BIC Bank together with the Kingdom of Cambodia are in preparation for better days ahead, and that when the going gets tough, that way may strive to *‘Pivot, Reimagine, Reinvent’.*

ECONOMIC OUTLOOK

Whilst both the actual real GDP growth for 2019 and the projected 2020 numbers have been marked down, from -1.6% to -3.5% and 6% to 4.2%, respectively, the impact was shallower than most *worst-case scenario* modelling had anticipated, especially given the fact of resurgent Covid-19 cases towards the end of 2020 facing the country. Whilst the vaccine drive in the country is well underway, as all countries are having to learn, there remains the precarious balance of maintaining economic activity and managing the protracted risk of Covid-19.

Whilst the Chinese economy in particular has been a major cog in the shining light for the global economic engine for 2020, benefitting its key trading partners including Cambodia, a more muted 2021 outlook may well be offset by the improving economic sentiment expected to come from its other major neighbours towards the end of this year, including Vietnam and Thailand. Indeed, with a healthy 4.2% project real GDP growth as well as a historically stable (and importantly, non-deflationary) 3.1% projected increase in consumer prices for 2021 (IMF Data Mapper, April 2021), the expectations for Cambodia's economic performance are comparable to past years, not withstanding the Covid-19 situation during the past year.

BUSINESS REVIEW

BIC Bank had a resilient 2020, not only in terms of its maintaining a steady growth track in its financial and operating performance, despite the severe challenges brought on by Covid-19 in 2020 but also continuing its build-up of improved services and capacity to service its clients and customers. Indeed, in an expansion of the Bank's online banking offerings, the BIC Mobile app was launched, and I am pleased to announce that we have also recently launched a newer, refined version that will see continual upgrades and improvements as we gather feedback from our clients and customers.

Similarly, we continue to push ahead with maximizing the full capabilities of our new core banking system, which will see continual upgrades and improvements resulting in an expansion of our service capabilities, reinforcing our focus on digital infrastructure and making sure it provides the highest, best-in-class security and features.

BANK'S FINANCIAL PERFORMANCE

In its second full fiscal year of operations, during the 12 months ended 31 December 2020, the Bank made a net profit of USD 0.44 million (2019: net profit of USD 1.14 million), with its gross profit before tax at USD 0.59 million (2019: gross profit before tax USD 1.47 million). During the reporting period, BIC Bank has continued to grow its operating revenues to USD 7.61 million (2019: USD 5.55 million) and has managed to grow its total assets to USD 268.98 million (2019:USD 197.91 million), with loans portfolio making up the largest component at USD 74.64 million (2019: 67.77 million). Meanwhile, deposits stood at USD 190.06 million for the period (2019: USD 120.24 million).

NET PROFIT
USD 0.44 million

LOANS PORTFOLIO
USD 74.64 million

TOTAL ASSETS
USD 268.98 million

DEPOSITS
USD 190.06 million

BOARD CHANGES

During the period, Dr. Sathit Limpongpan, who had previously stepped down from the Chairman role in 2019, has departed the board. We extend our thanks and gratitude for his diligent commitment and efforts to help the Bank during his board tenure.

Replacing him are Mrs. Adel Leilanie G. Legarta as an Executive Director on the Board, presently serving in the role of Chief Business Development Officer, and Mr. MC Cosh John Edward as an Independent Director. Together, they each bring their own unique leadership set to the Bank's board, with Adel bringing a depth of experience in the Cambodian banking sector and John lending deep insight from his various management and operations roles that has spanned the globe. We are excited to have them join and strengthen our board, looking forward to their diligent guidance and leadership as the Bank enters a new era.

BANK'S FUTURE FOCUS

BIC Bank is part of the BIC Group (the "Group") which is an investment group active in South East Asia across the sectors of banking, real estate, energy and financial services.

With Cambodia being a core market that the Group operates in, we look forward to continuing our investments into the Bank's improved operations, services and competitiveness. A core focus towards our continued efforts is in the digital space, whether it would be Apps, online functionality, security and partnership building to provide new and exciting features to our customers and clients.

Another key area of focus will be in the capital markets space, especially post-Covid-19, where we anticipate accelerated business opportunities that our Bank's expertise is well placed to harness. We aim to use our Group businesses as well as those of strategic and technology partners to bring this nascent subset of our industry to the fore in Cambodia, with the hope that we are able to successfully transact a number of showcase projects whether it would be in the finance, bancassurance, Mergers & Acquisitions or private banking space.

ACKNOWLEDGEMENT

On behalf of BIC Bank, I would like to express our great thanks and gratitude to the Board of Directors, the officers and the entire staff of the National Bank of Cambodia for their continued leadership, guidance all the while maintaining monetary stability and a steadfast response especially during this past and current pandemic year. I would like to express our sincerest gratitude to our valued customers, clients and partners for their continued loyalty, support and trust. We take pride in your vote of confidence in us and strive to strengthen and deepen our relationship through these challenging times as well as the better years to come.

Finally, I would take this opportunity to express our gratitude to our Board of Directors, the Bank's entire team and all of our staff, our advisers and last but not least, our shareholders for their support, diligence and commitment. I hope now more than ever that the Bank will continue to enjoy such unwavering support in the years to come.

Sincerely,

YIM LEAK
Chairman of the Board of Directors

Corporate Profile

B.I.C (Cambodia) Bank Plc. ("the Bank") is a commercial bank incorporated and registered in the Kingdom of Cambodia. The Bank was incorporated on 14 November 2017 under the Cambodian Law on Commercial Enterprises and licensed under the regulation of the National Bank of Cambodia ("NBC"). The Bank obtained the NBC license on 18 July 2018 and commenced operations on 8 August 2018.

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

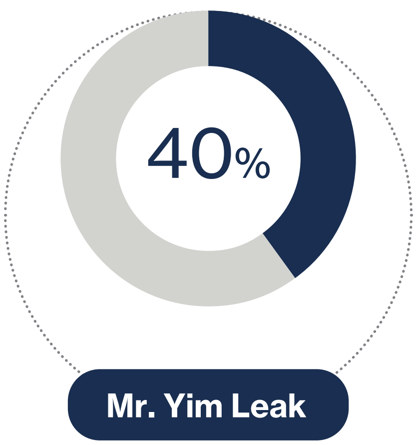
Bank's Head Office and Main Branch

No. 462, Monivong Boulevard, Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh, Cambodia.

The bank was originally established by

Asia Investment and Financial Services Sole Co., Ltd of Lao PDR, Paradise Investment Co., Ltd of Kingdom of Cambodia and Prime Street Advisory Co., Ltd of Kingdom of Thailand. On 29 September 2020, the National Bank of Cambodia granted the approval to transfer all shares held by Paradise Investment Co., Ltd (Cambodia) and Prime Street Advisory Co., Ltd (Thailand) to MR. YIM LEAK, further strengthening the shareholders' commission of BIC Bank's vision and mission.

Shareholder Structure



Mission

To become the best local financial partner, we must be smarter and quicker to produce more benefits to our customers, by providing innovative and practical solutions to meet their needs. We are committed to maximize the benefits for our customers and stakeholders. We will constantly improve our business services, by continuously investing in our people, innovative ideas and technology. Our partnership with our customers will be built on mutual respect, openness, honesty and awareness of their needs.

Vision

To be the preferred bank by offering the best personalized service to our customers and offering innovative products and solutions that are technologically advanced and meet our customers' needs and expectations.

Philosophy

Customer Perspective:

- Provide our customers best services and secure banking
- To meet our customers' banking and financial needs

Employee Perspective:

- Our people are our greatest asset. As such, we place great importance in developing them. A dynamic human capital development process will drive our competitive edge.

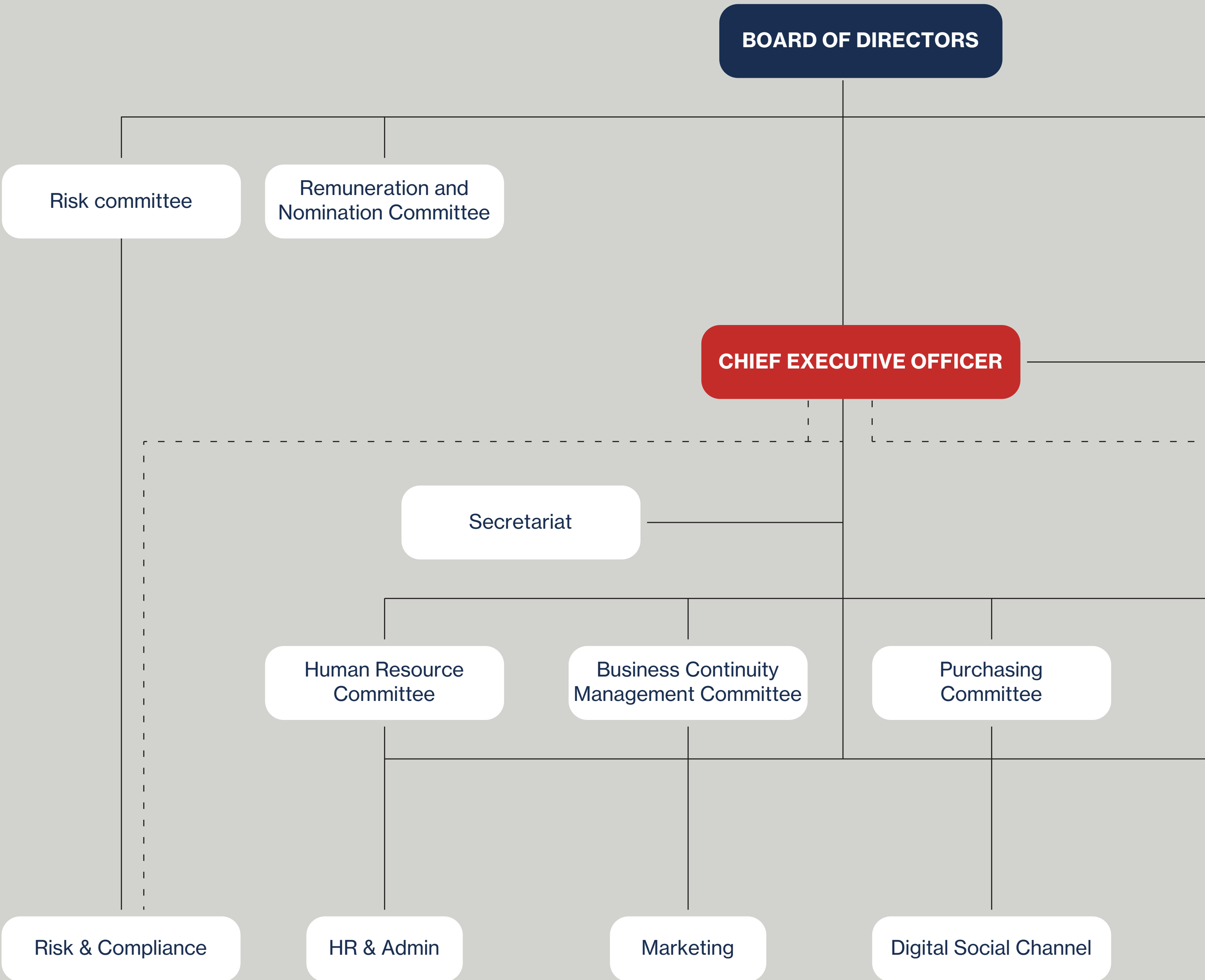
Community Perspective:

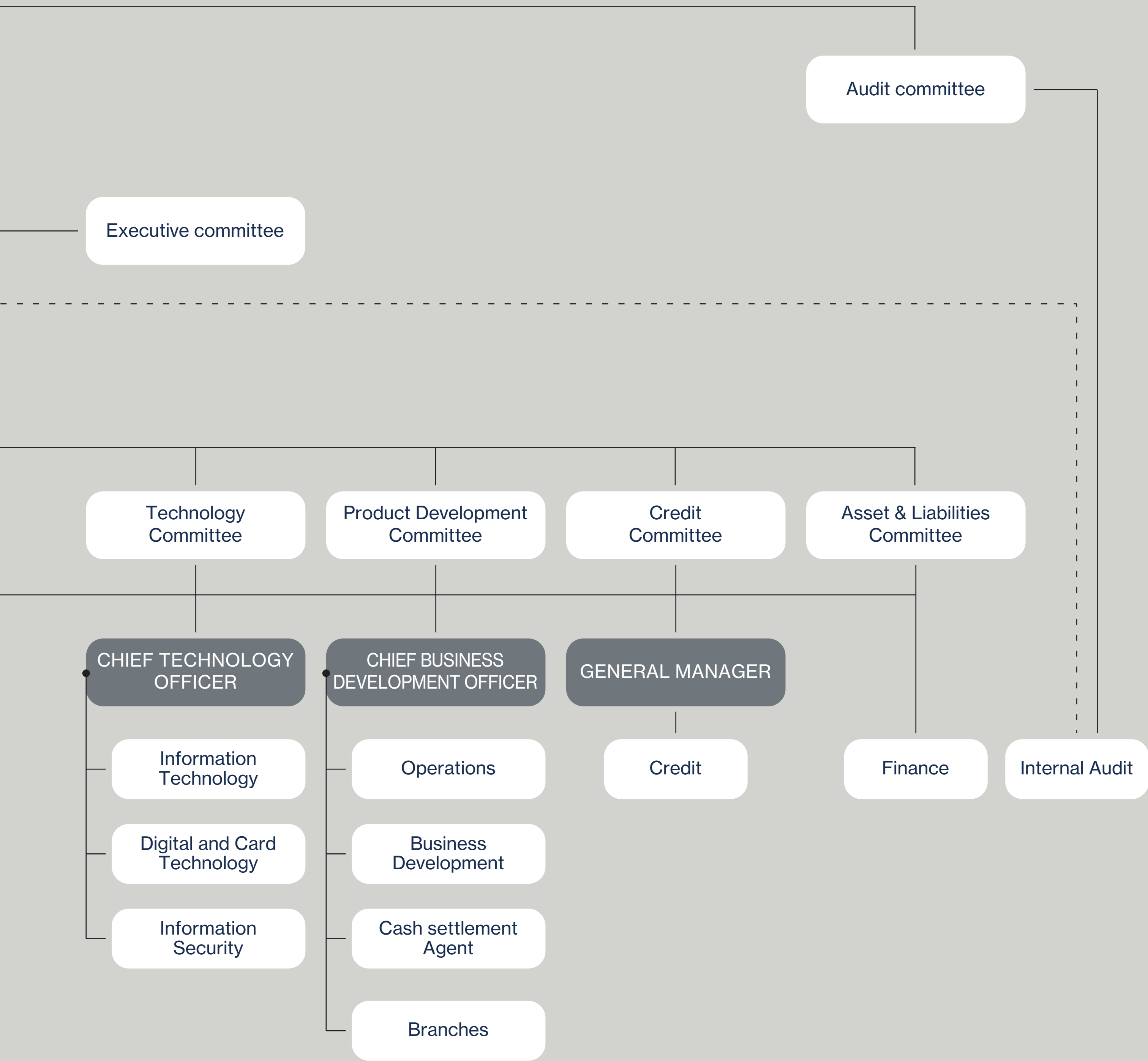
- To support the Government's policies and objectives, and to contribute to the betterment of the community, and ultimately, the country.

