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柬埔寨郵政銀行 CAMBODIA POST BANK PLC.

YEARS



ANNUAL REPORT
2022

ACRONYMS

AC	Audit Committee
ALCO	Asset and Liability Committee
APM	Administration & Procurement Manager
ATM	Automated Teller Machine
BDC	Business Development Committee
CC	Credit Committee
CCC	Customer Service and Complaint Handling Committee
CDM	Cash Deposit Machine
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHRO	Chief Human Resources Officer
CIH	CANADIA Investment Holding Plc.
CITO	Chief Information Technology Officer
COO	Chief Operating Officer
CP	Cambodia Post
CPBank	Cambodia Post Bank PLC.
CRO	Chief Risk Officer
CSS	Cambodia Shared Switch
DCEO	Deputy Chief Executive Officer
EC	Executive Committee
EVP	Executive Vice President
FFC	Fullerton Financial Capital Pte. Ltd.

FFH	Fullerton Financial Holdings Pte. Ltd.
HCB	Head of Core Banking Department
HCD	Head of Compliance Department
HEB	Head of E-Channel Banking
HERU	Head of Employee Relation Unit
HLU	Head of Legal Unit
HOC	Head of Credit
HOL	Head of Lending Department
HRA	Head of Risk Analytics Department
HRC	Human Resource Committee
ICT	Information and Communication Technologies
IFC	International Finance Corporation
ITSC	Information Technology Steering Committee
ORM	Operational Risk Manager
ORMC	Operational Risk Management Committee
PROCO	Procurement Committee
RNC	Remuneration and Nomination Committee
ROC	Risk Oversight Committee
SES	Senior Executive Secretary
SME	Small and Medium-size Enterprise
SMM	Senior Marketing Manager
TM	Treasury Manager

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ABOUT CPBANK

Cambodia Post Bank Plc. is one of the fastest growing commercial banks in Cambodia. It was established in September 2013 under the strategic partnership among CANADIA Investment Holding Plc. (CIH), Cambodia Post (CP) of Ministry of Post and Telecommunications and Fullerton Financial Capital Pte. (FFC). From 2013 till date, CPBank has evolved and transformed as the Best Mass Market Bank that embraces global best practices and chooses to be at the forefront of technological initiatives. CPBank measures its success not only by the bottom-line numbers but also the milestones set towards becoming the most competitive bank in Cambodia to fulfill the growing aspirations of the people of Cambodia.

In last 9 years, CPBank has rapidly transformed itself into a bank with full-fledged digital services and features that allows our customers to access and manage their financial needs easily and safely through their mobile phone at their convenience. Customer can request for a loan, open an account, transfer funds, make bill payments and other financial transactions online without coming to our branches. Introduction of QR scan, bill payments, tax collections, local and international fund transfer, phone top-up along with CPBank's adoption of Bakong, Retail Pay, FAST system made the financial transactions easy and convenient. To ensure the overall security and peace of mind for our customers to perform their transactions digitally, we not only have 24/7 security operating center to manage the cyber security but also upgraded our core Banking System. Our "365 days banking services" are also there for our customers in case they need to come to our branches every day irrespective of weekends and public holidays.

CPBank is now with solid capital base with total assets of over USD1.2 billion, established 60 branches, 324+ ATMs/CDMs access points, 300,000+ account base, 100,000+ ATM/Debit card holders, and 33,000+ merchants nationwide. The Bank has also partnered with financial and payment service institutions such as Wing and True Money which

make our customer choose alternate place for their loan repayment at their doorsteps. The Bank also has partnered with other Financial Institutions such as AMK, Amret for sharing ATM utilizing the NBC's Cambodian Shared Switch (CSS) and open the network for customers to transact freely at their convenience. CPBank also participated in various Government initiatives of rebuilding the economy from Pandemic impact through the SME Bank and Credit Guarantee Corporation Cambodia. These have supported the Royal Government of Cambodia's initiatives to develop & strengthen SMEs, as part of the Strategy for Economic Recovery for the New Normal 2021-2023.

CPBank has received many recognitions locally and internationally. In 2022, CPBank has received both the "SME Financier of The Year – Asia" Silver category and the "Best Financier for Women Entrepreneurs" Silver category at the Global SME Finance Forum Awards 2022 by the International Finance Corporation (IFC) and the SME Finance Forum for the noteworthy contribution towards SME and specially for the women entrepreneur in Cambodia. CPBank has also been awarded the "Quality Achievements Award 2022 in the Platinum Category" from the European Society for Quality Research ('ESQR'), Switzerland, for its outstanding commitment to supporting and efforts to endorse and improve achievements in quality management.

CPBank is committed to building a strong service culture with its committed professional staff in order to maintain and improve its performance and offer the best-in-class customer experience in Cambodia. We are thriving to achieve "One Family, One Account" strategy towards the financial inclusion. CPBank's subsidiary Funan also has a wide coverage across the country through its 51 branches. CPBank offers various types of products to cater the need of the Mass Market segment. As a financial group, CPBank is committed to design and provide innovative financial products for our customers and set the best in class service standard in Cambodia.



VISION AND MISSION



VISION

“ To be the best mass market bank that enriches lives and fulfills the growing aspirations of the people of Cambodia and create sustainable value for shareholders, employees and society. ”



MISSION

“ Design and provide innovative financial solutions and deliver best in class services to our customers. ”

CORE VALUE “R.I.C.E.”



RELIABILITY

To be a reliable, dependable, and trustworthy service provider, offering quality products and services.



INNOVATION

Adopt effective product, process, services, technologies, and ideas to design innovative solutions to achieve customer objectives.



CARE

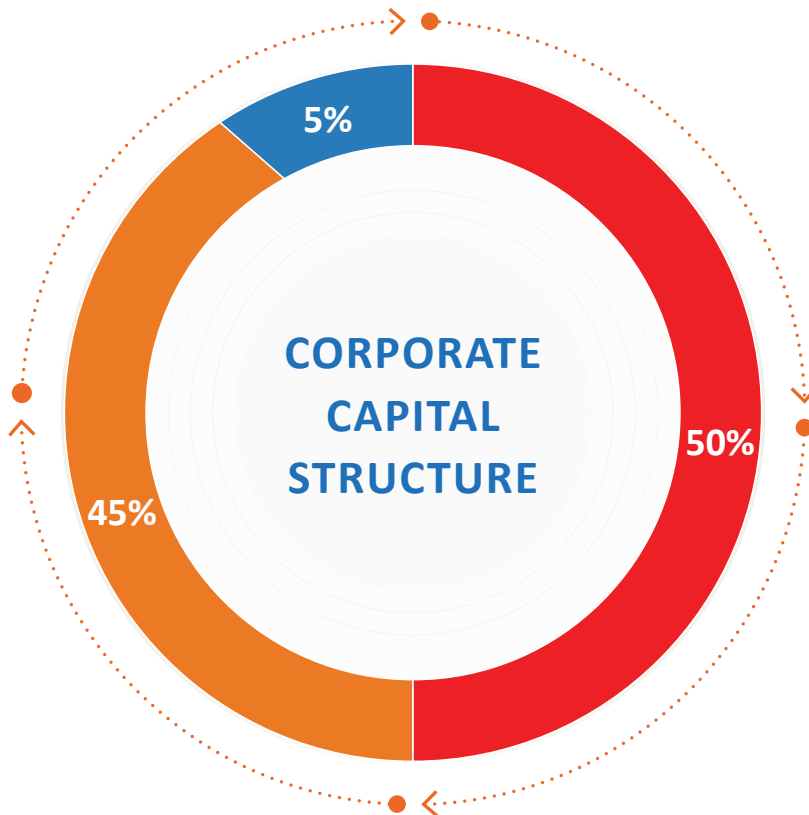
Go the extra mile in providing excellent service to internal and external stakeholders to build a quality lasting relationship.



ENTREPRENEURSHIP

Encourage empowerment, initiative, and accountability among our employees to continuously reinvent, with an entrepreneurial spirit to make our company stronger.

SHAREHOLDERS



CANADIA INVESTMENT HOLDING PLC.

Canada Investment Holding Plc. (CIH) is one of the largest and most trustworthy financial investment companies in Cambodia. By the end of 2022, CIH reported to have total assets of over US\$7.2 billion. CIH has 8 subsidiaries that offer services in finance and banking (corporate, SME, and retail), micro-finances, life insurance, general insurance, and stock markets in Cambodia. CIH has in-depth knowledge of the Cambodian market and operates with high discipline and corporate social responsibility.



FULLERTON FINANCIAL CAPITAL PTE. LTD.

Fullerton Financial Capital Pte. Ltd. is a wholly owned subsidiary of Fullerton Financial Holdings Pte. Ltd. (FFH). FFH is an independently managed investor in financial and related services, with a focus on the SME and Mass Market customer segments. FFH is a wholly owned portfolio company of Temasek, an investment company based in Singapore who is committed to building differentiated business models focused on the Mass Market and SME segments and enabling the digital innovation for the portfolio companies.



CAMBODIA POST BY MINISTRY OF POST AND TELECOMMUNICATIONS

Cambodia Post (CP) is an autonomous business entity under the Ministry of Post and Telecommunications, and financially regulated by the Ministry of Economy and Finance.

CP operated under the privilege authority granted by government for supporting their objectives, mission and vision and government policies. Their vision is to promote effective network infrastructure connectivity and accessible services of Post, Telecommunications, and ICT sectors across the Kingdom of Cambodia, the region, and the world in order to contribute to socioeconomic development and poverty reduction.



CORPORATE MILESTONES

2013



- CPBank was established under strategic partnership to serve MSMEs in Cambodia

2014



- Implemented Core Banking System.

2016



- Introduced digital service delivery channel
- Launch ATM services

2015



- Operational process re-engineered to improve Service Turn Around Time

2017



- Acquired 100% of Funan
- Official launch of mobile banking
- Became a member of the FAST payment system
- Correspondent banking partnership with DBS

2018



- Became a pioneer member of Cambodian Shared Switch
- Partnership with Sovannaphum Life Assurance Plc. for insurance distribution

2020



- Achieved total assets US\$ 1billion
- Launched Visa credit card
- Implemented Retail Pay & Loan Origination System

2019



- Introduced 365 days Banking Services
- Launched Visa debit card
- Became a member of Bakong
- Introduced 24 hours call center with web chat

2021



- Implemented SIEM to ensure cyber security
- Correspondent banking partnership with OCBC
- Remittance partnership with Eurogiro

2022



- Upgraded the Core Banking system and introduced Loan Collection System
- Partnership with AMK, Amret for ATM and True money for collection and cash withdraw

365 Days Banking Services



365
DAYS

Banking Services Main Branch

8:00 a.m. – 4:30 p.m.