Shareholder Perspective:

- To create a superior shareholder value and sustainable returns on assets.

Organizational Structure




Audit committee
Executive committee
Technology Committee
Product Development Committee
Credit Committee
Asset & Liabilities Committee
CHIEF TECHNOLOGY OFFICER
CHIEF BUSINESS DEVELOPMENT OFFICER
GENERAL MANAGER
Information Technology
Digital and Card Technology
Information Security
Operations
Business Development
Cash settlement Agent
Branches
Credit
Finance
Internal Audit

Board of Directors

MR. YIM LEAK
Chairman

MR. YIM LEAK is present on the board of a number of companies, namely Chairman of BIC Bank (since 2020, serving on the board prior to that) and BIC Insurance (since 2019), both public companies, as well as Chairman of One Central Tower and U. Property Management, private companies active in the property sector, amongst several others in both chair and board director positions.

Having steadfastly served his country and motherland during his early adult years, MR. YIM LEAK began to shape a grand vision for Cambodia and its rapid ascent in the global economic and business stage. This vision is one that is held close to heart and shared by his family, manifesting itself not only in his contributions to developing Cambodia's banking and finance sector, but also in the visionary Beong Snor project, a landmark, community-driven, neighbourhood lifestyle multi-use property development.

MR. ZULKIFLEE KUAN SHUN BIN ABDULLAH
Director/Chief Executive Officer

MR. ZULKIFLEE has over 30 years of banking operations and management experience starting from Affin Bank (M) Bhd and later joined one of the largest banks in Malaysia, Public Bank Berhad. Apart from Malaysia, Mr. Zulkiflee was posted to VID Public Bank in Vietnam in 1996 until 2000. During his posting in Vietnam, he was in Hanoi Capital City, Ho Chi Minh City and Danang City offices. In 2003, Mr. Zulkiflee was posted to Public Bank Berhad, Vientiane Branch and later in 2008 he set up International Commercial Bank Lao Limited for ICB Financial Group Holdings AG now known as BIC Bank Lao Co., Ltd.

MR. ZULKIFLEE holds a Master Degree from Multimedia University, Malaysia and Diploma in Management from Institute of Supervisory Management, United Kingdom.

MRS. ADEL LEILANIE G. LEGARTA

Director / Chief Business Development Officer

MRS. ADEL graduated from the Pontifical University of Santo Tomas, Manila, Philippines, major in Business Management.

With 30 years of banking experience, MRS. ADEL started her career with Rizal Commercial Banking Corporation in 1991. In 2001, she came to Cambodia and has worked in Canadia Bank for various managerial positions as Planning Manager, Card Center Marketing Manager and International Business Relationship Manager. In May 2006, she also joined Sciaroni and Associates Law and Investment Firm. Then in April 2008, she worked with ABA Bank for various senior management positions as Chief Marketing Officer, Chief Client Relationship Officer and Flagship Branch Manager. She has successfully spearheaded the introduction of (Development Bank of the Philippines) DBP EC-Remit to commercial banks for serving the Filipinos in Cambodia for their remittance back home.

MRS. ADEL is currently working with BIC Bank Cambodia as Chief Business Development Officer.

MR. MC COSH JOHN EDWARD

Independent Director

MR. MC COSH JOHN EDWARD has worked in the US, Europe, Africa and Asia in various management and operations roles. MR. JOHN is currently VP of Development for BIC Group, before which he was CEO of Sapparot Group and prior with Four Seasons Hotels and Resorts opening new properties, leading teams and developing operating procedures, and service and product standards.

MR. JOHN completed an MBA from HEC Paris and University of Witwatersrand and undergraduate degree from Ecole Hôtelière de Lausanne.

Board of Directors

MR. RUTSARAN MOONSAN

Independent Director

MR. RUTSARAN MOONSAN is Vice President of AIF Group in charge of Precious Metal Trading, General Trading, Food and Beverage Subsidiaries of the Group, MR. RUTSARAN holds a Bachelor Degree in Agricultural Industry from Kasetsart University, Thailand along with a Master Degree in International Business from the University of Greenwich, London with Second Class honor.

Prior to joining AIF Group, MR. RUTSARAN has more than 8 years working experiences in Trading and Banking. During his time in the Bank, he had been assigned as a Relationship Manager for the number of important clients of the Bank with the accumulated account transaction valued of more than THB1 Billion and was able to double the account transaction values within a year.

After that, MR. RUTSARAN joined YLG Bullion International and was assigned to set up the Singapore Branch of the Company, and recruit new international clients. With his talents in communication and trading skills, he had contributed in assisting YLG to be the largest Bullion Trading company in Thailand. When Joining AIF Group, MR. RUTSARAN has helped develop AIF Gold Trading to be the largest and the only active Gold Importer in Laos.

He has also helped in setting up the Asia Loyal to be a successful distributor of many specialized and construction vehicles and equipment. In supporting the Property Development Business of the Group, he has initiated and setting up the food and beverage business subsidiaries for the AIF Group.

Currently, MR. RUTSARAN MOONSAN is holding the position of Board Of Directors on both BIC Bank Lao Co., Ltd and B.I.C (Cambodia) Bank Plc.

PROFILE OF MANAGEMENT

Profile of Management

MR. EAT CHETRASORIVONG

Chief Technology Officer

MR. VONG has more than 15 years of proven extensive experience in driving business and technological innovation and leading the establishment of innovation and technology development with leading financial institutions and telecommunication companies. He started his career in 2005 in a telecommunication company and later took numerous technical and senior leadership roles with various local and regional commercial banks at Sathapana Bank, PhillipBank, Maybank Cambodia, Cambodian Public Bank and co-founder setting up two commercial banks system infrastructure in Cambodia, with expertise in many key areas such as managing complex application and project portfolios, covering all aspects of IT, Cybersecurity, Digital Technology Strategy development & implementation, System Resiliency, Business Process, Corporate Governance, Enterprise Architecture and Build Digital Bank Channels.

MR. VONG holds a Bachelor Degree in Computer Science from Norton University. He is pursuing his Master Degree of Commerce from Charles Sturt University, Australia. He attended various technology advancement courses and overseas workshops in various countries but not limited to the United States of America, Canada, Mexico, South Korea and Singapore.

MR. VONG is currently working with BIC Bank as a Chief Technology Officer.

MR. KHIM CHANDARA

General Manager

MR. DARA joined BIC Bank as a Senior Manager. He has more than 14 year-experience with two commercial banks i.e. Canadia Bank Plc and Phnom Penh Commercial Bank. He has experienced in credit assessment management, commercial-SME loan customer relationship, senior branch management and VIP branch management.

He graduated with a Bachelor Degree in Accounting in 2005 and acquired a Master Degree in Finance in 2007 from National University of Management.

MR. BAN MARA
Senior Manager, Finance and Treasury

MR. MARA joined BIC Bank in September 2018 as Finance Manager. He has more than 10 years of experiences in the field of Finance with two commercial banks i.e. Phnom Penh Commercial Bank and Phillip Bank Plc. He has experience in financial reporting, taxation, fund management, budgeting, business planning and also experience in managing various projects including CIFRS Conversion and Core Banking System.

He graduated with a Bachelor Degree in Finance and Banking from National University of Management in 2010 and he is currently pursuing his ACCA Degree at CamED Business School, Phnom Penh, Cambodia.

MR. THONGSAVATH PRANYVONG
Manager, Operations

MR. THONGSAVATH graduated with a Master Degree from the London School of Commerce (London Campus) which is an associate college of the Cardiff Metropolitan University, London, the United Kingdom, major in Master of Business Management and Administration.

MR. THONGSAVATH started his career with BIC Bank Lao Co., Ltd since late 2010 as the CSR and Teller. From then, he has been promoted to be a Credit Officer and Senior Credit Officer respectively for over 4 years in the Credit Department. In 2017, MR. THONGSAVATH has changed his position to Head of Treasury and Relationship Manager. With all of his experiences, he has been chosen to work as the Operations Manager in BIC Bank in 2019 until present.

Profile of Management

MR. YUN VETH
Manager, HR & Admin

MR. VETH graduated with a Bachelor Degree in English Literature from Phnom Penh International University (PPIU) in 2010 and he successfully completed Master Degree in Business Administration at Norton University in 2016.

Because of his commitment and enthusiasm, MR. VETH has advanced his career from an Administration Assistant at his university to be an Administration Officer, at Phnom Penh Commercial Bank, as a Senior Administration Executive at Phillip Bank Plc then promoted to Administration Manager within 7 years. He has experience of more than 10 years with commercial bank in his field.

MR. VETH joined BIC Bank as HR & Admin Manager.

MR. HONG BUNCHHAY
Manager, Internal Audit

Mr. BUNCHHAY joined BIC Bank as Internal Audit Manager in September 2019. He has over 8 years of experience in internal and external audit within the microfinance and banking industry, NGOs, and local and international companies. His expertise is related to review, evaluate, and recommend on the internal control system, risk management, corporate governance and fraud/misconduct investigation in the institutions. Before joining BIC Bank Plc, he held various positions including Audit Assistant at KPMG Cambodia Ltd, Internal Audit Supervisor at ABA Bank, and other management roles.

MR. BUNCHHAY holds Bachelor Degree of Accountancy from National University of Management (NUM), and Bachelor Degree of Arts in International Studies (International Economics) from Institute of Foreign Languages (IFL). He has just graduated his Master Degree of Business in Finance from Royal University of Law and Economics (RULE) and is currently pursuing ACCA Degree at CamEd Business School. Moreover, he held many professional certificates from local and international professional institutions/associations, including KPMG, CIF, IIA, IBF KHR, IBF SG, CEB etc.

MR. TEN NIMAL
Deputy Manager, Risk and Compliance

MR. NIMAL has more than 10 years of experience in various fields such as NGOs, banking and insurance industries. He is working at B.I.C (Cambodia) Bank Plc. as Deputy Manager, Risk and Compliance whose main role is to lead Risk and Compliance Department. Prior to joining BIC Bank, he worked at H.I Microinsurance Plc. as a Risk and Compliance Manager, at FAMILY Microfinance Plc. as a Compliance Manager and as a Senior Legal and Compliance Officer at PRASETHPHEAP Finance Plc.

Before MR. NIMAL commenced to work in the financial industry, he gained a number of social work experiences, in the Non-Governmental Organization sector. He worked for Hagar Cambodia Foundation as a Vocational Training Officer and at Salvation Centre Cambodia as a Project & Community Supporting Officer. He also volunteered at “The Key” law firm as a Paralegal and a member of lawyer association from 2012 to 2017.

MR. NIMAL successfully completed Master Degree in Law at Royal University of Law and Economics (RULE) in 2018 and graduated with Bachelor Degree in Law at National University of Management (NUM) in 2016 and also graduated with Bachelor Degree in English Literature at Sachak Asia Development Institute (SADI) in 2014.

Financial Highlights

	FY 2020	FY 2019
OPERATING RESULTS(US$'000)		
Operating Revenue	**7,496**	5,548
Profit / (Loss) before taxation	**592**	1,466
Net profit / (Loss) for the year	**439**	1,139
KEY BALANCE SHEET DATA(US$'000)		
Total Assets	**268,981**	197,913
Loan and Advance to Customer	**74,635**	67,771
Total Liabilities	**193,277**	122,648
Deposit from banks and customers	**190,060**	120,237
Statutory share capital	**75,000**	75,000
Shareholder's equity	**75,705**	75,265
FINANCIAL RATIOS(%)		
Return on assets(ROA)	**0.16%**	1.00%
Return on equity(ROE)	**0.58%**	2.00%
Liquidity ratio	**168%**	1113%
Loan to deposit ratio	**42%**	57%
Non-performing loans to total loans	**0%**	0%
CAPITAL MANAGEMENT		
Solvency ratio(%)	**39%**	46%

Business Highlights
BIC milestones

2018-2019

- Head Office (Monivong Branch)
- Preah Sihanouk Provincial Branch
- ATMs
- BIC Value Loyalty Program

2020

- BIC Mobile version 1 (Retail MB)
- BIC Online version 1 (Retail IB)
- BIC Pay via BIC QR
- Cardless Withdrawal at ATMs
- Digital Social Media

2021

Q1

- BIC Mobile Version 2 (Personalized & Split Bill feature)
- Tuol Kouk Branch
- Call Center (Customer Care)
- ATM CSS
- Premium Banking

Q2

- BIC Online Version 2
- Mobile Top Up via BIC Mobile & Online
- Solid-waste payment via ACLEDA
- Social Media Banking (Telegram)
- Temenos go-live

Q3

- NBC Bakong Payment
- NBC Realtime Fund Transfer (RFT)
- BIC Corporate Banking
- MasterCard Acquiring & E-Commerce
- MasterCard (Debit & Credit)
- DBP Remittance Service Upgrade
- Preah Sihanouk Blvd. Branch

Q4

- Enable the features i.e. block card, activate, pin change of MasterCard on BIC Mobile
- Virtual MasterCard
- Social Media Banking (WhatsApp/Facebook Messenger)
- Smart Savings Account

2020 Performance

The Year 2020 was a challenging year globally. Whilst this event, BIC Bank has retained a dynamic performance, with a strong capital and liquidity position providing a solid foundation for growth and development.

The Bank has significantly increased its deposits, loans and account openings. The development of Online Banking in terms of security features has offered competitiveness. The exposure in various digital channels has gained more public awareness and upgrade of IT infrastructure paved the way for the Bank's readiness to capture bigger market share. Our accomplishments for 2020 are also due to our dedicated management and staff who have wholeheartedly served our customers.

As BIC Bank has successfully launched its rebranding, the Bank refreshed look, has notably contributed trust and confidence to its existing and prospective customers.

Loans

USD 74.64 million

Due to the impact of the pandemic in the economy, the Bank has implemented conservative lending policies in loan application screening up to disbursement to mitigate risks. As the demand of loan still hovers in the market, the Bank loan portfolio increased to USD74.64M, providing our customers attractive and competitive terms and conditions of our products and services.

Deposits

USD 190.06 million

The growth is mainly from Savings, Current and Fixed Deposit accounts. Deposits reached to USD190.06M in 2020. The main drivers for the increased deposits are higher money supply growth and acceleration in the deposit of individual account holders. We also strengthened our customer service, offered attractive interest rates, competitive terms and conditions in effect we gained more customer loyalty.

GROWTH
& DEVELOPMENT

Customer Care Enhancement

WE MUST GROW AND REMAIN CUSTOMER FOCUSED

We deliver Responsible Growth by focusing on our customers and what they need to live their financial lives. All our growth is organic. We are seeing the results of our customer focus in many areas. Customer satisfaction scores at an all-time high. Our brand continues to be very strong. We see continued gains in attracting new clients, and importantly our current clients continue to do more with us. That means we are doing a great job for them.

BUILDING ON OUR STRENGTHS

In many ways, the response to the challenges of 2020 has demonstrated the underlying resilience of BIC Bank. The core strength of BIC Bank has been, and will remain, the DEDICATED group of colleagues who are tirelessly focused on customer service. It is our colleagues who will ensure that BIC Bank achieves its ambition to become the preferred bank by offering the best personalized service to our customers and offering innovative products and solutions that are technologically advanced and meet our customers' needs and expectations. The Bank is completely focused on its customers.

WE CREATE PRODUCTS AND SERVICES THAT SUIT YOUR NEEDS

BIC Bank offers full range of banking products and services for retail and corporate customers. As our customers' needs and expectations evolve, we develop products which are beneficial to both the Bank and customers.

We created "BIC Value" to extend our commitment of building good customer experience. At 110 and still increasing number of diversified corporate merchants, our customers can avail special privileges and discounts via presentation of BIC Bank cards with the merchants.

The investment of Premium Banking Lounge at soon to open branch network with dedicated Relationship Managers and Consumer Lending Specialists will make it easier for High-Net-Worth customers to connect across all our products and services. The Bank has invested on technology resulting to user-friendly and safe mobile and online banking. This year, the Bank will also develop Corporate Online Banking to serve our Corporate customers as well. Digital Banking matters as customer banking behavior also evolves overtime.

We value our customers, we make sure we provide the highest level of customer satisfaction. For us, it is important to track this factor and work on improving it, in order to make our customers more loyal and eventually turn them into brand ambassadors.

Employee Development

BIC Bank has commenced its operations in August 2018 with a number of 26 staff 2020 increased to 94 staff.

As a new bank, we provide both in-house and outside learning, training and development opportunities to support every stage of the developing journey for both new and existing employee. Staff rotation program is the one among our methods to develop and unlock the potential of each employee who is willing to grow with their talent and destiny.

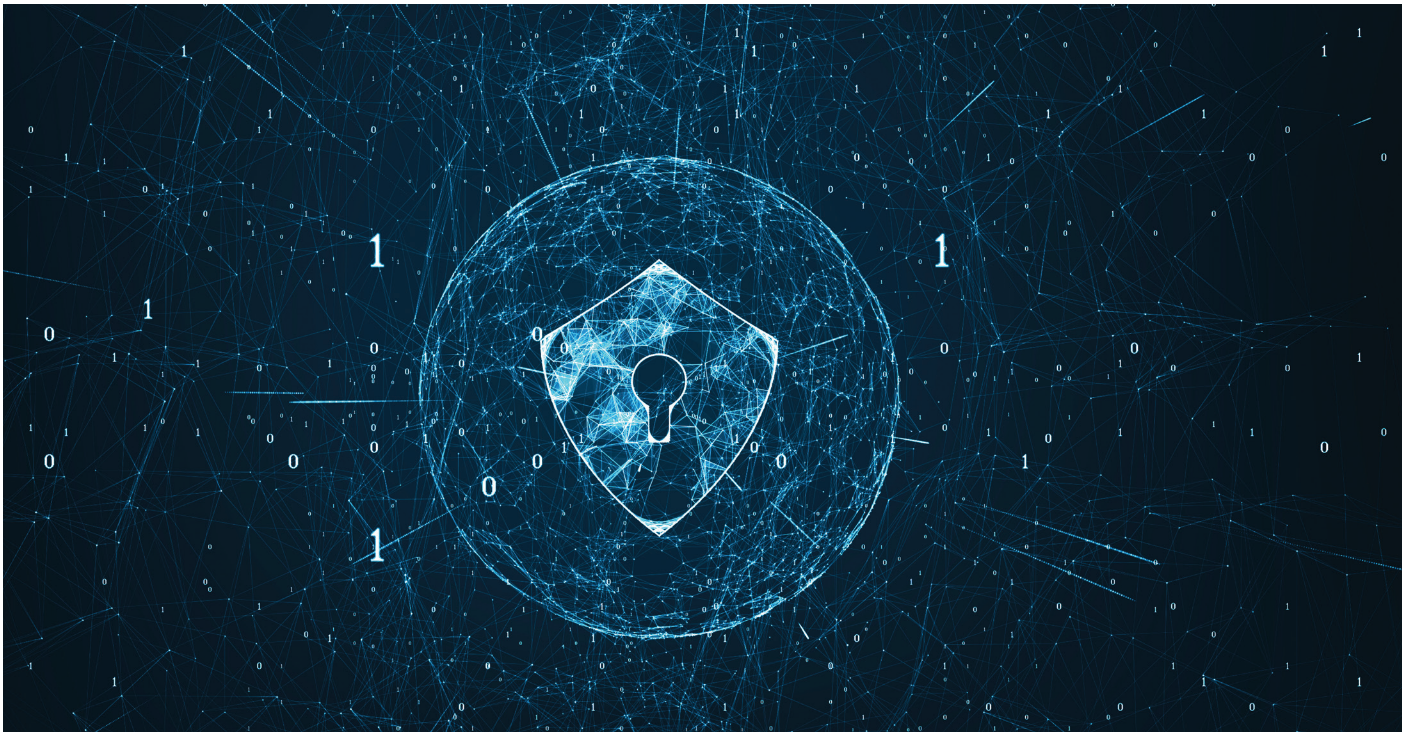
Employee development is almost universally recognized as a strategic tool for an organization's continuing growth, productivity and ability to retain valuable employees.

Cross-training and Coaching involve a more experienced or skilled individual providing an employee with advice and guidance intended to help them gain new skills, improve performance and enhance the quality of their career.

Providing the trusted and convenient financial products and services to our customers is only possible when we have resourceful people working with us. We welcome and encourage the young and talented people who wish to grow and keep learning new things with us for reaching and fulfilling customers' needs as well as support and assist each other.

Continuing our efforts in providing many opportunities for career progression, knowing that employees are an asset to the Bank's perspective, the Bank strives to attract employee candidates with the right credential, attitudes and level of experiences that are needed for the Bank to succeed. The Bank believes that the human resource development framework, which can help employees in developing their personal and organizational skills, knowledge and abilities, is essential to developing a workforce which can accomplish the Bank's goals.

Technology Infrastructure Upgrade and Cybersecurity



The bank is committed to build sustainable technology infrastructure to address current and future challenges. IT Infrastructure is the core of the Bank's entire network and consists of all systems and information that support the management, usability of data and information, and the foundation for BIC digital and conventional services. IT hardware equipment such as server, storage, and networking devices are stored in the latest technology of Smart Data Center, Vertiv SmartRow fully integrated data center. The Bank has improved the performance of technology systems to maximize uptime as well as network security. Moreover, the Bank is implementing as per NBC's guidelines on Technology Risk Management.

Cybersecurity is one of the bank's top priorities. The bank has conducted the awareness training and proficiency test to all staff both who work on front line to the back office support. The bank has also put in place the awareness program to the customers via social media to let them know how to protect themselves from cyber frauds. The bank has put in place strong network based firewalls as well as the web application based firewalls to monitor and secure all the traffic across the bank's network.

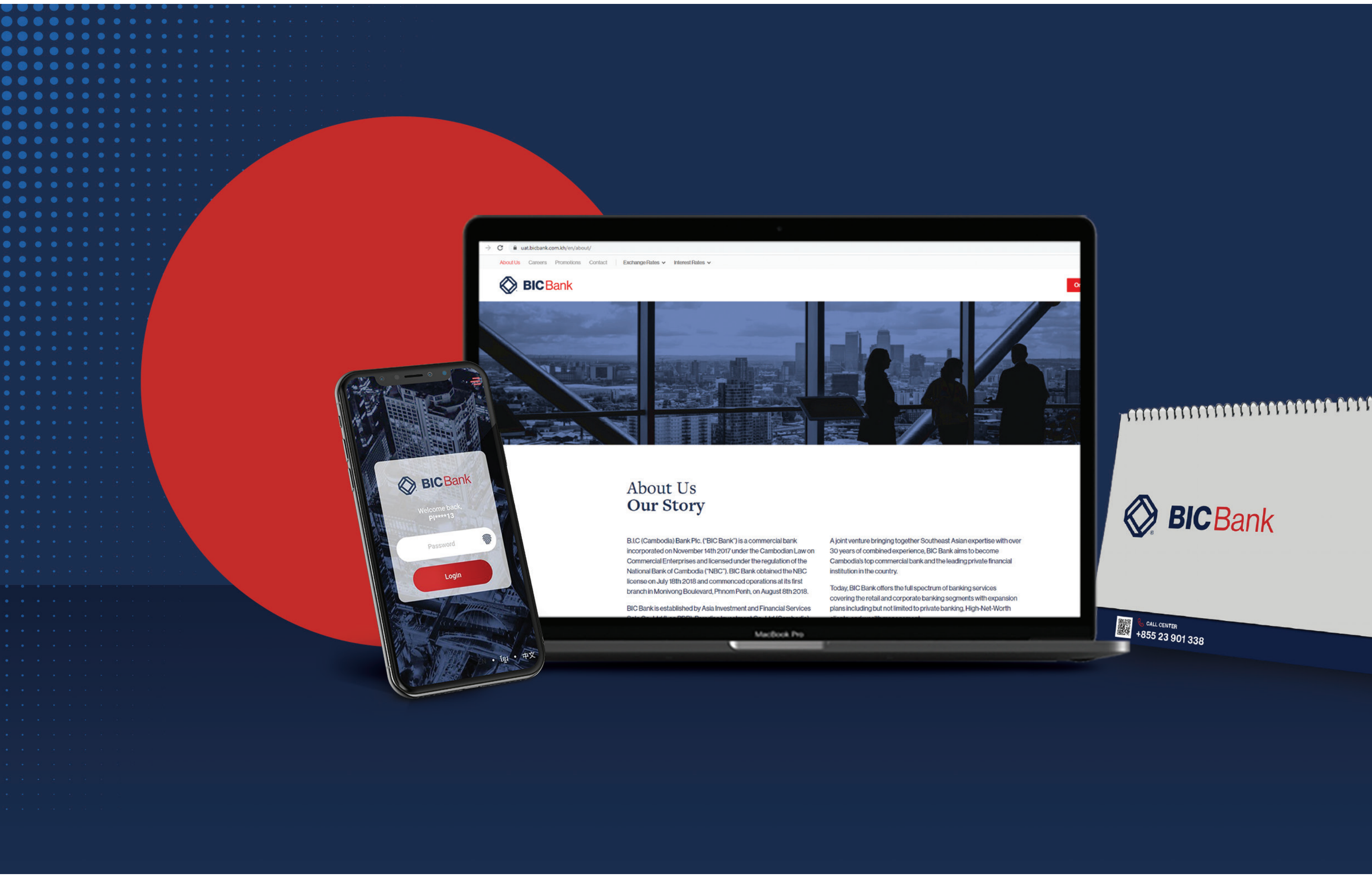
Responding to digital transformation, BIC Bank has been implementing a digital core banking system, Temenos to facilitate seamless integration with current peripherals enterprise-wide applications, financial switches, delivery channels, and also provide strong back-end processes to enable highly efficient, optimized, fast, and targeted front-end services for enriched customer experience and allows the Bank to launch new products and services to customers efficiently.

Digital Banking

The bank has revamped the BIC Mobile app which provides a new world of convenience for clients with more features to be added in 2021 i.e. Mobile Top Up, Cardless Withdrawal, Paying Bill, Control & Review the Finance Transaction Setting within the app and other services with market-leading security.

Customers can now perform withdrawal nationwide through our CSS members in Cambodia and the Bank has been implementing the Card Management System, CompassPlus to support the Credit Card services to enable the MasterCard features to fulfill our affluent clients who like luxury and prestige to enjoy their favorite lifestyles.

The bank has created various official social media pages such as Facebook, LinkedIn, Instagram and Telegram as channels to keep our customers updated on the new products and services launches, promotion, recruitment, cybersecurity awareness and other announcements of the bank.



Bank Rebranding (online/offline)

The branding vision is to modernize the original logo to project a more global, innovative brand, yet keeping elements of its origins inherited from BIC Laos.

The purpose of the rebranding is to evolve the company's corporate image with our growth objectives, digital transformation and geographic expansion.

The rebranding process would not be complete without a formal Brand Guideline in place that will help our sales and marketing teams navigate their design and communication efforts with clients. This includes specific and fixed set of colours, fonts and interpretations of the logo that can be used. With this in place, it will ensure that all communication will be consistent and complimentary to the new branding.

As in the result of 2020, the bank has upgraded the materials of offline marketing from Façade renovation to points of sales materials (POSMs).

Branch Network Expansion

This is critical to the success of BIC Bank. It is important to guaranteeing a great customer experience for financial institution, promoting heightened engagement with staff and customers.

In May 2020, we opened our Preah Sihanouk Provincial Branch to service our existing customers on their banking needs. We have two more branches under renovation and are expected to commence its operations in early 2021.

We see the Bank expansion as an engagement tool to reach out to our customers, interact with them and provide meaningful and helpful financial assistance, specifically for some of their bigger banking needs. "Contrary to expectations, branches continue to be the strongest engagement tool for banks. The importance of branches becomes clear when financial institutions understand that transaction is not the same as engagement, and that customers expect a great in-person experience for many bank services."

The new branches will also launch BIC Bank's Premium Banking Lounge which will offer personalized services enormous amount of benefits and amazing new things to experience at the epitome of banking.

Utilizing branches as a tool to engage with members and customers helps create a personal experience with the consumer which ultimately drives new and existing consumers to the financial institution, strategically growing their overall business and earning their loyalty.

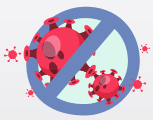
Familiarity through existing relationships, referrals, and reputation is very powerful when it comes to deciding where to purchase financial products and services. Convenient Access to branches remains key for consumers and small business owners for selecting with whom they bank.

Corporate Social Responsibility

"Banking Business with a Heart"

this is our way to give back to the country.

BIC Bank has a business culture that strongly emphasizes charity. On top of that, a growing awareness of corporate social responsibility has led the Bank to get involved. This is our approach to sustainable development by delivering economic, social and environmental benefits to the country. In 2020, we wholeheartedly participated in various valuable humanitarian activities:



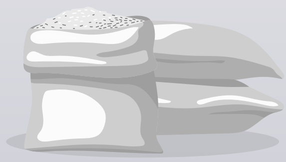
$100,000

against COVID-19

Our Cambodian nationals are at risk from the Covid-19 pandemic (COVID-19). In this spirit, BOD Chairman, Mr. Yim Leak, extended assistance to the Royal Government of Cambodia by donating 100,000 (one hundred thousand) US dollars to fight against COVID-19. This is our duty to fulfill in order to save the health and lives of the Cambodian nationals.