365
DAYS

Banking Services Sensok

9:00 a.m. – 9:00 p.m.

OPERATION NETWORKS

HEAD OFFICE

#265-269, St. Ang Duong, Sangkat Wat Phnom,
Khan Doun Penh, Phnom Penh City.

Tel: (+855) 70 200 002/1800 200 888
E-mail: info@cambodiapostbank.com.kh

PHNOM PENH BRANCHES

Main Branch #265-269, Street Ang Doung, Sangkat Wat Phnom, Khan Doun Penh, Phnom Penh (+855) 70 600 098	Saensokh Branch Bayab Village, Sangkat Phnom Penh Thmei, Khan Saensokh, Phnom Penh (+855) 69 700 099	Boeng Trabaek Branch Phum 5, Sangkat Phsar Daeum Thkov, Khan Chamkar Mon, Phnom Penh (+855) 69 600 092
Cana City Branch #A1-A2, Street Veng Sreng, Phum Choam Chao, Sangkat Choam Chao, Khan Porsenchey, Phnom Penh (+855) 70 600 025	Chbar Ampov Branch NR1, Deum Slaeng Village, Sangkat Chbar Ampov Ti Pir, Khan Chbar Ampov, Phnom Penh (+855) 70 600 014	Chrouy Changvar Branch #2H a & b, Group 1, NR6A, Daeum Kor Village, Sangkat Chrouy Changvar, Khan Chrouy Changvar, Phnom Penh. (+855) 70 700 064
Doun Penh Branch Building A, Street 13 corner of Street 102, Sangkat Voat Phnum, Khan Doun Penh, Phnom Penh (+855) 70 600 026	Olympic Branch #057-058-059, Preah Sihanouk Blvd., Sangkat Veal Vong, Khan Prampir Meakkakra, Phnom Penh (+855) 70 600 015	Ou Baek K'am Branch #117A, St. 271, Phum1, Sangkat Boeng Salang, Khan Tuol Kouk Phnom Penh (+855) 70 600 051
Russey Keo 2 Branch NR5, Phum Svay Pak, Sangkat Svay Pak, Khan Russey Keo, Phnom Penh (+855) 70 600 054	Sovanna Branch N° D33, Street Diamond, Sangkat Tomnob Tuek, Khan Chamkar Mon, Phnom Penh (+855) 70 600 089	Teuk Thla Branch No. A127-129, Russian Blvd., Sangkat Teuk Thla, Khan Sen Sok, Phnom Penh (+855) 70 600 013
Tuol Kouk Branch Phum 14, Sangkat Boeng Kak Ti Muoy, Khan Tuol Kouk, Phnom Penh (+855) 93 600 073	Vimean Ekareach Branch NO 130EO&E1, Preah Sihanouk Blvd, Sangkat Boeng Keng Kang Ti Muoy, Khan Boeng Keng Kang, Phnom Penh. (+855) 69 600 029	

PROVINCIAL BRANCHES

Banteay Meanchey Provincial Branch Phum Kourothan, Sangkat Ou Ambel, Krong Serei Saophoan, Banteay Meanchey Province (+855) 70 600 046	Battambang Provincial Branch NR5, Phum Rumchek 5, Sangkat Rottanak, Krong Battambang, Battambang Province (+855) 70 600 097	Kampong Cham Provincial Branch Phum Ti Prammuoay, Sangkat Veal Vong, Krong Kampong Cham, Kampong Cham Province. (+855) 70 600 052
Kampong Chhnang Provincial Branch Kandal Village, Sangkat Kampong Chhnang, Krong Kampong Chhnang, Kampong Chhnang Province (+855) 69 600 045	Kampong Speu Provincial Branch NR4, Samnang Village, Sangkat Rokar Thum, Krong Chbar Mon, Kampong Speu Province (+855) 70 600 074	Kampong Thom Provincial Branch NR6A, Ballangk Lech Village, Sangkat Damrei Chohan Khla, Krong Stueng Saen, Kampong Thom Province. (+855) 70 600 027
Kampot Provincial Branch Phum Kampong Bay Khang Cheung, Sangkat Kampong Bay, Krong Kampot, Kampot Province (+855) 70 600 031	Koh Kong Provincial Branch NR48, Phum Phum Ti Muoy, Sangkat Smach Mean Chey, Krong Khemara Phoumin, Koh Kong Province (+855) 16 600 094	Kratie Provincial Branch Sangkum Reastre Niyum Street, Voat Village, Sangkat Kracheh, Krong Kracheh, Kratie Province (+855) 70 700 058
Oddar Meanchey Provincial Branch Samraong Village, Sangkat Samraong, Krong Samraong, Oddar Meanchey Province (+855) 70 600 042	Pailin Provincial Branch Pahi Tboung Village, Sangkat Pailin, Krong Pailin, Pailin Province (+855) 70 600 073	Preah Sihanouk Provincial Branch N° 099, Ekareach Street, Phum Phum Pir, Sangkat Buon, Krong Preah Sihanouk, Preah Sihanouk Province (+855) 70 700 084
Preah Vihear Provincial Branch NR62, Phum Peareakkech, Sangkat Pal Hal, Krong Preah Vihear, Preah Vihear Province (+855) 69 700 272	Prey Veng Provincial Branch Lekh Buon Village, Sangkat Kampong Leav, Krong Prey Veng, Prey Veng Province (+855) 70 600 094	Pursat Provincial Branch Sthani Village, Sangkat Svay At, Krong Pursat, Pursat Province (+855) 70 600 078
Ratanak Kiri Provincial Branch NR78, Phum Phnom Svay, Sangkat Boeng Kansaeng, Krong Ban Lung, Ratanakiri Province (+855) 93 600 012	Siem Reap Provincial Branch Mondol 2 Village, Sangkat Svay Dankum, Krong Siem Reap, Siem Reap Province (+855) 70 600 035	Stung Treng Provincial Branch Pum Preaek Village, Stung Treng Commune, Stung Treng District, Stung Treng Province (+855) 10 600 013

Svay Rieng Provincial Branch

📍 Kien Sang Village, Sangkat Svay Rieng, Krong Svay Rieng, Svay Rieng Province

☎️ (+855) 70 600 076

Takeo Provincial Branch

📍 NR2, Phum Bei, Sangkat Roka Knong, Krong Doun Kaev, Takeo Province

☎️ (+855) 70 600 034

KRONG / DISTRICT BRANCHES

Angk Snuol District Branch-Damnak Ampil Commune

📍 Thnal Totueng Village, Damnak Ampil Commune, Angk Snuol District, Kandal Province.

☎️ (+855) 15 600 043

Angk Snuol District Branch-Baek Chan Commune

📍 #1& 2, NR4, Borei Kammeakkar Village, Baek Chan Commune, Angk Snuol District, Kandal province

☎️ (+855) 70 700 054

Bakan District Branch-Boeng Khnar Commune

📍 NR5, Boeng Khnar Village, Boeng Khnar Commune, Bakan District, Pursat Province

☎️ (+855) 70 600 082

Baray District Branch-Ballangk Commune

📍 NR6, Prey Ta Trav Village, Ballangk Commune, Baray District, Kampong Thom Province

☎️ (+855) 93 700 032

Bati District Branch - Trapeang Sab Commune

📍 Smau Khnhei Village, Trapeang Sab Commune, Bati District, Takeo Province.

☎️ (+855) 70 600 041

Cheung Prey District - Soutib Commune

📍 Skon Village, Soutib Commune, Cheung Prey District, Kampong Cham Province

☎️ (+855) 70 700 096

Chhuk District Branch - Chhuk Commune

📍 NR3, Chheu Teal Village, Chhuk Commune, Chhuk District, Kampot Province

☎️ (+855) 93 700 379

Kien Svay District Branch - Dei Edth Commune

📍 NR1, Dei Edth Kaoh Phos Village, Dei Edth Commune, Kien Svay District, Kandal Province

☎️ (+855) 70 600 092

Kong Pisei District Branch - Chongruk Commune

📍 NR3, Krabei Tram Village, Chongruk Commune, Kong Pisei District, Kampong Speu Province

☎️ (+855) 69 600 071

Krong Battambang Branch

📍 Kammeakor Village, Sangkat Svay Por, Krong Battambang, Battambang Province

☎️ (+855) 70 700 062

Krong Bavet Branch

📍 NR1, Phum Bavet Kandal, Sangkat Bavet, Krong Bavet, Svay Rieng Province

☎️ (+855) 70 700 042

Krong Paoy Paet Branch

📍 Kilou Lekh Buon Village, Sangkat Phsar Kandal, Krong Paoy Paet, Banteay Meanchey Province

☎️ (+855) 70 600 045

Krong Ta Khmau Branch

📍 NR2, Thmei Village, Sangkat Ta Khmau, Krong Ta Khmau, Kandal Province

☎️ (+855) 70 600 087

Memot District Branch - Memot Commune

📍 NR7, Memot Phsar Village, Memot Commune, Memot District, Tboung Khmum Province

☎️ (+855) 93 700 019

Mukh Kampul District Branch - Preaek Anhchanh Commune

📍 Kraom Village, Preaek Anhchanh Commune, Mukh Kampul District, Kandal Province

☎️ (+855) 70 600 047

Peam Ro District Branch - Banlich Prasat Commune

📍 Preaek Reang Village, Banlich Prasat Commune, Peam Ro District, Prey Veng Province

☎️ (+855) 70 600 057

Ponhea Kraek District Branch - Kraek Commune

📍 NR7, Kraek Tboung Village, Kraek Commune, Ponhea Kraek District, Tboung Khmum Province

☎️ (+855) 93 700 026

Ponhea Lueu District - Vihear Luong Commune Branch

📍 Tep Pranam Village, Vihear Luong Commune, Ponhea Lueu District, Kandal Province