March 2020

May 2020



BIC Bank Cambodia has donated

4 tons of rice

to support Tuol Kork District in the fight against COVID 19.

October 2020

$100,000

Rescue people affected by the floods.

BIC Bank Cambodia led by BOD Chairman, Mr. Yim Leak, provided aid to the Royal Government of Cambodia in the amount of 100,000 (one hundred thousand) US dollars as a contribution to the operation to rescue people who are affected by the floods.

Financial Statements

For The Year Ended 31 December 2020
And Report Of The Independent Auditors

Report of the Board of Directors

The Board of Directors submits this report together with the audited financial statements of B.I.C (Cambodia) Bank Plc. ("the Bank") as at 31 December 2020 and for the year then ended.

The Bank

B.I.C (Cambodia) Bank Plc. was incorporated in the Kingdom of Cambodia on 14 November 2017 under the Registration No. 00029200 issued by the Ministry of Commerce and commenced operations after obtaining the license from the National Bank of Cambodia ("NBC") on 18 July 2018.

The registered and head office of the Bank is currently located at No. 462, Street 93, Sangkat Tonle Bassac, Khan Chamkarmorn, Phnom Penh, Kingdom of Cambodia. Currently, the Bank has one branch in Sihanouk Province.

As at 31 December 2020, the Bank had 94 employees (2019: 50).

Principal activities

The principal activities of the Bank comprise the operations of core banking business and the provision of related financial services in the Kingdom of Cambodia.

Results of operations

The results of the Bank's operations for the year ended 31 December 2020, and the state of its affairs as at that date are set out in the accompanying financial statements.

The Board of Directors does not recommend the payment of any dividends in respect of the year ended 31 December 2020 (2019: nil).

Board of Directors

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

Name	Position	Date of Appointment
Mr. Yim Leak	Chairman	28 August 2019
Mr. Zulkiflee Kuan Shun Bin Abdullah	Director	9 August 2018
Ms. Adel Leilanie Gaba Legarta	Director	1 April 2020
Mr. Rutsaran Moonsan	Independent director	9 August 2018
Mr. John Edward Mc Cosh	Independent director	1 April 2020

Auditors

The Bank's financial statements as at 31 December 2020 and for the year then ended have been audited by Grant Thornton (Cambodia) Limited.

Board of Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Bank as at 31 December 2020 and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the directors are required to:

i. adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"), which are supported by reasonable and prudent judgements and estimates, and then apply them consistently,

ii. comply with the disclosure requirements of the CIFRSs and guidelines of the NBC or, if there has been any departure from such requirements in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements,

iii. maintain adequate accounting records and an effective system of internal controls,

iv. prepare the financial statements on a going-concern basis unless it is inappropriate to assume that the Bank will continue its operations in the foreseeable future, and

v. effectively control and direct the Bank in all material decisions affecting its operations and performance, and ensure that such have been properly reflected in the financial statements.

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

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

Directors' benefits

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

Since the end of the previous year, no members of the Board of Directors of the Bank have received or became entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Board of Directors as disclosed in Note 30 of the financial statements) by reason of a contract made by the Bank or a related corporation with a firm of which a director is a member, or with a company in which the director has substantial financial interest other than as disclosed in the financial statements.

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flows, together with the notes thereto, have been properly drawn up and give a true and fair view of the financial position of the Bank as at 31 December 2020, and of its financial performance and its cash flows for the year then ended, in accordance with CIFRSs and guidelines of the NBC.

On behalf of the Board of Directors:

B.I.C (CAMBODIA) BANK PLC.
KINGDOM OF CAMBODIA

Mr. Zulkiflee Kuan Shun Bin Abdullah
Director

Phnom Penh, Kingdom of Cambodia
28 May 2021

Independent auditor’s report

To the Shareholders of
B.I.C (Cambodia) Bank Plc.

Opinion

We have audited the financial statements of B.I.C (Cambodia) Bank Plc. (“the Bank”), which comprise the statement of financial position as at 31 December 2020, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of B.I.C (Cambodia) Bank Plc. as at 31 December 2020, and of its financial performance and its cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standards (“CIFRSs) and guidelines of the National Bank of Cambodia (“NBC”).

Basis for opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
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Other matter

The financial statements as at 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 15 May 2020.

Other information

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

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

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

If, based on the work we have performed on the other information that we 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.

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

Responsibilities of the Management and the Board of Directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Grant Thornton

GRANT THORNTON (CAMBODIA) LIMITED
Certified Public Accountants
Registered Auditors

Ronald C. Almera
Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia
28 May 2021

Statement of financial position

	Note	31 December 2020 USD	31 December 2020 KHR'000 (Note 2.4)	31 December 2019 USD	31 December 2019 KHR'000 (Note 2.4)
Assets					
Cash – net	7	68,364,955	276,536,243	61,254,513	249,612,140
Placements with other banks	8	6,405,875	25,911,764	18,058,081	73,586,680
Statutory deposits	9	20,771,180	84,019,423	23,771,135	96,867,375
Loans and advances to customers – net	10	74,508,092	301,385,232	67,711,026	275,922,431
Other investments	11	23,127,267	93,549,795	22,392,269	91,248,496
Intangible assets - net	12	615,195	2,488,464	856,157	3,488,840
Property and equipment - net	13	3,953,533	15,992,041	1,230,441	5,014,047
Right-of-use assets - net	14	2,454,953	9,930,285	1,748,854	7,126,580
Other assets	15	68,661,148	277,734,344	813,899	3,316,638
Deferred tax assets – net	20	119,252	482,375	76,439	311,489
Total assets		**268,981,450**	**1,088,029,966**	**197,912,814**	**806,494,716**
Liabilities and equity					
Liabilities					
Deposits from other banks	16	15,680,500	63,427,623	321,843	1,311,510
Deposits from customers	17	174,380,159	705,367,743	119,914,870	488,653,095
Lease liabilities	18	2,507,431	10,142,558	1,721,470	7,014,990
Other liabilities	19	614,168	2,484,310	513,885	2,094,081
Current income tax liabilities	20	94,537	382,402	175,838	716,540
Total liabilities		193,276,795	781,804,636	122,647,906	499,790,216
Equity					
Share capital	21	75,000,000	300,000,000	75,000,000	300,000,000
Regulatory reserves		754,326	3,069,616	1,410,468	5,723,710
Accumulated losses		(49,671)	(197,240)	(1,145,560)	(4,644,183)
Cumulative translation difference		-	3,352,954	-	5,624,973
Total equity		75,704,655	306,225,330	75,264,908	306,704,500
Total liabilities and equity		**268,981,450**	**1,088,029,966**	**197,912,814**	**806,494,716**

Statement of profit or loss and other comprehensive income

	Note	For the year ended 31 December 2020		For the year ended 31 December 2019	
		USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Interest income	22	7,028,357	28,654,611	5,239,468	21,230,324
Interest expense	23	(3,494,239)	(14,246,012)	(819,985)	(3,322,579)
Net interest income		3,534,118	14,408,599	4,419,483	17,907,745
Fee and commission income - net	24	393,776	1,605,425	234,066	948,437
Other income	25	73,594	300,043	40,876	165,630
Total operating income		4,001,488	16,314,067	4,694,425	19,021,812
Personnel expenses	26	(1,366,689)	(5,571,992)	(809,292)	(3,279,252)
Depreciation and amortisation	27	(1,032,221)	(4,208,365)	(656,886)	(2,661,702)
Other operating expenses	28	(967,418)	(3,944,162)	(1,677,966)	(6,799,119)
Impairment losses on financial instruments	10	(42,674)	(173,982)	(84,436)	(342,135)
Profit before income tax		592,486	2,415,566	1,465,845	5,939,604
Income tax expense	20	(152,739)	(622,717)	(326,638)	(1,323,537)
Net profit for the year		439,747	1,792,849	1,139,207	4,616,067
Other comprehensive (loss)/income -					
Currency translation difference		-	(2,272,019)	-	4,251,366
Total comprehensive income for the year		**439,747**	**(479,170)**	**1,139,207**	**8,867,433**

Statement of changes in equity

	Share capital		Regulatory reserve		Accumulated losses		Cumulative translation difference	Total	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)		(Note 2.4)	(Note 2.4)		(Note 2.4)
Balance at 1 January 2020	75,000,000	300,000,000	1,410,468	5,723,710	(1,145,560)	(4,644,183)	5,624,973	75,264,908	306,704,500
Net profit for the year	-	-	-	-	439,747	1,792,849	-	439,747	1,792,849
Transfer to regulatory reserve (Note 10)	-	-	(656,142)	(2,654,094)	656,142	2,654,094	-	-	-
Currency translation difference	-	-	-	-	-	-	(2,272,019)	-	(2,272,019)
Balance at 31 December 2020	**75,000,000**	**300,000,000**	**754,326**	**3,069,616**	**(49,671)**	**(197,240)**	**3,352,954**	**75,704,655**	**306,225,330**
Balance at 1 January 2019	75,000,000	300,000,000	420,139	1,688,119	(1,294,438)	(5,224,659)	1,373,607	74,125,701	297,837,067
Net profit for the year	-	-	-	-	1,139,207	4,616,067	-	1,139,207	4,616,067
Transfer to regulatory reserve (Note 10)	-	-	990,329	4,035,591	(990,329)	(4,035,591)	-	-	-
Currency translation difference	-	-	-	-	-	-	4,251,366	-	4,251,366
Balance at 31 December 2019	**75,000,000**	**300,000,000**	**1,410,468**	**5,723,710**	**(1,145,560)**	**(4,644,183)**	**5,624,973**	**75,264,908**	**306,704,500**

Statement of cash flows

	Note	For the year ended 31 December 2020		For the year ended 31 December 2019	
		USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Cash flows from operating activities					
Profit before income tax		592,486	2,415,566	1,465,845	5,939,604
Adjustments for:					
Depreciation and amortisation	27	1,032,221	4,208,365	656,886	2,661,702
Interest income	22	(7,028,357)	(28,654,611)	(5,239,468)	(21,230,324)
Interest expense	23	3,494,239	14,246,012	819,985	3,322,579
Net impairment losses on financial instruments	10	42,674	173,982	84,436	342,135
Property and equipment written off	13	-	-	952	3,858
Operating loss before working capital changes		(1,866,737)	(7,610,686)	(2,211,364)	(8,960,446)
Net changes in:					
Placements with other banks		12,832,433	52,317,829	(18,058,081)	(73,171,344)
Loans and advances to customers		(6,825,417)	(27,827,225)	(31,624,137)	(128,141,003)
Statutory deposits		3,021,250	12,317,636	(13,869,891)	(56,200,798)
Other assets		(535,699)	(2,184,045)	(116,514)	(472,115)
Deposits from other banks		15,358,657	62,617,245	(902,257)	(3,655,945)
Deposits from customers		52,714,014	214,915,036	102,750,408	416,344,654
Other liabilities		100,283	408,854	401,868	1,628,369
Cash generated from operations		74,798,784	304,954,644	36,370,032	147,371,372
Interest received		4,413,349	17,993,224	5,201,395	21,076,053
Interest paid		(1,620,300)	(6,605,964)	(356,969)	(1,446,439)
Income tax paid		(276,853)	(1,128,730)	(52,079)	(211,024)
Minimum tax paid		-	-	(3,658)	(14,822)
Net cash generated from operating activities		**77,314,980**	**315,213,174**	**41,158,721**	**166,775,140**
Cash flows from investing activities					
Purchase of property and equipment and intangible assets	12 and 13	(3,277,244)	(13,361,324)	(1,882,030)	(7,625,986)
Advances for future investments	15	(47,300,000)	(192,842,100)	-	-
Prepayment to shareholder	15	(20,000,000)	(81,540,000)	-	-
Acquisition of other investments	11	635,726	2,591,855	50,467	204,492
Net cash used in investing activities		(69,941,518)	(285,151,569)	(1,831,563)	(7,421,494)
Cash flows from a financing activity					
Payment of lease liabilities	**18**	**(291,459)**	**(1,188,278)**	**(213,118)**	**(868,456)**
Net change in cash		7,082,003	28,873,327	39,114,040	158,485,190
Cash, beginning of year		61,316,386	249,864,273	22,202,346	89,209,026
Currency translation difference		-	(2,066,117)	-	2,170,057
Cash, end of year		**68,398,389**	**276,671,483**	**61,316,386**	**249,864,273**

Supplementary information on non-cash financing activity:
In 2020, the Bank acquired right-of-use asset amounting to USD954,756 (2019: 1,538,103) as disclosed in Note 14.

Notes to the financial statements

1. General information

B.I.C (Cambodia) Bank Plc. was incorporated in the Kingdom of Cambodia on 14 November 2017 under the Registration No. 00029200 issued by the Ministry of Commerce and commenced operations after obtaining the license from the National Bank of Cambodia ("NBC") on 18 July 2018.

The principal activities of the Bank comprise the operations of core banking business and the provision of related financial services in the Kingdom of Cambodia.

The registered and head office of the Bank is currently located at No. 462, Street 93, Sangkat Tonle Bassac, Khan Chamkarmorn, Phnom Penh, Kingdom of Cambodia. Currently, the Bank has one branch in Sihanouk Province.

As at 31 December 2020, the Bank had 94 employees (2019: 50).

Covid-19 outbreak and EBA

The novel coronavirus ("COVID-19"), declared as a pandemic, has spread into Cambodia since late January 2020. Since then, the country is facing sustained risk of further national spread causing disruption to business and economic activity. During the peak of the outbreak of Covid-19 in Cambodia, the pandemic has affected the importation and exportation of raw materials and final goods in and out of Cambodia which resulted to the temporary suspension of operations of some factories and companies between the months of March until May 2020. Other sectors such as hotel and tourism were also impacted due to the limited travel flights and the impact of the pandemic to the global tourism sector.

In February 2020, the European Commission decided to temporarily suspend part of the tax reliefs granted to Cambodia under the European Union's Everything But Arms' ("EBA") trade scheme and become effective last 12 August 2020 except for the United Kingdom of Great Britain and Northern Ireland which decided to have a separate independent trading policy with Cambodia beginning 1 January 2021.

On 27 March 2020, the NBC issued a circular on loan restructure on the impact of the COVID-19 pandemic, which aims to maintain financial stability, support economic activities and mitigate the burden of borrowers who are facing difficulty making repayments due to a drop in their main income. The NBC has instructed banks and financial institutions to pay attention to clients who are facing actual impact and has allowed the loan restructure for affected industries.

In April 2021, following the recommendations of the Royal Government, Phnom Penh City, Sihanoukville Province and some areas of Siem Reap Province were placed on lockdown. As a consequence, the Bank's head office in Phnom Penh and its branch in Sihanoukville limited their operations with almost all staff working from home. As of the date of the issuance of the financial statements, the head office and branches have already resumed its operations.

As of the date of the issuance of the financial statements, the outbreak in Cambodia is still manageable as backed up by the roll out of its national vaccination program and timely intervention by the government through additional regulations to curb the spread of the virus in Cambodia.

During the pandemic, the Bank maintains regular contact with its customers and introduced various initiatives to provide immediate assistance to its customers. These initiatives include the launching of higher withdrawal limit through in ATM cash withdrawal by QR and allowed urgent remittance payments instructions via e-mail. The Bank has taken measures to minimise disruption to its business. Overall, the Management assessed the Bank's performance to have not been much affected by Covid-19.

Management has also managed the impacts of Covid-19 by:

1. Considering the impact on gross domestic product in determining the severity and likelihood of downside economic scenarios used to estimate estimated credit loss (ECL).
2. Taking all necessary steps to ensure that the Bank remains open for business and avoid business disruption.
3. Ensuring all staff adhere to the Bank's protocol in curbing the spread of Covid-19.

2. Financial reporting framework and basis of preparation and presentation

2.1 Statement of compliance with Cambodian International Financial Reporting Standards

The financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"). CIFRSs are equivalent to International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Boards because IFRSs are adopted by the National Accounting Council without modification as CIFRSs.

2.2 Basis of preparation

The financial statements of the Bank, which are expressed in United States Dollars ("USD"), are prepared under the historical cost of convention and drawn up in accordance with CIFRSs.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Basis of presentation

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

Functional and presentation currency

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

Transactions in foreign currencies, other than USD, are translated to USD at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than USD at the reporting date are translated into USD at the rates of exchange ruling at that date. Exchange differences arising on translation are recognised in the statement of comprehensive income.

The translations of USD amounts into KHR as presented in the financial statements are included solely to comply with the Law on Accounting and Auditing (April 2016) and have been made using the prescribed official exchange rate of USD 1 to KHR published by the NBC and General Department of Taxation ("GDT") for the year ended 31 December 2020 and 2019, respectively:

	2020	2019
Closing rate	**4,045**	4,075
Average rate	**4,077***	4,052

*Determined using NBC's published daily exchange rates from January to December 2020 in accordance with Prakas 27617 issued by the GDT

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

2.4 Rounding of amounts

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

2.5 Basis of aggregation

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

3. New and amended accounting standards and interpretations not yet adopted by the Bank

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Bank has not adopted these early in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Bank's financial statements:

- Disclosure of Accounting Policies (Amendments to CIAS 1);
- Definition of Accounting Estimates (Amendments to CIAS 8); and,
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to CIFRS 16)

4. Summary of significant accounting policies

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

4.1 Financial assets and financial liabilities

Recognition and initial measurement

The Bank initially recognises loans and advances to customers, deposits from other banks and customers, lease liabilities, other assets and other liabilities on the date on which they are originated. All other financial assets and liabilities are recognised on the date on which the Bank becomes a party to the contractual provisions of the instrument.

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

Classification

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

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

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

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

All other financial assets are classified as FVTPL.

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

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

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

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

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

Non-recourse loans

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

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

Reclassifications

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

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

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

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

Financial liabilities

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

Modifications of financial assets and financial liabilities

Financial assets

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

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

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

Financial liabilities

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

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

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.

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.
When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

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

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

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

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

Impairment

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

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

No impairment loss is recognised on equity investments.

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

- debt 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.

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

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

At each reporting date, the Bank assesses whether credit risk has increased significantly since initial recognition. 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.

Measurement of ECL

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

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

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 borrower is more than or equal to 90 days past due for long-term facilities or more than or equal to 31 days past due for short-term facilities on any material obligation to the Bank; or

- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

Inputs, assumptions and techniques used for estimating impairment

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

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

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

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

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

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

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

Restructured financial assets

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

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

Credit-impaired financial assets

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

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

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

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

4.2 Cash

Cash consist of cash and bank balances and demand deposits

4.3 Placements with other banks

Placements with other banks are stated at amortised costs less impairment for any uncollectable amounts.

4.4 Statutory deposits

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

4.5 Loans and advances

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

4.6 Other investments

Other investments are stated at amortised costs, less impairment for any uncollectable amounts.

4.7 Share Capital

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

4.8 Accumulated losses

Accumulated losses includes all current and prior period profits and losses.

4.9 Regulatory Reserves

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

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

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

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

4.10 Property and equipment

Recognition and measurement

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

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent costs

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

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

Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. Construction-in-progress is not depreciated.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Bank will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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

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

	Years
Leasehold improvements	Shorter of economic life or contractual term
Furniture and fixtures	5
Office equipment	5
Computer and IT equipment	3
Motor vehicles	5

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

4.11 Intangible assets

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

Intangible assets are amortised over their estimated useful lives 3 years using the straight-line method.

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

4.12 Other assets

Other assets are carried at amortised cost less impairment if any.

4.13 Impairment of non-financial assets

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

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

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

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

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

4.14 Leases

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

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

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

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

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

Leases in which the Bank is a lessee

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

- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

- Building and office branches Contractual term

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

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

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

Short-term leases and leases of low-value assets

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

4.15 Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

4.16 Interest

Effective interest rate

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

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

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

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

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2018).

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

Calculation of interest income and expense

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

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

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

Presentation

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

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

4.17 Fee and commission

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

Other fee and commission income – including account servicing fees is recognised as the related services are performed. A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of CIFRS 9 and partially in the scope of CIFRS 15. If this is the case, then the Bank first applies CIFRS 9 to separate and measure the part of the contract that is in the scope of CIFRS 9 and then applies CIFRS 15 to the residual.

Fees and commission are presented net in the statement of comprehensive income.

4.18 Expense recognition

Expenses are recognised in the statement of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognised in the statement of comprehensive income: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statement of comprehensive income are presented using the nature of expense method. Operating costs represent service charges, trading fees and commission fees attributable to earning the revenue. Overhead costs are costs attributable to administrative, marketing, selling and other business activities of the Bank.

4.19 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

4.20 Income taxes

Tax expense recognised in the statement of comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to or claims from fiscal authorities relating to current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantive enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the Bank's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Bank has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of comprehensive income, except where they relate to items that are recognised in other comprehensive income (such as revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.21 Related parties

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

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

vii. A person identified in a.i. above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.

viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Bank.

4.22 Events after the reporting period

The Bank identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Bank are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements if it is material.

5. Significant accounting estimates, assumptions and judgments

The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Functional currency

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

Business model assessment

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

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 behavior (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:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL
- Establishing groups of similar financial assets for the purposes of measuring ECL

Leases

The evaluation of whether an arrangement contains a lease is based on the substance of the lease agreement. An arrangement is, or contains, a lease when the fulfilment of the arrangement depends on a specific asset or assets and the arrangements convey the right to use the asset.

Income tax expense

The Bank will recognise liabilities for expected tax expenses based on an estimate of whether the taxes are due through Management's current interpretation of the various tax legislations which are subject to periodic changes. The final determination of a tax expense will be made following examination by the GDT. When the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the tax provision in the financial year in which such determination is made.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Recognition of provisions and contingencies

Judgment is exercised by Management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 4.19 and relevant disclosures are presented in Note 29. In dealing with the Bank's various legal proceedings, the Bank's estimate of the probable costs that may arise from claims and contingencies has been developed in consultation and coordination with the Bank's internal counsel acting in defense for the Bank's legal cases and are based upon the analysis of probable results. Although the Bank does not believe that its on-going proceedings, as disclosed in Note 30, will have material adverse effect on the Bank's financial position, it is possible that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies conducted relating to those proceedings.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurement

The Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Management bases its assumptions on observable data as far as possible but this is not always available. In that case, the Management uses the best information available.

Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Provision for credit losses on loans to customers

The Bank uses a provision matrix to calculate the allowance for its loans to customers. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Bank 's historical observed default rates. The Bank calibrates the matrix to adjust the historical credit loss experience with historical recoveries. At every reporting date, the historical observed default rates are updated analysed.

The assessment of the correlation between historical observed default rates and allowance for loans to customers is a significant estimate. The amount of allowance for loans to customers is sensitive to changes in circumstances. The Bank 's historical credit loss experience may also not be representative of customer's actual default in the future. The computation of the allowance also considers the use of reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other that may result in different levels of loss allowance. The impact of provisioning on the Bank 's loans to customers is disclosed in Note 10.

Useful life of depreciable assets

The useful lives of the Bank's assets with definite life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of Bank's property and equipment and right of use assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Bank's assets. In addition, the estimation of the useful lives is based on the Bank's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and right of use assets would increase the recognized operating expenses and decrease non-current assets.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget and do not include restructuring activities that the Bank is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

6. Going concern

The Bank's financial statements are prepared on the assumption that the Bank will continue as a going concern. This fundamental assumption is on the basis that the Bank has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

The Bank has incurred recurring accumulated losses which amounted to USD49,671 as at 31 December 2020 (2019: USD1,145,560). This factor raises uncertainty that may cast substantial doubt about the Bank's ability to continue as a going concern without the continuing financial support of its shareholders while striving to further improve profitable operations.

The Board of Directors strongly believes in the continued appropriateness of the going concern assumption given its shareholders has pledged to provide necessary financial support to enable the Bank to continue as going concern. In addition, the Bank aims to increase its loan portfolio, which will ultimately increase its interest income, particularly its consumer loans - housing and car loans, by working with property developers and car distributors.

The financial statements do not include any adjustments related to the recoverability and classification of the recorded asset amounts, or to amounts and classification of liability that may be necessary if the Bank unable to continue as going concern.

7. Cash – net

Cash is further analysed as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Cash on hand	14,128,228	57,148,682	4,155,506	16,933,687
Cash with other banks	54,270,161	219,522,801	57,160,880	232,930,586
Cash presented on the statement of cash flows	68,398,389	276,671,483	61,316,386	249,864,273
Less: Allowance for impairment losses	(33,434)	(135,240)	(61,873)	(252,133)
	68,364,955	**276,536,243**	**61,254,513**	**249,612,140**

Cash with other banks are current accounts which do not bear interest.

The movements of allowance for impairment losses were as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
At 1 January	61,873	252,133	1,696	6,814
(Reversal)/Additions for the year	(28,439)	(115,946)	60,177	243,837
Currency translation difference	-	(947)	-	1,482
At 31 December	**33,434**	**135,240**	**61,873**	**252,133**

8. Deposits and placements with other banks

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Term deposit (non-cash equivalents)	6,405,875	25,911,764	18,058,081	73,586,680
	6,405,875	**25,911,764**	**18,058,081**	**73,586,680**

Placements with other banks are maturing from 3 to 6 months (2019: 3 to 6 months) and earned interest ranging from 2% to 4% (2019: 2% to 4%) per annum. Interest income earned during the year amounted to USD 1,180,227 (2019: USD 277,356) as disclosed in Note 22 as part of placement with other banks.

9. Statutory deposits

		For the year ended 31 December 2020		For the year ended 31 December 2019	
		USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Capital guarantee deposit	A	7,500,000	30,337,500	7,500,000	30,562,500
Reserve requirements on customers' deposits	B	13,271,180	53,681,923	16,271,135	66,304,875
		20,771,180	**84,019,423**	**23,771,135**	**96,867,375**

A. Capital guarantee deposit

Under the NBC's Prakas No. B7-01-136 dated 15 October 2001, the Bank is required to maintain a statutory deposit 10% of its capital. 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. Capital guarantee deposit earned interest at rates of 0% - 0.06% (2019: 0% - 0.48%) per annum amounting to USD 21,295 (2019: USD 47,195), as disclosed in Note 22.

B. Reserve requirements on customers' deposits

The reserve requirement represents the minimum reserve which is calculated at 8% for KHR and 12.50% for other currencies of the total amount of deposits from customers, non-residential banks and financial institution deposits, and non-residential borrowings. Pursuant to the National Bank of Cambodia's Prakas No. B7-018-282 on the maintenance of reserve requirement against commercial banks' deposits and borrowings, reserve requirements both in KHR and in other currencies bear no interest effective from 29 August 2018.

On 17 March 2020, the NBC announced the reduction of the reserve requirements to 7% for both local and foreign currencies deposits and borrowings in order to help mitigate the impact of the COVID-19 pandemic on Cambodia's economy.

10. Loans to customers - net

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Commercial loans:				
Overdrafts	5,692,543	23,026,336	8,220,144	33,497,087
Short term loans	7,122,665	28,811,180	-	-
Long term loans	-	-	7,056,409	28,754,867
Consumer loans				
Overdrafts	26,526,755	107,300,724	12,879,818	52,363,008
Short term loans	10,757,407	43,513,711	9,544,131	39,014,584
Long term loans	23,298,680	94,243,161	14,637,690	59,648,587
Related parties' loans	1,237,142	5,004,240	15,432,417	62,887,099
	74,635,192	301,899,352	67,770,609	276,165,232
Less: Allowance for impairment losses	(127,100)	(514,120)	(59,583)	(242,801)
Loans and advances to customers - net	**74,508,092**	**301,385,232**	**67,711,026**	**275,922,431**

Allowance for impairment losses recognised in profit or loss are summarised is as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Net impairment loss on loans and advances	67,517	275,267	23,741	96,199
Net impairment (recovery) loss on cash equivalents with other banks (Note 7)	(28,439)	(115,946)	60,177	243,837
Net impairment loss on other investment (Note 11)	3,596	14,661	518	2,099
	42,674	**173,982**	**84,436**	**342,135**

The movements of allowance for impairment allowance on loans and advances to customers were analysed as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
At 1 January	59,583	242,801	35,842	144,013
Additions for the year	67,517	275,267	23,741	96,199
Currency translation difference	-	(3,948)	-	2,589
At 31 December	**127,100**	**514,120**	**59,583**	**242,801**

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

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Within 1 month	10,999,949	44,494,794	7,000,000	28,525,000
>1 to 3 months	13,677,709	55,326,333	1,009,806	4,114,959
>3 to 6 months	14,665,563	59,322,202	3,088,733	12,586,587
> 6 to 12 months	11,766,982	47,597,442	34,977,971	142,535,232
> 1 to 3 years	14,189,805	57,397,761	31,303	127,560
> 3 to 5 years	7,225,834	29,228,499	21,163,591	86,241,634
Over 5 years	2,109,350	8,532,321	499,205	2,034,260
	74,635,192	**301,899,352**	**67,770,609**	**276,165,232**

11. Other investment

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Other investment at amortised cost (*)	23,266,377	94,112,495	22,527,783	91,800,716
Less: Allowance for impairment losses	(139,110)	(562,700)	(135,514)	(552,220)
	23,127,267	**93,549,795**	**22,392,269**	**91,248,496**

*This represents deposits to buy gold from Asia Investment and Financial Services Sole Co., Ltd., a shareholder whereby Asia Investment and Financial Services Sole Co., Ltd. agreed to provide a guaranteed return of 6% per annum.