☎️ (+855) 69 600 073

Puok District Branch - Puok Commune

📍 NR6, Chambak Haer Village, Puok Commune, Puok District, Siem Reap Province

☎️ (+855) 70 600 093

Rotonak Mondol District Branch - Sdau Commune

📍 Sdau Village, Sdau commune, Rotonak Mondol District, Battambang Province

☎️ (+855) 70 700 050

S'ang District Branch - Preaek Koy Commune

📍 NR21, Preaek Run Village, Preaek Koy Commune, S'ang District, Kandal Province

☎️ (+855) 70 600 019

Sampov Lun District Branch - Santepheap Commune

📍 NR57B, Trapeang Prolit Village, Santepheap commune, Sampov Lun District, Battambang Province

☎️ (+855) 70 600 084

Siem Reap-Phsar Leu Branch

📍 NR6, Chongkaosou Village, Sangkat Sla Kram, Krong Siem Reap, Siem Reap Province

☎️ (+855) 70 700 034

Stoung District - Kampong Chen Tboung Commune Branch

📍 NR6, Leab Tong Village, Kampong Chen Tboung Commune, Stoung District, Kampong Thom Province

☎️ (+855) 70 600 043

Thma Koul District Branch - Ta Meun Commune

📍 No28, NR5, Kouk Trab Village, Ta Meun Commune, Thma Koul District, Battambang Province

☎️ (+855) 70 600 091

Tram Kak District Branch - Angk Ta Saom Commune

📍 Prey Rumdeng Village, Angk Ta Saom Commune, Tram Kak District, Takeo Province

☎️ (+855) 93 600 084

CORPORATE GOVERNANCE

Good corporate governance enhances the reputation and provides greater confidence to all stakeholder's including customers, investors, regulators, employees, suppliers and the community at large. CPBank continues to maintain the sound corporate governance culture and effective internal control function.

The established Corporate Governance Structure is comprised of the following parties, provides a comprehensive framework to (i) independent internal auditors and compliance function who report to the Chairman of the Audit Committee and notes to the management, (ii) independent external auditors who is appointed by the Board and submit their report to the Board, (iii) management committees which are responsible for various day to day operations of the bank, (iv) various codes of conduct, whistle blowing policy that are in place, (v) Board / committees have oversight and approve important operating policy and processes where the execution of these policies and plans being the responsibility of the management, (vi) independent risk management function directly reports to Risk Oversight Committee of the Board.

The role of the Board is defined by taking into account of the prevailing international best practices while ensuring compliance with local legal and regulatory framework. The current corporate governance structure includes the Board of Directors (BOD), different Board Committees and various Management Committees.

BOARD COMMITTEES

Three Board Committees will assist the Board in focusing on specific matters, fulfill their roles and responsibilities delegated by the Board, report to the Board on decisions and actions taken, monitor the management's performance, and make any necessary recommendations. These three committees are as below:

1. Audit Committee:

The purpose of the committee is to monitor and ensure that all elements of financial information to be disclosed and reported by the Bank to shareholders are correct, sufficient and credible and in a timely manner. The AC is authorized by the Board to look into any matter within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the AC.

Members:

The AC consists of 3 members. All the members of the AC are independent of the management of the Bank. The existing AC are as below:

- | | |
|----------------------------------|-----------------|
| • Mr. Giang Sovann | Chairman |
| • Dr. Pung Carolyne | Member |
| • Mr. Teo Meng Poh Philip | Member |

Meeting:

The AC meets as frequently as required, but not less than four times a year. The Chairman of the AC may convene additional meetings if deemed necessary.

2. Risk Oversight Committee:

This committee includes three members and chaired by a person with expertise in risk management of finance and banking. The committee undertakes key duties as decided by the Board and documented in its Terms of Reference, and any such duties delegated to it. The committee is also responsible for monitoring the implementation of risk management concerning the Bank's business as whole, and /or as defined by the Board. It also plays a key role in giving professional advice to the risk function of the bank in light with the best international practices.

Members:

The Board appoints the ROC Chairperson and the term of office is for three years from the date of appointment.

The ROC can be composed of non-executive directors and experts who are not directors of the company of whom are considered by the board to be independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgment. The existing ROC are as below:

- | | |
|----------------------------------|-----------------|
| • Mr. Teo Meng Poh Philip | Chairman |
| • Mr. Giang Sovann | Member |
| • Mr. Neo Poh Kiat | Member |

Meeting:

Meetings are held as and when deemed appropriate, but at least four times a year. The Chairperson of the ROC may convene additional meetings if deemed necessary.

3. Remuneration and Nomination Committee:

This committee is constituted by the Board to meet requirements of Governance to deliver best practice for the Bank. The Chairperson of this committee is an Independent Director. The committee is responsible for implementing a very good remuneration policy to be consistent with the long-term objectives and corporate values of the Bank. It also recommends some procedures to select and replace board members and independent individuals who will potentially become committee members. The committee approves the nomination of senior managements as well.

The committee is appointed by the Board and consists of 3 members and a Secretary of RNC. The Board shall have the power at any time to remove any members from the Committee and to fill any vacancies created for such removal.

Members:

- | | |
|---------------------|----------|
| • Mr. Neo Poh Kiat | Chairman |
| • Dr. Pung Carolyne | Member |
| • Mr. Yeo Hong Ping | Member |

Meeting:

Meetings are held as and when appropriate, but at least twice one year. The Chairperson of the Committee may convene additional meetings if deemed necessary.

MANAGEMENT COMMITTEES

CPBank has eight Management Committees to assist the Chief Executive Officer (CEO) in focusing on specific matters, monitoring and tracking overall bank's operation, performance and also fulfill their roles and responsibilities delegated by the CEO, report to the CEO on decisions and actions taken, monitor the Bank's performance, and make any necessary recommendations on general matters arises from daily business operations.

1. Executive Committee:

This committee consists of all Chiefs and Department Heads who are under direct reporting to Chief Executive Officer (CEO). Other employees can also be invited as deemed necessary. This committee is chaired by CEO. This committee is to support the CEO in monitoring and tracking overall bank's operations, performance and progress of day-to-day activities from each business unit as well as decide on the general matter arises from daily business operations.

Members:

The EC member shall comprise of:

- | | |
|--------|-------------|
| • CEO | Chairperson |
| • DCEO | Member |
| • CHRO | Member |
| • CFO | Member |
| • COO | Member |
| • CITO | Member |
| • HOC | Member |

Secretary: Head of Legal Unit

Meeting:

Meetings are held as and when appropriate, but at least once a week. The Chairperson of the Committee may convene additional meetings or cancel meeting if deemed necessary.

2. Asset and Liability Committee:

The purpose of the committee is to support the Senior Management and the Board in managing and overseeing the Bank's overall liquidity and interest rate risks exposure to ensure that the Bank is able to meet its cash flow obligation in a timely and cost effective manner, and to meet regulatory requirements, in conjunction with the Bank's goals for long term growth and profitability.

Members:

The ROC will appoint the ALCO Chairman and shall have the power at any time to remove any members from the ALCO and to fill any vacancies created by such removal.

The ALCO will comprise of the following members.

- | | |
|--------|----------------------|
| • CEO | Chairman |
| • CFO | Alternative Chairman |
| • DCEO | Member |
| • COO | Member |
| • TM | Member |
| • HRA | Member |
| • SES | Secretary |

Meeting:

Meeting are held as and when appropriate, but at least once a month. The Chairman of the ALCO may convene additional meetings if deemed necessary.

3. Business Development Committee:

The purpose of the committee is to assist management in overseeing the development, approval and implementation of strategic business development initiatives aligned with Strategic Plan.

Members:

- | | |
|--------|------------------------------|
| • CEO | Chairperson |
| • DCEO | Alternate Chairperson |
| • COO | Member |
| • CFO | Member |
| • CITO | Member |
| • HOL | Secretary |

Chairman can invite anyone as deemed necessary as invitee.

Meeting:

Meetings are held as and when appropriate, but at least a time per quarter. The Chairperson of the BDC may convene additional meetings if deemed necessary.

4. Credit Committee:

The Credit Committee (CC) is established to ensure the compliance with program governance and portfolio management of the Bank. The purpose of the CC is to:

- Approve credit guidelines allowed under the program Governance Framework and credit limit granted for a customer or a group of related customers as per delegated authority provided by the Board Committee.
- Be responsible for implementation and monitoring of the credit risk management frameworks and policies in concerning with the Bank business as a whole.
- Ensure compliance with the Program Governance and Monitoring Framework.

Members:

- | | |
|--------|--------------------|
| • HOC | Chairperson |
| • CEO | Member |
| • DCEO | Member |
| • CFO | Member |
| • COO | Member |
| • HRA | Secretary |

Meeting:

Approvals can be done via emails as and when there is a case requiring CC approval. A formal meeting on other matters stated in the duties set out shall be held at least once a month.

The Chairperson of CC may convene additional meetings if deemed necessary.

5. Customer Service and Complaint Handling Committee:

The purpose of the committee is to inform members on the importance of Customer Service and Complaint Handling and assist, coordinate, educate and train as well as build a culture of customer service and standard complaint handling for the purpose of improving and providing excellent service and customer satisfaction. In addition, CCC will oversee, monitor, evaluate and recommend all aspect of customer perceptions, complaint and customer satisfaction as well as service provided to customers.

Members:

The committee members shall comprise of a Chairperson and at least three other members from Management of the company.

- | | |
|--------|------------------------------|
| • HCD | Chairperson |
| • CEO | Alternate Chairperson |
| • DCEO | Member |
| • COO | Member |
| • CHRO | Member |
| • SMM | Member |
| • HLU | Secretary |

Meeting:

Meetings are held as and when appropriate, but at least once a month. The Chairperson of the CCC may convene additional meeting if deemed necessary.

6. Human Resource Committee:

The purpose of the HRC is to:

- Ensure that the HR policy is consistently practiced with the long term objectives and corporate values of the Bank.
- Recommend the procedures to management in relation to any HR inquiry from related business unit which is not stated in the Bank's policy.
- Advise management about staff disciplinary procedure at the point where they cannot make any decision within their own business unit.
- Any additional personnel responsibility as the CEO sees fit to designate.