The movements of allowance for impairment losses were as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
At 1 January	135,514	552,220	134,996	542,414
Additions for the year	3,596	14,661	518	2,099
Currency translation difference	-	(4,181)	-	7,707
At 31 December	**139,110**	**562,700**	**135,514**	**552,220**

12. Intangible asset

	Software	
	USD	KHR'000 (Note 2.4)
Gross carrying amount		
Balance as at 1 January 2020	1,185,155	4,829,507
Additions	39,237	164,105
Transfers from property and equipment	129,246	522,800
Currency translation difference	-	(40,946)
Balance as at 31 December 2020	1,353,638	5,475,466
Accumulated amortisation		
Balance as at 1 January 2020	328,998	1,340,667
Amortisation	409,445	1,669,307
Currency translation difference	-	(22,972)
Balance as at 31 December 2020	738,443	2,987,002
Carrying amounts as at 31 December 2020	**615,195**	**2,488,464**
Gross carrying amount		
Balance as at 1 January 2019	138,577	556,802
Additions	1,046,578	4,240,734
Currency translation difference	-	31,971
Balance as at 31 December 2019	1,185,155	4,829,507
Accumulated amortisation		
Balance as at 1 January 2019	19,225	77,246
Amortisation	309,773	1,255,200
Currency translation difference	-	8,221
Balance as at 31 December 2019	328,998	1,340,667
Carrying amounts as at 31 December 2019	**856,157**	**3,488,840**

13. Property and equipment

	Leasehold improvements	Furniture and fixtures	Office equipment	Computer and IT equipment	Motor vehicles	Fixed assets in progress	Total	
	USD	USD	USD	USD	USD	USD	USD	KHR'000
								(Note 2.4)
Gross carrying amount								
Balance as at 1 January 2020	422,426	8,522	273,292	304,519	50,350	446,633	1,505,742	6,135,899
Additions	76,485	5,764	4,974	454,944	-	2,695,840	3,238,007	13,201,355
Transfers (*)	96,494	10,479	73,136	54,899	-	(235,008)	-	-
Transfers to intangible assets (*)	-	-	-	-	-	(129,246)	(129,246)	(522,800)
Reclassification to other assets (**)	-	-	-	-	-	(11,550)	(11,550)	(46,720)
Currency translation difference	-	-	-	-	-	-	-	(148,789)
Balance as at 31 December 2020	595,405	24,765	351,402	814,362	50,350	2,766,669	4,602,953	18,618,945
Accumulated deprecation								
Balance as at 1 January 2020	119,339	1,854	56,692	83,331	14,085	-	275,301	1,121,852
Depreciation charge during the year	109,695	4,537	69,922	179,895	10,070	-	374,119	1,525,283
Currency translation difference	-	-	-	-	-	-	-	(20,231)
Balance as at 31 December 2020	229,034	6,391	126,614	263,226	24,155	-	649,420	2,626,904
Carrying amount as at 31 December 2020	**366,371**	**18,374**	**224,788**	**551,136**	**26,195**	**2,766,669**	**3,953,533**	**15,992,041**

(*) Transfers are related to major renovations in head office during the year.

(**) Reclassification pertains to ATM cards which were initially recognised as fixed assets in progress and subsequently reclassified to inventories under other assets.

	Leasehold improve-ments	Furniture and fixtures	Office equipment	Computer and IT equipment	Motor vehicles	Construc-tion in progress	Total	
	USD	USD	USD	USD	USD	USD	USD	KHR'000 (Note 2.4)
Gross carrying amount								
Balance as at 1 January 2019	420,138	5,175	126,921	70,612	49,000	-	671,846	2,699,477
Additions	2,288	3,347	146,371	235,463	1,350	446,633	835,452	3,385,252
Written-off	-	-	-	(1,556)	-	-	(1,556)	(6,305)
Currency translation difference	-	-	-	-	-	-	-	57,475
Balance as at 31 December 2019	422,426	8,522	273,292	304,519	50,350	446,633	1,505,742	6,135,899
Accumulated deprecation								
Balance as at 1 January 2019	34,932	431	10,522	9,759	4,083	-	59,727	239,983
Depreciation charge during the year	84,407	1,423	46,170	74,176	10,002	-	216,178	875,953
Written-off	-	-	-	(604)	-	-	(604)	(2,447)
Currency translation difference	-	-	-	-	-	-	-	8,363
Balance as at 31 December 2019	119,339	1,854	56,692	83,331	14,085	-	275,301	1,121,852
Carrying amount as at 31 December 2019	**303,087**	**6,668**	**216,600**	**221,188**	**36,265**	**446,633**	**1,230,441**	**5,014,047**

14. Right-of-use assets

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Right-of-use assets	2,454,953	9,930,285	1,748,854	7,126,580
	2,454,953	**9,930,285**	**1,748,854**	**7,126,580**

The Bank leases the office buildings for the head office and the branches. Information about lease for which the Bank is a lessee is presented below. Information relating to lease liabilities is disclosed in Note 19.

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Office buildings				
Gross carrying amount				
Balance as at 1 January	1,937,948	7,897,138	399,845	1,606,577
Additions	954,756	3,892,540	1,538,103	6,232,393
Currency translation difference	-	(88,690)	-	58,168
Balance as at 31 December	**2,892,704**	**11,700,988**	**1,937,948**	**7,897,138**
Accumulated amortisation				
Balance as at 1 January	189,094	770,558	58,159	233,683
Amortisation for the year	248,657	1,013,775	130,935	530,549
Currency translation difference	-	(13,630)	-	6,326
Balance as at 31 December	**437,751**	**1,770,703**	**189,094**	**770,558**
Carrying amounts as at 31 December	**2,454,953**	**9,930,285**	**1,748,854**	**7,126,580**

15. Other assets

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Advances for future investments (*)	47,300,000	191,328,500	-	-
Prepayment to shareholder (**)	20,000,000	80,900,000	-	-
Prepaid expenses	807,518	3,266,411	792,700	3,230,252
Guarantee deposits (***)	504,871	2,042,203	-	-
Inventories	48,759	197,230	21,199	86,386
	68,661,148	**277,734,344**	**813,899**	**3,316,638**

(*) On 28 December 2020, the Bank purchased for a total sum of USD47.3 million, 125,036,520 shares in BCPG Public Company Limited ("BCPG"), a company listed on the Stock Exchange of Thailand ("SET"), from three individual related parties, who are the original investors to the private placement offering of BCPG's new shares, via a private placement arrangement, which concluded on 11 November 2020. The amount of the purchase price was transferred by the Bank to the 3 individuals on the same date. Under this contractual arrangement, the rights over the BCPG shares will only be delivered by the individual original investors to the Bank at the following dates to comply with the Silent period rule of the SET applicable to this private placement:

- On 15 June 2021, the first 25% of the total amount of purchased shares; and
- On 15 December 2021, the remaining 75% of the total amount of purchased shares.

Hence, as of 31 December 2020, Management has classified the amount paid to the three related parties as advances.

Subsequently, on 31 March 2021, the Bank terminated its purchase of the BCPG shares and received a full refund of the purchase price through its overseas nostro bank account.

On 29 April 2021, the Bank informed NBC the nature of this transaction.

(**) This represents prepayment made to a shareholder for the purchase of land at Sihanoukville Province. As of the date of the issuance of the financial statements, the acquisition process is yet to be completed.
(***) These represents secured escrow account with Mastercard required to be maintained by the Bank.

16. Deposits from other banks

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Demand deposits	9,114,096	36,866,519	321,843	1,311,510
Fixed deposits	6,566,404	26,561,104	-	-
	15,680,500	**63,427,623**	**321,843**	**1,311,510**

Deposits from other banks are analysed as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
A. By maturity				
Within 1 month	9,114,096	36,866,519	321,843	1,311,510
> 1 to 3 months	520,754	2,106,450	-	-
> 3 to 6 months	3,007,603	12,165,754	-	-
> 6 to 12 months	3,038,047	12,288,900	-	-
	15,680,500	**63,427,623**	**321,843**	**1,311,510**

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
B. By relationship				
Related parties	1,677,410	6,785,123	311,923	1,271,086
Non-related parties	14,003,090	56,642,500	9,920	40,424
	15,680,500	**63,427,623**	**321,843**	**1,311,510**

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
C. By residency status				
Residents	8,129,965	32,885,708	311,923	-
Non- residents	7,550,535	30,541,915	9,920	1,311,510
	15,680,500	**63,427,623**	**321,843**	**1,311,510**

D. By interest rate (per annum)

	2020	2019
Fixed deposits	2.50%-2.75%	Nil
Demand deposits	0%-1%	Nil

17. Deposits from customers

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Fixed deposits	88,836,500	359,343,643	30,313,654	123,528,140
Saving accounts	58,428,627	236,343,796	42,363,119	172,629,710
Demand deposits	27,115,032	109,680,304	47,188,097	192,291,495
Margin deposits	-	-	50,000	203,750
	174,380,159	**705,367,743**	**119,914,870**	**488,653,095**

Deposits from customers are analysed as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
A. By Maturity				
Within 1 month	86,764,698	350,963,203	89,561,262	364,962,143
> 1 to 3 months	17,672,406	71,484,882	15,862,964	64,641,578
> 3 to 6 months	47,065,792	190,381,129	731,068	2,979,102
> 6 to 12 months	19,889,090	80,451,369	12,073,953	49,201,358
> More than 12 months	2,988,173	12,087,160	1,685,623	6,868,914
	174,380,159	**705,367,743**	**119,914,870**	**488,653,095**
B. By residency status				
Residents	160,944,416	651,020,163	40,522,389	165,128,735
Non-residents	13,435,743	54,347,580	79,392,481	323,524,360
	174,380,159	**705,367,743**	**119,914,870**	**488,653,095**
C. By relationship				
Related parties	134,514	544,109	-	-
Non-related parties	174,245,645	704,823,634	119,914,870	488,653,095
	174,380,159	**705,367,743**	**119,914,870**	**488,653,095**

These deposits from customers earn interest at annual rates as follows:

	2020	2019
Saving accounts	0.5%	1%
Fixed deposits	1.50%-6.25%	2.00% - 6.00%
Demand deposits	0%-1%	Nil
Margin deposits	Nil	Nil

18. Lease liabilities

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Maturity analysis – contractual undiscounted cash flows				
Less than one year	377,410	1,526,623	254,293	1,036,244
One to five years	1,163,135	4,704,881	2,218,545	9,040,571
More than five years	1,928,000	7,798,760	-	-
Total undiscounted lease payments	**3,468,545**	**14,030,264**	**2,472,838**	**10,076,815**
Present value of lease liabilities				
Current	233,311	943,743	155,138	632,187
Non-current	2,274,120	9,198,815	1,566,332	6,382,803
	2,507,431	**10,142,558**	**1,721,470**	**7,014,990**
Amounts recognised in profit or loss				
Interest on lease liabilities	122,664	500,101	48,208	195,339
Expenses relating to short-term leases	41,708	170,044	13,522	54,791
	164,372	**670,145**	**61,730**	**250,130**
Amounts recognised in the statement of cash flows				
Total cash outflow for leases	291,459	1,188,278	213,118	868,456
	291,459	**1,188,278**	**213,118**	**868,456**

19. Other liabilities

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Accruals and other payables	440,309	1,781,050	445,327	1,814,708
Other tax payables	173,859	703,260	68,558	279,373
	614,168	**2,484,310**	**513,885**	**2,094,081**

20. Income tax

Income tax expense

In accordance with Cambodian Law on Taxation, the Bank has an obligation to pay corporate income tax of either the profit tax at the rate of 20% of taxable profits or the minimum tax at 1% of gross revenues, whichever is higher.

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Current income tax expense	195,552	797,266	227,917	923,520
Deferred tax (income)/expense	(42,813)	(174,549)	98,721	400,017
	152,739	**622,717**	**326,638**	**1,323,537**

Reconciliation between income tax expenses and accounting profit

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Profit before income tax	592,486	1,465,845	1,465,845	5,939,604
Income tax using statutory rate at 20%	118,497	483,113	293,169	1,187,921
Non-deductible expenses	34,521	140,741	33,469	135,616
Income tax expense	**153,018**	**623,854**	**326,638**	**1,323,537**

The Bank's tax returns are subject to examination by the GDT. Because the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations, the amounts reported in the financial statements could be changed at a later date upon final determination by the GDT.

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation which is often unclear and subject to interpretation. Oftentimes, different interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to reviews and investigations by a number of authorities that are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia, substantially greater than in other countries. Management believes that tax liabilities have been adequately provided for based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

Minimum tax

Under the Cambodian tax regulations, the Bank has an obligation to pay Income Tax at 20% of taxable profit or Minimum Tax at 1% of total revenue exclusive of value added tax, whichever is higher.

Deferred tax assets - net

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Deferred tax assets	610,243	2,468,433	426,210	1,736,806
Deferred tax liabilities	(490,991)	(1,986,058)	(349,771)	(1,425,317)
	119,252	**482,375**	**76,439**	**311,489**

Deferred tax assets/(liabilities) are attributable to the following:

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Lease liabilities	501,486	2,028,511	344,294	1,402,998
Allowance for impairment losses	60,399	244,314	51,394	209,431
Depreciation and amortisation	37,579	152,007	6,055	24,674
Unearned income	10,779	43,601	24,107	98,236
Provision for employee benefits	-	-	360	1,467
Right-of-use assets	(490,991)	(1,986,058)	(349,771)	(1,425,317)
	119,252	**482,375**	**76,439**	**311,489**

The movements of deferred tax assets – net were as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
At 1 January	76,439	311,489	175,160	703,793
Recognised in profit or loss	42,813	174,549	(98,721)	(400,017)
Currency translation difference	-	(3,663)	-	7,713
At 31 December	**119,252**	**482,375**	**76,439**	**311,489**

Current income tax liability

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
At 1 January	175,838	716,540	-	-
Recognised in profit or loss	195,552	797,266	227,917	923,520
Income tax paid	(276,853)	(1,128,730)	(52,079)	(211,024)
Currency translation difference	-	(2,674)	-	4,044
At 31 December	**94,537**	**382,402**	**175,838**	**716,540**

21. Share capital

	2020			2019		
	% of ownership	Number of shares	Amount USD	% of ownership	Number of shares	Amount USD
Asia Investment and Financial Services Sole Co., Ltd.	60%	45,000,000	45,000,000	60%	45,000,000	45,000,000
Mr. Yim Leak	40%	30,000,000	30,000,000	-	-	-
Paradise Investment Co., Ltd.	-	-	-	15%	11,250,000	11,250,000
PrimeStreet Advisory Co., Ltd.	-	-	-	25%	18,750,000	18,750,000
	100%	**75,000,000**	**75,000,000**	**100%**	**75,000,000**	**75,000,000**
In equivalent KHR'000 (Note 2.4)			**300,000,000**			**300,000,000**

The total authorised number of shares is 75,000,000 (2019: 75,000,000) shares with par value of US$1 per share. All shares are issued and fully paid.

In 2020, the existing shareholders – Paradise Investment Co., Ltd. and Prime Street Advisory Co., Ltd. sold all their equity interest in the Bank of 11,250,000 and 18,750,000 shares, respectively to Mr. Yim Leak, the Chairman, at par value. On 25 June 2020, the Bank sent a letter to National Bank of Cambodia ("NBC") requesting on the change of shareholders and obtained approval from NBC on 29 September 2020. The Bank revised the Memorandum and Articles of Association with approval on 26 January 2021.

22. Interest income

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Loans and advances	4,452,515	18,152,904	3,546,167	14,369,069
Other investment	1,374,320	5,603,103	1,368,750	5,546,175
Placements with other banks	1,180,227	4,811,784	277,356	1,123,846
Statutory deposits	21,295	86,820	47,195	191,234
	7,028,357	**28,654,611**	**5,239,468**	**21,230,324**

23. Interest expense

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Fixed and demand deposits	3,163,542	12,897,761	556,811	2,256,198
Saving deposits	208,033	848,150	214,966	871,042
Lease liabilities	122,664	500,101	48,208	195,339
	3,494,239	**14,246,012**	**819,985**	**3,322,579**

24. Fee and commission income – net

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Inward and outward remittance	344,438	1,404,274	179,404	726,947
Other fees	49,338	201,151	54,662	221,490
	393,776	**1,605,425**	**234,066**	**948,437**

25. Other income

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Foreign exchange currency gain	73,594	300,043	40,876	165,630
	73,594	**300,043**	**40,876**	**165,630**

26. Personnel expenses

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Salaries and wages	1,290,751	5,262,392	784,278	3,177,894
Fringe benefits	10,133	41,312	1,733	7,022
Other benefits	65,805	268,288	23,281	94,336
	1,366,689	**5,571,992**	**809,292**	**3,279,252**

27. Depreciation and amortisation

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Amortisation – intangible assets	409,445	1,669,307	309,773	1,255,200
Depreciation – property and equipment	374,119	1,525,283	216,178	875,953
Amortisation – right-of-use assets	248,657	1,013,775	130,935	5 30,549
	1,032,221	**4,208,365**	**656,886**	**2,661,702**

28. Other operating expenses

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Donations	202,200	824,369	150,000	607,800
Professional fees	196,246	800,095	1,047,361	4,243,907
Other tax expenses	112,335	457,990	196,649	796,822
Repairs and maintenance	108,580	442,681	56,970	230,842
License fees	69,316	282,601	48,383	196,048
Utilities expenses	44,097	179,783	30,379	123,096
Office supplies	49,342	201,167	18,288	74,103
Office rental	41,708	170,044	13,522	54,791
Security expense	20,668	84,263	14,119	57,210
Travelling and entertainment	19,421	21,474	8,940	36,225
Insurance expense	16,180	65,966	12,022	48,713
Communication expense	11,517	46,955	10,984	44,508
Credit investigation fee	11,162	45,507	10,823	43,856
Public relations, marketing and advertising	9,928	40,476	13,206	53,511
Accommodation expense	9,423	38,418	11,286	45,730
Stamps and postage	5,460	22,260	275	1,114
Communication	5,267	79,179	10,452	42,352
Dues and membership	4,185	17,062	2,101	8,515
Foreign exchange loss	2,241	9,137	1,520	6,158
Miscellaneous expenses	28,142	114,735	20,686	83,818
	967,418	**3,944,162**	**1,677,966**	**6,799,119**

29. Commitments and contingencies

Contingent liabilities and commitments

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

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Unused portion of credit facilities	1,289,602	5,216,440	2,606,046	10,541,456
Bankers' guarantees	400,000	1,618,000	620,000	2,507,900
Others	-	-	281,775	1,139,780
	1,689,602	**6,834,440**	**3,507,821**	**14,189,136**

The movements of impairment losses allowance for off-balance sheet are analysed as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
At 1 January	4,456	18,158	-	-
(Reversal)/additions for the year	(2,104)	(8,578)	4,456	18,056
Currency translation difference	-	(66)	-	102
At 31 December	**2,352**	**9,514**	**4,456**	**18,158**

Tax contingencies

Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. The application of tax laws and regulations to many types of transactions are susceptible to varying interpretations.

These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

On 18 May 2020, there is a letter from the General Department of Taxation ("GDT") for the comprehensive tax audit for the fiscal years 2018 to 2019. Up to the date of the issuance of the financial statements, the tax audit is still on-going.

30. Related party transactions and balances

The Bank entered into a number of transactions with related parties in the normal course of business. The volume of related party transactions, outstanding balance at the year end and relating expenses and income for the year are as follows:

Related parties and relationship

Relationship	Related party
Immediate parent entity	Refer to Note 21
Related entities	Entities under common ultimate parent company
Key management personnel	All directors of the Bank who make critical decisions in relation to the strategic direction of the Bank and senior management staff (including their close family members)

Loans and advances to related parties

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Loans and advances	1,237,142	5,004,240	15,432,417	62,887,099
	1,237,142	5,004,240	15,432,417	62,887,099

Deposits from related parties

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Deposit from other banks	1,677,410	6,785,123	311,923	1,271,086
Deposits from customers	134,514	544,109	-	-
	1,811,924	7,329,232	311,923	1,271,086

Advances for future investments

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Advances for future investments	47,300,000	191,328,500	-	-
	47,300,000	191,328,500	-	-

Prepayment to shareholder

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Mr. Yim Leak	20,000,000	80,900,000	-	-
	20,000,000	80,900,000	-	-

Key management remuneration

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Salaries and benefits	538,330	2,194,771	226,086	916,102
	538,330	2,194,771	226,086	916,102

31. Financial risk management

A. Introduction and overview

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

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

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

Risk management functional and governance structure

The Bank's Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework and responsible for approving and monitoring 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.

B Credit risk

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

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

Management of credit risk

The Board of Directors created the Bank Credit Committee for the oversight of credit risk. A separate Bank Credit department, reporting to the Bank Credit Committee, is responsible for managing the Bank's credit risk, including the following.

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by Bank Credit, the Head of Bank Credit, the Bank Credit Committee or the Board of Directors, as appropriate.
- Reviewing and assessing credit risk: Bank Credit assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances, financial guarantees and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities).
- Developing and maintaining the Bank's risk gradings to categorise exposures according to the degree of risk of default. The current risk grading framework consists of 5 grades reflecting varying degrees of risk of default. The responsibility for setting risk grades lies with the final approving executive or committee, as appropriate. Risk grades are subject to regular reviews by Bank Risk.
- Developing and maintaining the Bank's processes for measuring ECL: This includes processes for:
  - initial approval, regular validation and back-testing of the models used;
  - determining and monitoring significant increase in credit risk; and incorporation of forward-looking information.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Bank Credit, which may require appropriate corrective action to be taken. These include reports containing estimates of ECL allowances.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

Each business unit is required to implement Bank credit policies and procedures, with credit approval authorities delegated from the Bank Credit Committee. Each business unit has a Head of Credit who reports on all credit-related matters to local management and the Bank Credit Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

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

Concentration of risk

The Board of Directors created the Bank Credit Committee for the oversight of credit risk. A separate Bank Credit department, reporting to the Bank Credit Committee, is responsible for managing the Bank's credit risk, including the following.

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.

Type of credit exposure

	Maximum credit exposure	Maximum credit exposure	Fully subject to collateral/ credit enhancement	Partially subject to collateral/ credit enhancement	Unsecured and not subject to collateral/ credit enhancement
	USD	KHR'000 (Note 2.4)	%	%	%
31 December 2020					
On-statement of financial position items					
Cash – gross	68,398,389	276,671,483	-	-	100%
Placements with other banks – gross	6,405,875	25,911,764	-	-	100%
Statutory deposits	20,771,180	84,019,423	-	-	100%
Loans and advances to customers – gross	74,635,192	301,899,352	83%	-	17%
Other investment – gross	23,266,377	94,112,495	-	-	100%
Guarantee deposit	504,871	2,042,203	-	-	100%
Total	193,981,884	784,656,720			
Off-statement of financial position items					
Contingent liabilities	400,000	1,618,000	100%	-	-
Commitments	1,289,602	5,216,440	80%	-	20%
Total	1,689,602	6,834,440			

	Maximum credit exposure	Maximum credit exposure	Fully subject to collateral/ credit enhancement	Partially subject to collateral/ credit enhancement	Unsecured and not subject to collateral/ credit enhancement
	USD	KHR'000 (Note 2.4)	%	%	%
31 December 2019					
On statement of financial position items					
Cash – gross	61,316,386	249,864,273	-	-	100%
Placements with other banks – gross	18,058,081	73,586,680	-	-	100%
Statutory deposits	23,771,135	96,867,375	-	-	100%
Loans and advances to customers – gross	67,770,609	276,165,232	74%	-	26%
Other investment – gross	22,527,783	91,800,716	-	-	100%
Total	193,443,994	788,284,276			
Off statement of financial position items					
Contingent liabilities	901,775	3,647,680	69%	-	31%
Commitments	2,606,046	10,541,456	62%	-	38%
Total	3,507,821	14,189,136			

Concentration risk by industrial sectors

31 December 2020	Cash – gross	Placements with other banks -gross	Loans and advances to ustomers-gross	Other investment – gross	Statutory deposits	Guarantee deposit	Total
	USD	USD	USD	USD	USD	USD	USD
Information media and telecommunications	-	-	19,041,153	-	-	-	19,041,153
Hotel and restaurants	-	-	397,494	-	-	-	397,494
Real estate	-	-	29,312,262	-	-	-	29,312,262
Construction	-	-	4,799,735	-	-	-	4,799,735
Financial institutions	68,398,389	6,405,875	-	-	20,771,180	-	95,575,444
Staff loans	-	-	1,304,128	-	-	-	1,304,128
Others	-	-	19,780,420	23,266,377	-	504,871	43,551,668
Total	68,398,389	6,405,875	74,635,192	23,266,377	20,771,180	504,871	193,981,884
Total (KHR'000 equivalents – Note 2.4)	**276,671,483**	**25,911,764**	**301,899,352**	**94,112,495**	**84,019,423**	**2,042,203**	**784,656,720**

31 December 2019	Cash – gross	Placements with other banks – gross	Loans and advances to customers – gross	Other investment – gross	Statutory deposits	Total
	USD	USD	USD	USD	USD	USD
Information media and telecommunications	-	-	14,006,189	-	-	14,006,189
Trading	-	-	46,260	-	-	46,260
Real estate	-	-	31,397,481	-	-	31,397,481
Financial institutions	61,316,386	18,058,081	-	-	23,771,135	103,145,602
Staff loans	-	-	550,601	-	-	550,601
Others	-	-	21,770,078	22,527,783	-	44,297,861
Total	61,316,386	18,058,081	67,770,609	22,527,783	23,771,135	193,443,994
Total (KHR'000 equivalents – Note 2.4)	**249,864,273**	**73,586,680**	**276,165,232**	**91,800,716**	**96,867,375**	**788,284,276**

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

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
By residency status:				
Residents	74,635,192	301,899,352	67,770,609	276,165,232
By relationship:				
External customers	72,093,921	291,619,911	51,787,591	211,034,434
Staff loans	1,304,129	5,275,202	550,601	2,243,699
Related Parties	1,237,142	5,004,239	15,432,417	62,887,099
	74,635,192	**301,899,352**	**67,770,609**	**276,165,232**
By exposure:				
Large exposures (*)	36,017,475	145,690,687	49,088,877	200,037,174
Non-large exposures	38,617,717	156,208,665	18,681,732	76,128,058
	74,635,192	**301,899,352**	**67,770,609**	**276,165,232**
By concession:				
Restructure (**)	5,674,337	22,952,693	-	-
Non-Restructured	68,960,855	278,946,659	67,770,609	276,165,232
	74,635,192	**301,899,352**	**67,770,609**	**276,165,232**

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

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

Collateral

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

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

Cash, placements with other banks and other investment
Collateral is generally not sought for these assets.

Loans and advances to customers, contingent liabilities and commitments

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

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

	Collateral/Credit enhancement				Unsecured	
31 December 2020	Properties	Floating assets	Fixed deposits	Others	credit exposure	Total
	USD	USD	USD	USD	USD	USD
Loan and advances to customers - gross	62,164,231	-	-	-	12,470,961	74,635,192
Contingent liabilities	-	-	400,000	-	-	400,000
Commitments	1,029,365	-	-	-	260,237	1,289,602
	63,193,596	-	400,000	-	12,731,198	76,324,794
KHR'000 equivalents (Note 2.4)	255,618,096	-	1,618,000	-	51,497,696	308,733,792
31 December 2019						
Loan and advances to customers - gross	50,435,194	-	-	-	17,335,415	67,770,609
Contingent liabilities	620,000	-	-	-	281,775	901,775
Commitments	1,606,046	-	-	-	1,000,000	2,606,046
	52,661,240	-	-	-	18,617,190	71,278,430
KHR'000 equivalents (Note 2.4)	214,594,553	-	-	-	75,865,049	290,459,602

Credit quality of gross loans and advances to customers

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

Normal:

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

Special mention:

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

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

Substandard:

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

Factors leading to a substandard classification include:

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

Doubtful:

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

Loss:

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

Recognition of ECL

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

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

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

Long-term facilities (more than one year)

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

Short-term facilities (one year or less)

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

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

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

The table below summarises the credit quality of the Bank's gross loans and advances to customers according to the above classifications.

	31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
	USD	USD	USD	USD
Loans and advances to customers at amortised cost				
Normal	74,635,192	-	-	74,635,192
Special mention	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
At gross	74,635,192	-	-	74,635,192
Loss allowance	(127,100)	-	-	(127,100)
Carrying amount	74,508,092	-	-	74,508,092
KHR'000 equivalents (Note 2.4)	301,385,232	-	-	301,385,232

	31 December 2019			
	Stage 1	Stage 2	Stage 3	Total
	USD	USD	USD	USD
Loans and advances to customers at amortised cost				
Normal	67,770,609	-	-	67,770,609
Special mention	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
	67,770,609	-	-	67,770,609
Loss allowance	(59,583)			(59,583)
Carrying amount	67,711,026	-	-	67,711,026
KHR'000 equivalents (Note 2.4)	275,922,431	-	-	275,922,431

Incorporation of forward-looking information

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

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

In response to the recent COVID-19 pandemic, the Bank has determined that the economic outlook for the upcoming years is highly impacted by the pandemic and therefore sets forth new set of economic (and loss) scenarios and applies management overlay where necessary.