Members:

The committee members should be careful to avoid conflicts of interest that would compromise their judgment, and should excuse themselves from any decision in which there may be conflicts of interest, whether actual, potential or apparent. The permanent members consist of:

- | | |
|--------|--------------------|
| • CHRO | Chairperson |
| • CEO | Member |
| • HERU | Secretary |

Any member can appoint proxy in case they are not able to join any meeting. In case, where Chairperson appoint proxy, the meeting needs to be chaired by another regular Member selected by the members present in the meeting.

Meeting:

Meeting shall be held as and when appropriate. The Chairperson of the HRC may convene additional meetings if deemed necessary.

7. Operational Risk Management Committee:

The Bank has established ORMC to ensure the identification, monitoring and management of all operational risks of the Bank. The purpose of the ORMC is to:

- Implement and maintain an effective operational risk management framework for the bank.
- Oversee and improve operational issues containing potential risks to enhance risk management practices to avoid or mitigate critical operational risks for the bank.
- Be responsible for development, implementation and monitoring of the operational risk management framework, methodologies, tools as well as policies in conformity with business and risk strategies of the bank.
- Ensure compliance with the Program Governance and Monitoring Framework.

Members:

The ORMC includes the following members and chaired by Deputy Chief Executive Officer:

- | | |
|--------|---------------------------|
| • DCEO | Chairman |
| • CEO | Alternate Chairman |
| • CRO | Member |
| • COO | Member |
| • CITO | Member |
| • ORM | Secretary |

Meeting:

A formal meeting on matters of operational risk management is held at least once a month. The Chairperson of the ORMC may convene additional meetings if considered necessary.

8. Procurement Committee:

The purpose of the PROCO is to seek value for money in all procurement. Value for money is achieved in an open competitive environment in which suppliers can be confident that their proposals will be assessed based on merit.

It does not automatically mean “lowest prices”; it incorporates and considers fitness for purpose; fair market price; return on investment; whole-of life costs; timely delivery; post-delivery support; environmental sustainability; social responsibility; evidence of previous performance of experience, effective warranty and conformity to law.

Members:

The PROCO will comprise of the following members:

- | | |
|--------|------------------------------|
| • COO | Chairperson |
| • CEO | Alternate Chairperson |
| • DCEO | Member |
| • CFO | Member |
| • APM | Secretary |

Meeting:

Meetings are held as and when appropriate. The Chairperson of the PROCO may convene additional meetings if deemed necessary.

9. Information Technology Steering Committee:

Information Technology Steering Committee (ITSC) has been established and is in place in Cambodia Post Bank Plc. ITSC serves as a platform to provide governance/oversight over IT activities/projects, to enforce IT imperatives and to assist key decision-making related to them. ITSC performs a critical function in setting directions and continuous monitoring of IT delivery, minimize risks, attain targets and ensure alignment to the corporate objectives.

Members:

The ITSC will comprise of the following members:

- | | |
|--------|---------------------------|
| • CITO | Chairman |
| • CEO | Alternate Chairman |
| • DCEO | Member |
| • COO | Member |
| • CFO | Member |
| • CRO | Member |
| • HEB | Member |
| • HCB | Member |

Others shall be invited to the meeting while deemed relevant.

Meeting:

The meetings are arranged, organized and held as required while there is a request from chairperson.

RISK MANAGEMENT

OUR APPROACH TO RISK

CPBank recognizes the importance of a strong culture, which refers to our shared attitudes, values and standards that shape behaviors related to risk awareness, risk taking and risk management. All our people are responsible for the management of risk, with the ultimate accountability residing with the Board.

OUR RISK APPETITE

CPBank's Risk management framework starts with setting the Risk Appetite for the Bank which is guided and approved by the Board and our business strategy is linked with the risk appetite. Our risk appetite encapsulates the consideration of financial and non-financial risks. We define financial risk as the risk of a financial loss as a result of business activities. We actively take these types of risks to maximize shareholder value and profits. Non-financial risk is the risk to achieving our strategy or objectives as the result of failed internal processes, people and systems, or from external events. Our risk appetite continues to evolve and expand its scope as part of our regular annual review process to ensure Bank's approach to risk appetite remains in line with market best practices, regulatory expectations and strategic goals. Our risk appetite is expressed in both quantitative and qualitative terms and applied at the core business level. Performance against the RAS is reported to the Risk Management Meetings to support targeted insight and discussion on breaches of risk appetite and any associated mitigating actions. This reporting allows risks to be promptly identified and mitigated, and informs risk-adjusted remuneration to drive a strong risk culture.

RISK MANAGEMENT

At CPBank, we recognize that the primary role of risk management is to protect our customers, businesses, colleagues, shareholders and the communities that we serve, while ensuring our ability to support our strategy and provide sustainable growth. We aim to use a comprehensive risk management approach across the organization and across all risk types, underpinned by our culture and values. This is outlined in our risk management framework, including the key principles and practices that we employ in managing material risks, both financial and nonfinancial. The framework fosters continual monitoring, promotes risk awareness and encourages a sound operational and strategic decision-making and escalation process. It also supports a consistent approach to identifying, assessing, managing and reporting the risks we accept and incur in our activities, with clear accountabilities. We continue to actively review and develop our risk management framework and enhance our approach to managing risk, through our activities with regard to people and capabilities; governance; reporting and management information; credit, operational, liquidity, market, information technology, climate & social risk management processes, policies; and data.

Managing risk and uncertainty effectively and efficiently is integral to the successful delivery of our strategy and supports our desire to grow a sustainable and resilient business. We regularly face business uncertainties and it is through a structured approach to risk management that we are able to proactively respond to, mitigate and manage these risks and embrace opportunities as they arise. Despite ongoing challenges, such as the COVID-19 pandemic and global supply chain disruption, our performance continues to highlight the resilience of our people, our business model and our proven track record of delivery through uncertainty. The diversified nature of our operations and geographical footprint, together with our broad portfolio of products, customers and suppliers are important factors in mitigating the risk of a material threat to CPBank's sustainable growth and long-term shareholder value. On an annual basis, the Board agrees the principal and emerging risks that we are facing and a robust risk management governance framework is in place which enables CPBank to effectively prioritize and manage risk within our risk appetite levels. The Board carries out a review of the effectiveness of the Bank's risk management and internal control systems at least annually with the commitment of building a safe and prudent risk management system which is independent and incorporated best international practices in accordance with the Bank's strategic objectives. Our Risk Management is directly supervised by the Risk Oversight Committee of the Board and the function covers overall risk management activities of the Bank.

The risk framework also serves the Bank to reinforce the prudent and effective risk culture through 'tone from the top' articulation of risks that we all are willing to accept for the Bank. Accordingly, material risks including credit, operational, liquidity, market, information technology, climate & social risk are regularly monitored and effectively mitigated to ensure that the Bank always maintains its economic capital, regulatory capital adequacy, liquidity position, and other regulatory compliances.

The Bank's Board of Directors have overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established a Risk Oversight Committee (ROC) to oversee various management committees such as Credit Committee (CC), Operational Risk Management Committee (ORMC), Asset and Liability Committee (ALCO), which are responsible for recommending, implementing and monitoring the Bank's risk management policies and processes.

The Bank's ROC is responsible for providing oversight of risk management policies established to identify and analyses the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to such limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities. The Bank, through training, management

standards and procedures, aim to develop a disciplined and effective risk control environment in which all employees understand their roles and obligations.

The Bank's Audit Committee oversees the implementation of internal controls and compliance with regulatory requirements. The Bank's Audit Committee is assisted in its oversight role by Internal Audit Function as well as the Compliance Unit. Internal Audit undertakes both regular and ad hoc reviews of internal controls and procedures and Compliance Unit ensures that all regulatory requirements are fully complied with, the results of which are reported to the Bank's Audit Committee.

The Bank manage the identification, assessment and mitigation of top and emerging risks through an internal governance process with the use of risk management tools and processes. Our approach to identification and impact assessment aims to ensure that we mitigate the impact of these risks on our financial results, long-term strategic goals and reputation. As part of our regular analysis, sensitivities of the key portfolio risks are reviewed using a bottom-up risk assessment, complemented by a top-down macro-economic and political scenario analysis. This two-pronged approach allows us to capture both those risk drivers that have an impact across our risk inventories as well as those relevant only to specific portfolios. Risk awareness is constantly raised through a series of internal trainings, communications and meetings. We are committed to continue to strengthen risk management capabilities and control with enhancement related to risk procedures, risk policies, risk tools, risk analytics, and risk reports.

CREDIT RISK MANAGEMENT

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. Credit risk arises principally from direct lending, trade finance and leasing business, but also from other products such as guarantees and derivatives. Credit losses may also arise well before a borrower actually misses a payment. Losses can be triggered simply by the fact that the perceived likelihood of a future default has increased while an exposure is outstanding. The potential deterioration of the credit quality of an un-defaulted exposure is called migration risk. This form of potential loss is generally also subsumed under a broader definition of credit risk as well. For risk management reporting purposes, the Bank consider and consolidate all elements of credit risk exposure – e.g. individual obligor default risk and sector risk exposure. It is measured as the amount that could be lost if a customer or counterparty fails to make repayments; monitored using various internal risk management measures and within limits approved by individuals within a framework of delegated authorities; and managed through a robust risk control framework, which outlines clear and consistent policies, principles and guidance for risk managers.

MITIGATION

CPBank maintains a strong culture of responsible lending, and robust risk policies and control frameworks; partners and challenges the businesses in defining, implementing and continually re-evaluating our risk appetite under actual and scenario conditions; and ensures there is independent, expert scrutiny of credit risks, their costs and their mitigation. The Bank has built prudent credit policies and robust Management Information System for credit products and customer segments and applied advanced risk measurement techniques. All our loan products are governed by product program guidelines which are developed based on the customer life cycle needs as well as market studies and approved by the Board Committee. At the same time our credit underwriting and credit control procedures as well as credit policies are also periodically reviewed and fine-tuned to balance between speed, cost and risk control along with regulatory changes and to adopt and mitigate the risks. Portfolios are regularly monitored based on the different portfolio triggers to ensure the Bank operates within the set boundary. All credit policies are presented to the board committees for approval. We have daily, weekly, monthly portfolio report to monitor so that the timely action can be taken to mitigate any credit risk. To ensure that all credit applications receive an independent evaluation, all credit approvals require approval from a credit risk management delegated person. The Bank has implemented a delegated authority framework to empower individual management staff to approve credit applications under their authority for independent evaluation of credit applications. Credit Exposures are actively monitored, reviewed regularly and reported to Risk and Credit Committee on monthly basis. Deteriorating portfolios are identified, analyzed and discussed with the relevant business units for appropriate remedial actions, if required.

CPBank regularly monitor its concentration risk by product, customer segment, business sector etc. In 2022, we have reviewed all our financial institution counterparty exposures. Our Loan Origination System is widely used at all of our loan sourcing channels for any new or existing customer. We also almost at the edge of implementing the Collections Management System. These systems and automations will help us to facilitate risk management for different stages of the credit life cycle. We aspire to be a Bank with infinite possibilities backed by technology to enhance the capability to serve our customer at their convenience with an experience and satisfaction.

In the last 2 years, the Covid-19 had adversely affected global economy as well as Cambodian economy. Despite the lingering effect of the Covid-19, the macroeconomic stability and banking system resilience has been in a stable condition. In 2022, the economy has gradually recovered and gained momentum as investment and trade expanded and also with the implementation of assistance measures

under the National Bank of Cambodia's guidelines. Although we have observed some surge in delinquency during 2022 due to economic slowdown, that surge has gone slowly down at the year end. Through continuous implementation of best practices to improve the portfolio quality, CPBank has successfully managed the loan portfolio despite paced credit growth than previous years in a challenging market environment due to COVID-19 pandemics. The Bank shall continue to closely monitor borrowers' status so that the necessary remedial actions can be taken in a timely manner, particularly if customers cannot service their debt obligations to the Bank and has been provided the regulatory forbearances with detailed analysis and strict assessment of their repayment ability.

The Banking system has grown noticeably and played crucial role in reducing the burden of the borrowers who encountered difficulties during the Covid-19 pandemic lockdown, especially when mobility and traveling was restricted. Despite the pandemic, the banking sector continues to grow reflected by the increase of assets, loans, deposits and other banking services. Covid-19 pandemic era is fading away and many countries have been stimulating their own economic recovery measures. In the meantime, policymakers, regulators, and relevant stakeholders in banking sector are working together in strengthening the banking stability and sustainability as the top priority. Given changing consumers' behavior in the 'New Normal' environment of the COVID-19 pandemic, banks and businesses are continuously fine-tuning themselves to embrace new business models that can align with the changing circumstances, especially amidst the heightened risk to the economy. Under these circumstances, the Bank have adopted a more cautious stance when it comes to new credit approval. We have focused on analytics based on information from various sources to ensure improved analyses and monitoring are in place to manage the overall risks. Although we have seen economic rebound with the reopening of business establishments, but certain business sectors still could not return to normalcy, particularly those are reliant mainly on foreigner's arrivals such as the tourism and hospitality industries.

We have implemented various strategies to tackle different credit risk situations. We have continued with the CIFRS9 models for impairment and performed assessment of COVID-19 impact in light of the available guidance of the NBC. We have also incorporated forward looking approach in our existing CIFRS model and estimated expected credit losses based on this enhancement. Reviews on asset quality management structures through root-cause analysis of credit and business hindrances, vintage analysis of requisite accounts and delinquency pattern investigations of specific areas were undertaken during the year. Some of the other initiatives that furthered our risk mitigation objectives are comprised of extensive credit risk profiling, exploration of potential opportunities and adjustment of the bank's growth aspirations due to elevated risk brought about by the ongoing pandemic. Our portfolio segmentation in our PD model incorporates the impact from the pandemic.

As the Bank have taken the proactive approach since the outbreak of the pandemic through implementation of various measures and continued it throughout the 2022, we believe that the portfolio is gradually returning to normalcy although the overall economy may take some more time to recover and get back to normal state.

OPERATIONAL RISK MANAGEMENT

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.

MITIGATION

Operational risk management ensures the establishment of clear organizational structures, roles, internal control policies and measures and the proper implementation of them. This includes the establishment of delegation of authorities, defining system parameters controls, streaming procedures and documentation to ensure compliance with regulatory and legal requirements. These framework, policies and procedures are regularly reviewed to address the operational risks arising from banking business. The Bank manages operational risks at various levels and monitor them through the Operational Risk Management Committee. Each functional unit performs the Risk Control Self-Assessment (RCSA) which is periodically tested by the Operational Risk team to ensure proper operational risk management at the Bank level. Bank has established a system for loss data collection and have business wise key risk indicators (KRIs) to monitor risk exposures. There are on-going RCSA workshops delivered to all the functions and branches across the bank to enhance the awareness of Operational Risk Management practices.

In 2022 we had performed BCP exercises which includes BCP activation with a scenario where it is assumed that the head office premise was inaccessible and part of our workforce needed to work remotely from BCP site. We also have performed BCP testing, call tree exercise in order to ensure the effectiveness of the execution of continuity plan as well as its readiness to cope with any disruption that may occur in our business environment. Each Business Unit has BCP documentation for any emergency. The BCP includes procedures, floor plan and information that will enable the Business Unit to respond to the disruption, recover and resume the function.

LIQUIDITY RISK MANAGEMENT

'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.

In 2022 due to the continued impact of COVID-19 pandemic, National Bank of Cambodia (NBC) continued with the previously implemented liquidity boosting measures, especially in the provision of liquidity in riel through Liquidity Providing Collateralized Operation (LPCO) transaction according to the situation of riel exchange rate and liquidity status; reduced the minimum interest rate by 0.5% of (LPCO) for all maturities; reduced the interest rate of Negotiable Certificate of Deposits (NCD) in KHR and USD to an appropriate level; reduced the reserve requirements against deposits and borrowings at the daily average balance equal to 7% (seven percent) in Riel and foreign currencies and delay the banks and financial institutions to maintain the 0% of Capital Conservation Buffer (CCB) and reduce the appropriate level of Liquidity Coverage Ratio (LCR) as necessary.

MITIGATION

The Bank's framework for liquidity and interest rate risk management is spelled out in our liquidity risk management policy, cash management guideline, adequate risk measurement tools, liquidity monitoring, liquidity trend, liquidity behavior analysis, liquidity stress testing, core, and non-core deposit analysis, LDR, LCR and NOP forecasting. The Bank manages liquidity through the Asset and Liability Committee (ALCO) 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. CPBank fully monitors its liquidity position with monitoring metrics such as Liquidity Coverage Ratio (LCR), Loan to Deposit Ratio (LDR) and Net Open Positions (NOP) and monitor it on daily basis with enhanced forecasting. Moreover, Bank also monitor the cash flow, competitive cost of funds to ensure the maximization of the cash in Bank operation. These practices have been supporting the Bank in forecasting and reacting smoothly and effectively in normal and stressed scenarios and also help the Bank to maintain a sound liquidity position. CPBank is also perform the maturity gap analysis for the management of market risk to ensure funding with required maturity to minimize the gap. CPBank has defined management action triggers as part of the risk appetite statement, to approach safe and sound practices of liquidity risk management at its early stage. During 2022, CPBank maintained the liquidity fairly well and additionally set the internal buffer for full compliance with regulatory requirements.

MARKET RISK MANAGEMENT

Market risk is the risk of an adverse financial impact on trading activities as well as affect the value of financial instruments held by the Bank arising from changes in market parameters such as interest rates, foreign exchange rates, equity or asset prices, volatilities, correlations and credit spreads. The instruments like debt securities, equities, foreign exchange and derivative instruments are primarily held for trading or for management of statutory reserves. The objective of market risk management is to manage and

control market risk exposures within acceptable parameters, while optimizing returns.

Overall, Cambodia economy gained traction with the accommodative monetary policy adopted by Central Bank and easing restrictions on businesses. Russia Ukraine war, supply chain disruptions, interest rate increased by Fed and other Central Banks are putting inflationary pressure in the overall economy. However, National Bank of Cambodia continues to stabilize the exchange rate by intervening in the exchange market as needed and also continued with the waived limitation imposed on banks' and financial institutions' for net open position in local currency.

MITIGATION

From the Bank site, the Bank is closely monitoring the situation and has conducted impact assessment to ensure that effective actions are taken in a timely manner to cope with the uncertainties and volatile financial markets. Bank measures and mitigates the market risk using sensitivities, and stress testing, giving a detailed picture of potential gains and losses for a range of market movements and scenarios, as well as tail risks over specified time horizons. The Bank have also placed emphasis on risk management under the supervision of the ROC and Asset and Liability Committee (ALCO) to ensure timely and efficient risk management, thus maintaining risk exposures within specified, prudent limits.

INFORMATION TECHNOLOGY, CYBER SECURITY AND DATA RISK MANAGEMENT

Information technology risks are associated with the use, ownership, operation, involvement, influence, and adoption of IT within an enterprise, as well as business disruption due to technological failures. CPBank's financial system and networks supporting the business operation have grown in scope and complexity over the years and offer diversity of products and services which have the system operating in multiple locations and supported by different service providers.

MITIGATION

Management of security and quick threat identification have become imperative aspects of technological applications. There are well defined policies, sound and robust technology risk management frameworks, strong system security, reliability, resiliency, and recoverability, procedures, templates, and risk assessment methodology, strong authentication to protect customer data, transactions and systems for IT risk management. The framework enables risk assessment of IT solutions, entities providing IT and related services and new technology and digital implementation. Besides, putting control and monitoring the technology risk, we are also performing periodical penetration test to ensure the robustness of our system security and proactively taking appropriate steps to enhance the security to keep our system safe. We have data backup management for safeguarding the information as well as dedicated Disaster Recovery site in addition to our BCP site to ensure disaster recovery resiliency. We have the

proper user access management process to ensure proper access control, change request management process to ensure all changes are adequately evaluated before deployment. We have Security Information and Event Management (SIEM) solution with managed 24/7 Security Operating Center (SOC) in 2021 which have strengthened our overall Technology Risk management on real time basis and protect the Bank from Cyber security issues. We have already upgraded our core banking system and went live in Dec-2022. This upgrade will not only provide the Bank technologically advanced strong core banking solution but will also support multiple system interfaces more reliably for better customer experience.