The Bank has revised its economic forecasts used as an input into ECL as at 31 December 2020 down from 2019. For the purpose of ECL computation, to reflect the current climate, the Bank has taken into account the stressed economic scenarios during this COVID-19 pandemic by revisiting its probability weightage outcome (PWO) to generate the upper, neutral and lower bound of ECL. The Bank's Management has applied scenario probability weights across the three scenarios to determine the expected ECL as at 31 December 2020.

Amounts arising from ECL

Loss allowance

The following tables show reconciliation from the opening to the closing balance of the loss allowance by class of financial instrument.

	2020			
	Stage 1	Stage 2	Stage 3	Total
	USD	USD	USD	USD
Loans and advances to customers at amortised cost				
At 1 January	59,583	-	-	59,583
New financial assets originated	67,517	-	-	67,517
At 31 December	127,100	-	-	127,100
At 31 December (KHR'000 equivalents – Note 2.4)	514,120	-	-	514,120

	2019			
	Stage 1	Stage 2	Stage 3	Total
	USD	USD	USD	USD
Loans and advances to customers at amortised cost				
At 1 January	35,842	-	-	35,842
New financial assets originated	23,741	-	-	23,741
At 31 December	59,583	-	-	59,583
At 31 December (KHR'000 equivalents – Note 2.4)	242,801	-	-	242,801

C Market risk

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

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.

31 December 2020	Up to 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 1 to 5 years	Over 5 years	Non-interest bearing	Total	Interest rate
	USD	USD	USD	USD	USD	USD	USD	USD	%
Financial assets									
Cash – net	-	-	-	-	-	-	68,364,955	68,364,955	0%
Placements with other banks	-	6,405,875	-	-	-	-	-	6,405,875	2%-4%
Capital guarantee deposit	-	-	-	-	-	7,500,000	-	7,500,000	0% - 0.06%
Loans and advances to customers – net	10,983,909	13,656,354	14,630,148	10,737,167	21,383,749	2,105,932	1,010,833	74,508,092	5%-12%
Other investment – net	-	-	23,127,267	-	-	-	-	23,127,267	6%
	10,983,909	20,062,229	37,757,415	10,737,167	21,383,749	9,605,932	69,375,788	179,906,189	
Financial liabilities									
Deposits from other banks	-	520,754	3,007,603	3,038,047	-	-	9,114,096	15,680,500	0%-2.75%
Deposits from customers	73,504,998	17,672,406	47,065,792	19,889,090	2,988,173	-	13,259,700	174,380,159	0%-6.25%
Lease liabilities	18,482	37,189	84,156	115,699	706,086	1,545,819	-	2,507,431	6%
Other liabilities	-	-	-	-	-	-	440,309	440,309	Nil
	73,523,480	18,230,349	50,157,551	23,042,836	3,694,259	1,545,819	22,814,105	193,008,399	
Interest sensitivity gap	(62,539,571)	1,831,880	(12,400,136)	(12,305,669)	17,689,490	8,060,113	46,561,683	(13,102,210)	
(KHR'000 equivalents – Note 2.4)	(252,972,565)	7,409,955	(50,158,550)	(49,776,431)	71,553,987	32,603,157	188,342,008	(52,998,439)	

31 December 2019	Up to 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 1 to 5 years	Over 5 years	Non-interest bearing	Total	Interest rate
	USD	USD	USD	USD	USD	USD	USD	USD	%
Financial assets									
Cash – net	-	-	-	-	-	-	61,254,513	61,254,513	0%
Placements with other banks	-	-	18,058,081	-	-	-	-	18,058,081	2%-4%
Capital guarantee deposit	-	-	-	-	-	7,500,000	-	7,500,000	0% - 0.48%
Loans and advances to customers – net	6,993,070	1,009,806	3,083,209	19,527,169	21,166,806	498,549	15,432,417	67,711,026	6%-12%
Other investment – net	-	-	-	22,392,269	-	-	-	22,392,269	6%
	6,993,070	1,009,806	21,141,290	41,919,438	21,166,806	7,998,549	76,686,930	176,915,889	
Financial liabilities									
Deposits from other banks	-	-	-	-	-	-	321,843	321,843	-
Deposits from customers	42,323,165	15,862,964	731,068	12,073,953	1,685,623	-	47,238,097	119,914,870	1%-6%
Lease liabilities	-	-	-	155,138	1,566,332	-	-	1,721,470	6%
Other liabilities	445,327	-	-	-	-	-	-	445,327	Nil
	42,768,492	15,862,964	731,068	12,229,091	3,251,955	-	47,559,940	122,403,510	
Interest sensitivity gap	(35,775,422)	(14,853,158)	20,410,222	29,690,347	17,914,851	7,998,549	29,126,990	54,512,379	
(KHR'000 equivalents - Note 2.4)	(145,784,845)	(60,526,619)	83,171,655	120,988,164	73,003,018	32,594,087	118,692,484	222,137,944	

Foreign currency exchange risk

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

Concentration of currency risk

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

	Denomination USD equivalents			
31 December 2020	KHR	USD	Others	Total
Financial assets				
Cash – gross	226,833	68,153,845	17,711	68,398,389
Placements with other banks	-	6,405,875	-	6,405,875
Statutory deposits	6,180	20,765,000	-	20,771,180
Loans and advances to customers – gross	102,811	74,532,381	-	74,635,192
Other investment – gross	-	23,266,377	-	23,266,377
Guarantee deposit	-	504,871	-	504,871
	335,824	193,628,349	17,711	193,981,884
Financial liabilities				
Deposits from other banks	-	15,680,500	-	15,680,500
Deposits from customers	48,870	174,331,289	-	174,380,159
Lease liabilities	-	2,507,431	-	2,507,431
Other liabilities	-	440,309	-	440,309
	48,870	192,959,529	-	193,008,399
Net asset position	286,954	668,820	17,711	973,485
KHR’000 equivalents (Note 2.4)	1,160,729	2,705,377	71,641	3,937,747

31 December 2019	Denomination USD equivalents KHR	USD	Other	Total
Financial assets				
Cash – gross	80,801	61,102,037	133,548	61,316,386
Placements with other banks – gross	-	18,058,081	-	18,058,081
Statutory deposits	6,135	23,765,000	-	23,771,135
Loans and advances to customers – gross	-	67,770,609	-	67,770,609
Other investment – gross	-	22,527,783	-	22,527,783
	86,936	193,223,510	133,548	193,443,994
Financial liabilities				
Deposits from other banks	-	321,843	-	321,843
Deposits from customers	37,488	119,877,382	-	119,914,870
Lease liabilities	-	1,721,470	-	1,721,470
Other liabilities	-	445,327	-	445,327
	37,488	122,366,022	-	122,403,510
Net asset position	49,448	70,857,488	133,548	71,040,484
KHR'000 equivalents (Note 2.4)	201,501	288,744,264	544,208	289,489,973

Sensitivity analysis

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

	2020		2019	
	- 1% Depreciation US$	+ 1% Appreciation US$	- 1% Depreciation US$	+ 1% Appreciation US$
KHR	(2,808)	2,808	(449)	449
Others	(177)	177	(1,335)	1,335
	(2,985)	2,985	(1,784)	(1,784)
KHR'000 equivalents (Note 2.4)	(12,074)	12,074	(7,270)	(7,270)

D Liquidity risk

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

Management of liquidity risk

The Bank manages its liquidity through its Asset Liability Management Committee which is responsible for establishing the liquidity policy as well as monitoring liquidity on an ongoing basis. A Minimum Liquid Asset requirement has been established to ensure that the ratio of liquid assets to qualifying liabilities is subject to a minimum threshold at all times. The table below summarises the Bank's assets and liabilities based on remaining contractual maturities. The expected cash flows of these assets and liabilities could vary significantly from what is shown in the table. For example, deposits from customers are not all expected to be withdrawn immediately.

31 December 2020	Up to 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 1 to 5 months	Over 5 years	No fixed maturity date	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Financial liabilities								
Deposits from other banks	-	520,754	3,007,603	3,038,047	-	-	9,114,096	15,680,500
Deposits from customers	59,649,666	17,672,406	47,065,792	19,889,090	2,988,173	-	27,115,032	174,380,159
Lease liabilities – undiscounted	31,450	62,902	94,353	188,705	1,163,135	1,928,000	-	3,468,545
Other liabilities	-	-	-	-	-	-	440,309	440,309
	59,681,116	18,256,062	50,167,748	23,115,842	4,151,308	1,928,000	36,669,437	193,969,513
Finance assets								
Cash – gross	-	-	-	-	-	-	68,398,389	68,398,389
Placements with other banks	-	6,405,875	-	-	-	-	-	6,405,875
Loans and advances to customers – gross	10,999,949	13,677,709	14,665,563	9,996,149	21,415,639	2,109,350	1,770,833	74,635,192
Other investment – gross	-	-	23,266,377	-	-	-	-	23,266,377
	10,999,949	20,083,584	37,931,940	9,996,149	21,415,639	2,109,350	70,169,222	172,705,833
Maturity analysis gap	48,681,167	(1,827,522)	12,235,808	13,119,693	(17,264,331)	(181,350)	(33,499,785)	21,263,680
(KHR'000 equivalents – Note 2.4)	196,915,321	(7,392,326)	49,493,843	53,069,159	(69,834,219)	(733,561)	(135,506,630)	86,011,587

31 December 2019	Up to 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 1 to 5 months	Over 5 years	Non-interest bearing	Total
	US$	US$	US$	US$	US$	US$	US$	US$
Financial liabilities								
Deposits from other banks	-	-	-	-	-	-	321,843	321,843
Deposits from customers	42,323,165	15,862,964	731,068	12,073,953	1,685,623	-	47,238,097	119,914,870
Lease liabilities - undiscounted	18,333	42,902	64,353	128,705	2,218,545	-	-	2,472,838
Other liabilities	-	-	-	-	-	-	445,327	445,327
	42,341,498	15,905,866	795,421	12,202,658	3,904,168	-	48,005,267	123,154,878
Finance assets								
Cash – gross	-	-	-	-	-	-	61,316,386	61,316,386
Placements with other banks	-	-	18,058,081	-	-	-	-	18,058,081
Loans and advances to customers – gross	7,000,000	1,009,806	3,088,733	19,545,554	21,194,894	499,205	15,432,417	67,770,609
Other investment – gross	-	-	-	22,527,783	-	-	-	22,527,783
	7,000,000	1,009,806	21,146,814	42,073,337	21,194,894	499,205	76,748,803	169,672,859
Maturity analysis gap	35,341,498	14,896,060	(20,351,393)	(29,870,679)	(17,290,726)	-	(28,743,536)	(46,517,981)
(KHR'000 equivalents – Note 2.4)	144,016,604	60,701,445	(82,931,926)	(121,723,017)	(70,459,708)	-	(117,129,909)	(189,560,773)

E Operational risk

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

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

F Capital management

Regulatory capital

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

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

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

Capital allocation

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

32. Fair value measurement of financial instrument

Financial instruments comprise of financial assets and financial liabilities disclosed on Note 4.1. The Bank have an established framework and policies which provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The valuation of financial instruments is determined by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgment is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value.

Valuation adjustment is also an integral part of the valuation process. Valuation adjustment is to reflect the uncertainty in valuations generally for products that are less standardised, less frequently traded and more complex in nature. In making a valuation adjustment, the Bank follow methodologies that consider factors such as liquidity, bid-offer spread, and unobservable prices and inputs in the market and uncertainties in the assumptions and parameters.

The Bank continuously enhance its design, validation methodologies and processes to ensure the valuations are reflective. The valuation models are validated both internally and externally, with periodic reviews to ensure the model remains suitable for its intended use.

The Bank classify its financial instruments measured at fair value according to the following hierarchy, reflecting the significance of the inputs in making the fair value measurements:

Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets; or
- Quoted prices for identical or similar assets and liabilities in non-active markets; or
- Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 One or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial assets and financial liabilities are classified as Level 1 when the valuation is based on quoted prices for identical assets or liabilities in active markets.

Financial assets and financial liabilities are regarded as being quoted in an active market if the prices are readily available from a published and reliable source and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When fair value is determined using quoted prices of similar assets and liabilities in active markets or quoted prices of identical or similar assets and liabilities in non-active markets, such assets and liabilities are classified as Level 2. In cases where quoted prices are generally not available, the Bank determine fair value based upon valuation techniques that use market parameters as inputs. Most valuation techniques employ observable market data, including but not limited to, yield curves, equity prices, volatilities and foreign exchange rates.

Financial assets and financial liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. Such inputs are determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-market Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters. The valuation models shall also consider relevant transaction data such as maturity. The inputs are then benchmarked and extrapolated to derive the fair value.

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

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:

Loans and advances

The fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral.

Input into the models may include data from third party and information obtained from other market participants, which includes observed primary and secondary transactions. Its carrying value approximates to fair value at the reporting date.

Deposits and placements with other banks

Deposits and placements with other banks include current accounts which are non-interest bearing, savings deposits and short-term deposits. The fair value of deposits and placements with other banks approximate their carrying values at the reporting date due to the relatively short maturity of these instruments.

Other investments

This represents deposits to buy gold from Asia Investment and Financial Services Sole Co., Ltd., a shareholder whereby Asia Investment and Financial Services Sole Co., Ltd. agreed to provide a guaranteed return of 6% per annum that are measured at amortised cost because their fair value cannot be reliably measured.

Deposits from other banks and customers

The fair value of deposits and placements of other banks and financial institutions and deposits from customers with maturities of less than one year approximates their carrying amount due to the relatively short maturity of these instruments. The fair value of deposits and placements of other banks and financial institutions and deposits from 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.

Other assets and other liabilities

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

33. Reclassification of comparative amounts

Certain amounts in the comparative financial statements and note disclosures have been reclassified to conform to the current year's presentation. Management believes that these reclassifications would reflect the nature of the transactions and did not have any impact on prior year's profit or loss.

Summary of changes on profit or loss arising from reclassification are shown below:

	31 December 2019 (Previously stated)	Effects of Reclassification	31 December 2019 (As restated)
	USD	USD	USD
Fee and commission income - net	267,844	(33,778)	234,066
Personnel expense	(793,155)	(16,137)	(809,292)
Other operating expense	(1,727,881)	49,915	(1,677,966)
Total effect on profit for the year	**(2,253,192)**	**-**	**(2,253,192)**

34. Events after the reporting date

Except for the ongoing impact of COVID-19 to the Bank as disclosed in Note 1 to the financial statements, no other significant events occurred after the end of the reporting period and the date of authorization of these financial statements, which would require adjustments or disclosures to be made in the financial statements.

35. Authorization of financial statements

The financial statements as at 31 December 2020 and for the year then ended were approved for issue by the Board of Directors on 28 May 2021.

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