CLIMATE AND SOCIAL RISK

Climate change could impact our customers in two main ways. Firstly, customer business models may fail to align to a net zero economy, which could mean that new climate-related regulation would have a material impact on their business. Secondly, extreme weather events or chronic changes in weather patterns may damage our customers' assets leaving them unable to operate their business or potentially even live in their home. At a broader level, risks from climate change are typically divided into a) physical risks that relates to economic losses (physical damage to property and assets) from extreme weather events (flood, cyclone, etc.) due to climate change and b) transition risks which is the possible process of adjustment to a low carbon economy and its possible effects on the value of financial assets and liabilities.

One of the most valuable ways we can help our customers navigate the transition challenges and to become more resilient to the physical impacts of climate change is through financing and investment. To do this effectively, we must understand the risks they are facing.

Globally, there is increasing awareness and sensitivity to the environmental and social implications of development. This has led to the strengthening of legislation and enforcement as well as increased public pressure on projects and promoters to demonstrate the social and environmental soundness of projects. The emerging trends in Cambodia, such as tightening social and environmental laws & enforcement, increased public pressures and litigation all indicate that social and environmental risks are assuming significance. Nevertheless, when considering the broad spectrum of Small entrepreneurs, specific environmental and social risks should not be overlooked. Examples of such risks are the use of child labor, groundwater pollution by use of agrochemicals and soil pollution by an automotive repair workshop. The adverse environmental and social impacts of a single micro-entrepreneur may be considered minimal, but as the number of clients served is usually large there is a significant cumulative effect.

MITIGATION

Over the past years, the business case for environmental and social management at financial institutions has been made: Environmental and Social (including labor) risks with clients translate into credit and reputation risks for financial institutions financing such clients. In general, businesses served by Bank like CPBank are not associated with the same scale and types of environmental and social risks as larger corporate clients and projects served by other Banks and financial institutions as CPBank operates only in Salaried and Self Employed Mass Market segment. Moreover, the focus of our financing lies on the development of positive social impact.

However, CPBank recognizes the importance and relevance of environmental and social risk management in financial institutions. In this regard, CPBank is committed to identifying and addressing all short, medium and long-term environmental and social risks associated with its activities by implementing sound environmental and social risk management at client level. CPBank's focus is to ensure the Environmental and Social Management System (ESMS) screening of the borrowers against the exclusion list in line with the applicable Cambodian environmental and social legislative requirements and relevant International Best Practices as applicable. CPBank also assist its clients in identifying, mitigating and managing social and environmental risks and monitors, supervises and assists in the effective implementation of the ESMS. An environmental and social management system for sustainability policy framework has been formulated to address this risk. Evaluation of environmental and social risk is an integral part of our overall credit appraisal and approval process. This framework integrates social and environmental thinking into CPBank's main line function, i.e. Lending operations, and other staff functions, integrates environmental and social aspects in CPBank's loan cycle as appropriate.

In a nutshell, we have performed the assessment of the potential impacts of these risks and integrated them into our stress tests to assess our ability to absorb these events if they occur. We reviewed all the policies and procedures during the year 2022. We will continue to monitor the impact of COVID-19 and other impacts in future and will take all necessary steps to mitigate unforeseen risk that may arise as such. The overall focus of risk and capital management throughout 2022 was on maintaining our risk profile in line with our risk strategy, increasing our capital base to support our strategic management initiatives with a focus on balance sheet optimization.

COMPLIANCE

The Cambodia Post Bank Plc. is committed to follow the best practices and market standards in areas of accountability, transparency and business ethics in order to promote sustainability. Good governance and corporate social responsibility form an integral part of market standards. At the core of these efforts are integrity issues and the reputation risk the Bank faces in its activities. To manage these issues, that the Bank has established an independent compliance function. The bank has developed the compliance policy intended to present how Cambodia Post Bank Plc. defines compliance and the Compliance Function's role and responsibilities regarding the management of compliance risks.

Compliance Policy has been created with approval from board of director and update annually or when necessary based on the change in the regulation as we aim to comply with local regulation along with best practices in banking sector. Managements and all staffs requiring to implement this policy effectively.

THE COMPLIANCE PROGRAM OF THE BANK HAS THE FOLLOWING:

(a) AML/CFT compliance:

Bank has created policy, procedure and any guideline in line with the Law, Prakas of AML/CFT, other relevant regulations along with FATF Recommendation and other best practices within banking sector with strong commitment to fight against money laundering and counter financing of terrorism. Bank had invested to develop AML System to enhance this implementation to be more effective. Furthermore, onsite inspection at branches are also conducted by compliance team to make sure branches comply with the bank policy. All staff is required to strictly implement this policy and procedure while training is provided to new recruitment staff and refreshment training to existing staff two times per year.

(b) Regulation Compliance:

Bank also adhered to relevant laws and regulated by creating the compliance checklist to evaluate the performance of the bank. Compliance department of the bank is the main facilitator in monitoring the implementation of legal/regulatory compliance across the bank with collaboration from each stakeholder within the bank.

(c) Whistleblowing:

Whistle blowing is mandated by National bank of Cambodia for bank to implement and comply to maintain the highest standards of openness, probity and accountability. Either stakeholders or employees at all levels are expected to conduct themselves with integrity, impartiality and honesty. The implementation has been enforced within the whole bank to encourage the bank staff to report the significant matters which may include but are not confined to:

- Non-compliance with the legal and regulatory framework;
- Non-adherence to internal policies and procedures of the bank;
- Financial abuse, stealing, fraud or other financial irregularities;
- Corruption or mismanagement;
- Behavior that cause danger to health and safety of people;
- Improper conduct or unethical behavior;
- Abuse of authority or any forms of harassment;
- Criminal or illegal activities;
- Deliberate concealment of any of the above and
- Expressing any grievances

There are many channels for staff to report such as through the feedback box at branch, email or verbally by telephone base on the situation.

(d) Customer Complaints Handling:

Reference to Prakas No. B7-017-299 Pro Kor dated 27 September, 2017 on the customer complain handling, which has been issued by National Bank of Cambodia. The policy and procedure were created to apply in the whole bank regarding to our products, service, staff and complaint handling. Customer can file complaint at any branch and we also have our call center 24/7 everyday to serve customer for any inquiry.

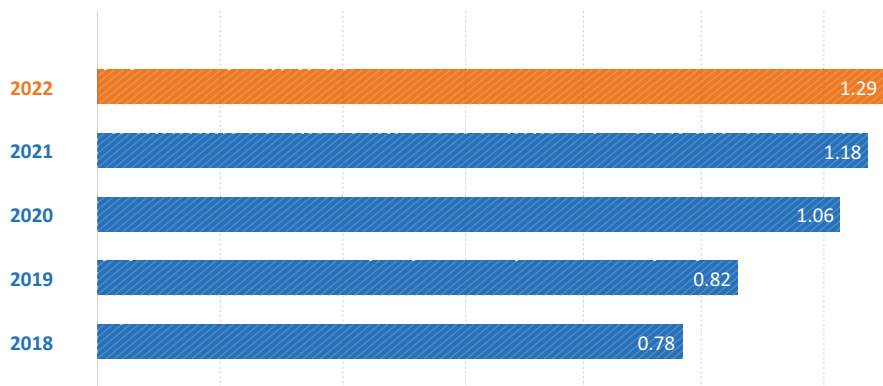
(e) FATCA Compliance:

After FATCA become local law since the government of Cambodia has signed the Inter Government Agreement Model IB (IGA IB) with U.S government on 14 September, 2015. So under this IGA, it means the government and financial institution have the obligation to carry out their operation under the FATCA provisions.

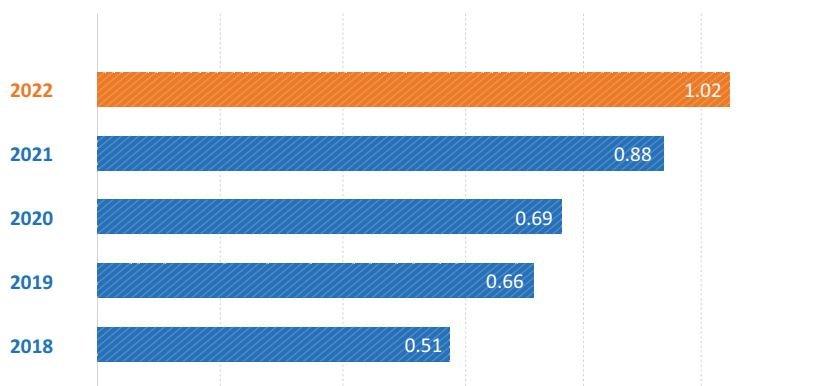
The reporting on U.S. person accounts maintained with financial and banking institutions under the jurisdiction of Cambodia is required to submit to the General Taxation Department under the supervision of Ministry of Economics & Finance. From this requirement, the bank implemented this by having procedure to identify U.S identity both individual and legal entity and cooperate with General of Tax Department to report every year following by term and conditions. The training is also delivered to relevant staff for their understanding to implement effectively.

BANK PERFORMANCE HIGHLIGHT

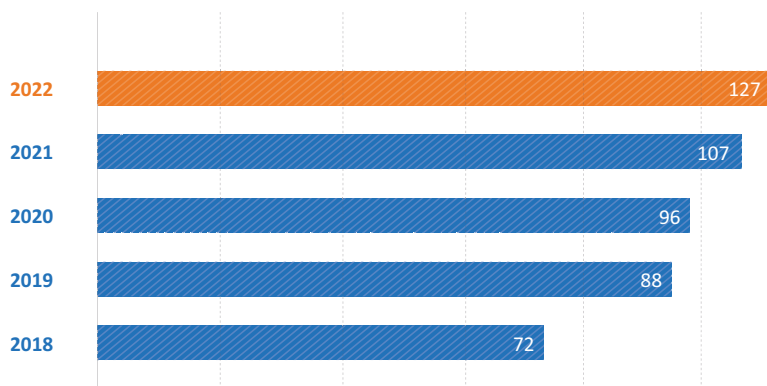
Consolidated with wholly owned subsidiary Funan Microfinance Plc.



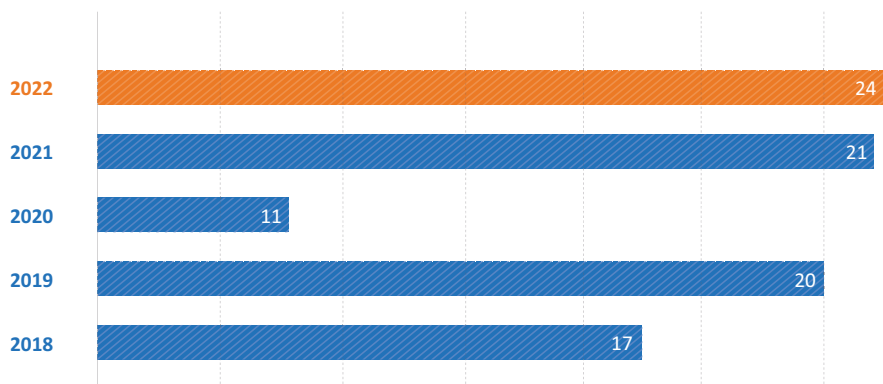
TOTAL ASSETS
\$1.29 billion



LOAN PORTFOLIO
\$1.02 billion



TOTAL REVENUES
\$127 million



NET PROFIT
\$24 million

ក្រសួងសេដ្ឋកិច្ចនិងហិរញ្ញវត្ថុ
MINISTRY OF ECONOMY AND FINANCE
អគ្គនាយកដ្ឋានពន្ធដារ
GENERAL DEPARTMENT OF TAXATION



ព្រះរាជាណាចក្រកម្ពុជា
KINGDOM OF CAMBODIA
ជាតិ សាសនា ព្រះមហាក្សត្រ
NATION RELIGION KING

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រាជធានីភ្នំពេញ ថ្ងៃទី ២៦ ខែ មករា ឆ្នាំ២០២៣
Phnom Penh, 10th, Jan 2023

អគ្គនាយកដ្ឋានពន្ធដារ
GENERAL DEPARTMENT OF TAXATION

**វិញ្ញាបនបត្រ
អនុលោមភាពសារពើពន្ធ**

(ប្រកាសលេខ ១៥៣៦ សារព.ប្រក ចុះថ្ងៃទី២៣ ខែធ្នូ ឆ្នាំ២០១៦)

អគ្គនាយកដ្ឋានពន្ធដារបញ្ជាក់ថា ៖
ឈ្មោះក្រុមហ៊ុន ៖ **ធនាគារប្រៃសណីយ៍កម្ពុជា ភ.អ**
លេខអត្តសញ្ញាណកម្មសារពើពន្ធ ៖ **L001-100192777**
ស្ថិតក្រោមការគ្រប់គ្រង ៖ នាយកដ្ឋានគ្រប់គ្រងអ្នកជាប់ពន្ធនៃ កាលបរិច្ឆេទធ្វើបច្ចុប្បន្នភាព ៖ ២៦ មករា ២០១៧
សកម្មភាពអាជីវកម្ម ៖ សេវាកម្មធានា
អាសយដ្ឋាន ៖ #២៦៥-២៦៥ ផ្លូវ ព្រះអង្គធួន សង្កាត់ វត្តភ្នំ ខណ្ឌ ព្រះនរោត្តម រាជធានីភ្នំពេញ
ទទួលបានកម្រិតអនុលោមភាពសារពើពន្ធប្រភេទ ៖ **មាស**
មានសុពលភាពរយៈពេល **២ ឆ្នាំ** សម្រាប់ឆ្នាំជាប់ពន្ធ ២០២២ ដល់ ឆ្នាំ២០២៣។

CERTIFICATE OF TAX COMPLIANCE
(Prakas No 1536 MEF/PK dated 23rd December 2016)

GENERAL DEPARTMENT OF TAXATION certifies that :
Company's name : **CAMBODIA POST BANK PLC.**
Tax Identification Number (TIN) : **L001-100192777**
Under : Department of large Taxpayers Date of information Update : 26 Jan 2017
Business activity(ies) : Banking service
Tax Compliance Type awarded : **GOLD**
Validity period of **2 years** for the tax year of **2022 and 2023.**

ឧបសគ្គ៖
- លេខកូដបង្កើតធនាគារ និងកម្មសិទ្ធិ
- លេខកូដបង្កើតប្រទេសកម្ពុជា
- លេខកូដបង្កើតស្ថាប័នហិរញ្ញវត្ថុ
- លេខកូដបង្កើតស្ថាប័នពន្ធដារ



រដ្ឋមន្ត្រីប្រតិភូអនុលោមភាពពន្ធដារ
ប្រតិភូរាជរដ្ឋាភិបាល
ឧបនាយករដ្ឋមន្ត្រីអគ្គនាយកដ្ឋានពន្ធដារ

Minister Attached to the Prime Minister
Minister of the Royal Government
in charge of Director General of General Department of Taxation



[Signature]
គង់ វិបុល

CPBank receives Gold Certificate of Tax Compliance from the General Department of Taxation, for the period 2022-2023.

CHAIRMAN'S MESSAGE



Neak Oknha Dr. Pung Kheav Se
Chairman of the Board of Directors

***“Supporting economic growth,
and contributing to Cambodia’s
prosperity by helping customers
to achieve their financial goals”***

The Bank’s vision – to enrich lives and fulfill the growing aspirations of the people of Cambodia - conveys our fundamental optimism and the role we play in supporting economic growth, contributing to Cambodia’s prosperity, and helping customers to achieve their financial goals. The year 2022 has seen further challenges and uncertainty for all of us like any other persons in the world as we start to learn to live with Covid’19 as a new normal. During 2022, the country has also experienced floods across the provinces resulting in significant financial and social impacts to many people. As we confronted with all these problems, we have realized that we are an integral part of this community and as a Bank we always stand beside our customers to sail through the problems together for greater economic prosperity.

The world is facing dangerous crises that are hammering developing countries, hitting the poor and vulnerable, and worsening global inequality. Supply chain disruption due to strict lockdown measure in China, war in Ukraine, large macroeconomic imbalances, and shortages of energy, fertilizer, and food have caused the sharpest global economic downturn in 80 years, that pushes the inflation to a record time high. The outlook for the year ahead is mixed. A strong economic recovery and historically low unemployment has been tempered by the rising cost of living, higher energy prices and supply chain pressures across a broad range of goods and services. However, our favorable domestic conditions coupled with an increasing external demand have accelerated Cambodia’s economic growth to 5.1% in 2022.

The increase in foreign direct investment and export have kept the Cambodia’s international reserve contained to cover for about 7 months of prospective imports of goods and services. This also has supported the implementation of monetary and exchange rate policies especially in stabilizing exchange rate and providing sufficient liquidity to maintain price stability and sustain economic growth.

Despite this economic challenges, Banking credit growth and quality were stable over the period. My sincere thanks to the Royal Government of Cambodia and National Bank of Cambodia who has always been pro-active and played a pivotal role to keep the stability and resilience in the banking system by taking various preemptive and prudential measures throughout the period. This continued pandemic not only kept us in turbulence but also accelerate the innovation towards digital service delivery for our customers. This trend we have observed across the industry in Cambodia.

We have observed remarkable growth on our digital channels during the year 2022 where overall digital transaction increased by 72% in number and 141% in amount. We have also upgraded our core Banking system to set ourselves with strong base to carry out all the digitization journey and to support our strong commitment for greater financial inclusion across the country. In 2021, Bakong operated 8.16 million transactions (80% in USD) with a USD transaction volume of USD 2.89 billion, an 8,200% increased from 2020. NBC’s KHQR has been widely adopted in 2022, facilitating cross-bank payment easier and convenient.

I am happy that CPBank has maintained a balance sheet of US\$1.2 billion asset where our loan portfolio grew moderately 16.8% and US\$ 20 million net profit for the year 2022. CPBank have increased the nationwide 324 ATMs including Cash Deposit Machines to ensure a greater access for our customers through various partnerships. We have efficiently managed to maintain a comfortable liquidity and capital position throughout the year. Bank's subsidiary Funan Microfinance has also managed the profitability very well during 2022. Bank also enhanced the partnership with other financial Institutions like AMK, Amret to expand the outreach and make it convenient for the customers to pay their monthly repayment without visiting any Bank branches.

I have seen a greater adoption of Loan origination system of CPBank which not only improved the turnaround time but also helped the Bank on their commitments towards the greener environment and overall sustainability. The Bank has achieved another milestone in 2022 by upgrading its Core Banking system which will enhance Bank's overall capability to provide better customer experience. I am glad that the senior management team worked relentlessly to improve overall customer experience and their commitment throughout the period.

I would like to extend my gratitude to all our shareholders for their continued trust, Board Members for their experienced guidance to the Management Team. I am also thankful to the Royal Government of Cambodia, regulatory bodies especially the National Bank of Cambodia, General Department of Taxation, Ministry of Economy and Finance, Ministry of Health for all of their support. I am very grateful to each and every customer of the Bank for their continued trust and support. I am hopeful that we will be here to contribute to build the Nation for its overall economic prosperity as the Country of fastest growing economy.



Neak Oknha Dr. Pung Kheav Se
Chairman of the Board of Directors

CEO'S MESSAGE

"2022 was a year of hope for recovery"

Toch Chaochek

Chief Executive Officer



After a prolonged pandemic time of uncertainty especially the stricter lockdown measure for Zero Covid policy in China, created supply chain disruptions and instability in price for goods and services particularly in hotel and tourism sector, it was expected to be better or end in 2022; however, Russia-Ukraine War erupted, pushing up global energy prices and inflation at extreme in the mid-2022. This situation coupled with the faster-than-expected fed rate hike by US Federal Reserve has created many challenges for Cambodia's economic growth as well as for the world as a whole.

Despite such various challenges, the Bank has performed well in 2022:

- We have strengthened our core banking capability through upgrading which will help us in coming days to serve our customer better and with convenience.
- Our 24/7 Security Operating Center are continuously monitoring and managing cyber threats to ensure a full security for our customer to operate digitally with complete peace in mind.
- We have also introduced Anti Money Laundering system in 2022 to combat money laundering and join hands with the Governments' initiatives to improve overall compliance and governance in Cambodia's financial system.

The Bank has expanded the overall outreach through partnership with various Financial Institutions such as Amret and AMK, which provides the doorsteps access for our customers nationwide. The Bank has also developed and added many new features in our Mobile Banking to make it more convenient for users, pushed our Mobile Banking users increased by 107%, business partners increased by 370%, and customer accounts increased by 55%.

In 2022, the Bank's total asset grew by 8.9% year on year to US\$ 1.29 billion, a loan portfolio grew by 15.8% to US\$ 1 billion, and a savings balance grew by 11.06% to US\$ 947 million. Our net profit increased by 10.73% to US\$ 23.62 million.

As a Cambodian bank with vision to be the best mass market bank that enriches lives and fulfills the growing aspirations of the people of Cambodia and create sustainable value for

shareholders, employees and society, CPBank has continued to expand the branch network in potential provinces, towns and districts. The number of CPBank branches has increased to 60 branches by 2022, and our subsidiary, Funan Microfinance, has also increased a network to 51 branches. The Bank has prioritized to cooperate with the Small and Medium Enterprises Bank to continue financing to support SMEs, especially those in the tourism and hotel sector, in order to contribute to the Royal Government's initiative of promoting economic growth.

All the achievement in 2022 resulted from contribution from all CPBank's staff, guidance from the Chairman, Vice-Chairman and all Board members, in particular, the National Bank of Cambodia, the regulatory authority that has set out a timely strategy to maintain the stability of the Cambodian economy as a whole.

We would like to thank all our customers who always support and continue to support our products and services. We will strive to develop our products and services to be more innovative and up-to-date. We are committed to provide our best in class service experience to all customers. We want to thank everyone at CPBank for doing their very best, our Board & Shareholders, Royal Government of Cambodia, and regulatory bodies, especially the National Bank of Cambodia for their continued support. We are also committed to improve further in 2023 and beyond.



Toch Chaochek
Chief Executive Officer

BOARD OF DIRECTORS



Neak Oknha Dr. PUNG KHEAV SE
Chairman of the Board of Directors

Neak Oknha Dr. Pung Kheav Se serves as Chairman of the Board of CPBank, Canadia Bank, and Overseas Cambodian Investment Corporation, and is actively involved in the investment and development activities of both companies. A distinguished entrepreneur and respected business leader in Cambodia and Canada, Neak Oknha Dr. Pung Kheav Se has served as Chairman, President, CEO and Board Member of several companies, including Oriental Ship Supplies, Oriental Commercial Inc., and has led CPBank's growth since 2013 and also Canadia Bank's growth since 1991.

He used to be the Chairman of the Association of Banks in Cambodia and also serves as President of Cambodia Constructors Association, working closely with industry leaders to guide the development of the banking and construction sectors in Cambodia.

Among the honors and awards Neak Oknha Dr. Pung Kheav Se holds a Mahaserey Vattanac Award presented by His Majesty Norodom Sihanouk, King-Father of Cambodia in 2002; and "The Highest National Contribution" medal awarded by Prime Minister Hun Sen, presented by His Majesty, Norodom Sihamoni, King of Cambodia in 2012, for the significant contributions he has made and continues to make toward the development of Cambodia.

In November 21st, 2019, Neak Oknha Dr. Pung Kheav Se has received honorary doctorate as Doctor of Business Administration under representative of Akka Moha Sena Padei Techo HUN SEN, Prime Minister of the Kingdom of Cambodia during the inauguration of the Indradevi Building of the Royal Academy of Cambodia.



Mr. YEO HONG PING
Vice Chairman of the Board of Directors

Mr. Yeo is the Chief Executive Officer of Fullerton Financial Holdings Pte Ltd ("FFH"). He oversees the building of the FFH franchise and the development of FFH's visions and strategies with the goal of increasing stakeholder value on a sustainable basis. Mr Yeo has overall responsibility of FFH and its investee companies.

Before joining FFH, Mr Yeo was Managing Director of J.P. Morgan and was responsible for the overall investment banking business in Singapore. Mr Yeo also served as Senior Management Committee member for J.P. Morgan Singapore, and Board Member for J.P. Morgan (SEA). He previously held other senior appointments including Head of Real Estate Investment Banking and Head of Corporate Finance in Southeast Asia.



H.E. ORK BORA
Advisor to the Board of Directors

H.E. Bora has been appointed as the General Manager of Cambodia Post in 2010 and as the Royal Delegation in charge of Cambodia Post in 2011. In 2021, he was promoted as Secretary General at Ministry of Posts and Telecommunication. His main responsibility was to manage overall process at MPTC.

H.E. Bora had also served as the Chief of Post and Telecommunication Department in Banteay Meanchey province and was a member of Cambodia Engineering Institution from 2000 to 2010.

H.E. Bora has a Master of Business Administration and graduated in Telecom Engineering from University of Hanoi Polytechnic, Vietnam in 1997. Since 1998, he had accomplished many technical training programs related to telecom and ICT (local and international).



Mr. NEO POH KIAT
Independent Director

Mr. Neo is currently Managing Director of Octagon Advisors (Shanghai) Limited and an independent director of China Yuchai International Ltd, Capital and China Trust and ValueMax Group Ltd.

Prior to joining Octagon Advisors, Mr. Neo was the Senior Vice President and China Country Officer for Singapore's United Overseas Bank (UOB). Based in Hong Kong, Mr. Neo was also responsible for UOB's corporate banking relationships in the Greater China region.

Before joining UOB, Mr. Neo held various appointments in Singapore's DBS Bank, with his last held appointment being that of Managing Director and General Manager of DBS Bank's Hong Kong branch. Concurrently, he was also an Executive Director and a member of the Executive Committee of DBS Kwong On Bank, Supervisory Director of DBS Asia Capital Limited which is the investment banking subsidiary of DBS Bank in Hong Kong. He was instrumental in the setting up of DBS Securities Hong Kong and had served as its Executive Director in the early 90's.

Mr. Neo holds a Bachelor of Commerce (Honours) degree from the former Nanyang University, Singapore.



Mr. GIANG SOVANN
Independent Director



Mr. TEO MENG POH PHILIP
Non-Executive Director

Mr. Giang is the founder and chairman of Corporate Governance Academy and teaches at the Singapore Management University and the Singapore University of Social Sciences on corporate governance, listing rules, risk management and climate change & sustainability reporting. He also teaches charity governance at the Social Service Institute and the Institute of Singapore Chartered Accountants. Mr. Giang is Senior Director of Business Consulting at RSM Singapore and is the head of Environmental Sustainability Service and Deputy Head of Not-for-Profit Service. He has written many articles on corporate governance, risk management and sustainability reporting. His management concepts, “Four pillars of effective corporate oversight” and “Eight drivers of effective risk management” have been adopted by many organizations.

Mr. Giang was Executive Director of the Singapore Institute of Directors where he also sat on the organizing committee of the Singapore Corporate Awards and co-managed the Best Managed Board Award for Singapore-listed companies. He has more than 10 years of experience serving as independent director of SGX listed companies. His board responsibilities and experiences include non-executive chairman, lead independent director, chairman of the audit & risk committee, chairman of remuneration committee, and a member of the nominating committee.

Mr. Giang qualified as a Chartered Accountant with the Canadian Institute of Chartered Accountants. He is also a Chartered Accountant, Singapore and a member of the Singapore Institute of Directors. He was a Member of the Complaints & Disciplinary Panel, the Public Accountants Oversight Committee, Accounting & Corporate Regulatory Authority (ACRA).

Mr. Teo is a Senior Vice President for Integrated Risk Management at FFH. In this capacity, he oversees the various Risk aspects of the FFH franchise in China and Indo China. In his role, Mr Teo is also responsible for Operational Risk Management, Audit and Compliance of the FFH Franchise, including setting its policies and governance framework. He is also the Risk lead for M&A activities.

Prior to joining FFH, Mr Teo was the Head of Audit, Client Origination and Corporate Finance at Standard Chartered Bank. Mr. Teo started his career with Oversea-Chinese Banking Corporation where he held various senior roles and was responsible for client origination in the Bank’s overseas franchises in Shanghai and Bangkok.



Mr. ROS PHIRUN
Non-Executive Director

From 2021 till present, Mr. Phirun has been promoted as Secretary General at Commercial Gambling Management Commission of Cambodia. His main responsibility is to manage the whole general process at Commercial Gambling Management Commission of Cambodia that oversee and collect national revenue from commercial gambling sector.

Since 2013 till 2020, Mr. Phirun holds the position of Deputy Director General of the General Department of Financial Industry (GDFI) of Ministry of Economy and Finance. He is mainly responsible for the Public Financial Management Reform Program and Auditing of the GDFI.

From 2008 to 2013, Mr. Phirun was responsible for establishing and developing Government Securities, Commodity Market, Sovereign Funds, Financial Stability Policy and the Financial District of Cambodia under the guideline of Financial Sector Development Strategy. Mr. Phirun was also the Vice Chairman of Board of Directors of the National Social Security Funds for Civil Servants (NSSFC) which oversees and adopts all regulations drafted by the management of the NSSFC.

From 2004 to 2008, he was the Chief of Casino Management Division under Financial Industries Department and also served as Deputy Chief of Bureau of the WTO Legal Compliance and Assistant to the Senior Economic Official for Cambodia under the ASEAN and International Organizations Department of Ministry of Commerce.

Mr. Ros Phirun graduated with a Master of Science in Strategic Tourism Management from CERAM ESC Sophia Antipolis, France in 2002 and Master of Business Administration in International Business from Asian Institute of Technology, Thailand.



Dr. CAROLYNE PUNG
Non-Executive Director

Carolyn was born in Phnom Penh. She grew up and was educated in Montreal, Canada. She pursued medical studies and obtained her MD degree in 2000. She is specialized in Family Medicine and graduated from the University of Montreal in 2002. For nearly 5 years, she practiced in different hospitals and private clinics in 2 Canadian provinces: Quebec and Ontario.

In 2007, due to family reasons, she moved to Cambodia. To keep up with her medical practice, she has been working part-time as a Medical Officer at International SOS Clinic/ Raffles Medical in Phnom Penh until 2020.

She has been an Executive Director at the Board of Canadia Bank PLC, a leading commercial bank in Cambodia since 2007 and a Non-Executive Director at the Board of Cambodia Post Bank since 2013.

EXECUTIVE MANAGEMENT



Mr. TOCH CHAOCHek
CEO

Mr. Toch Chaochek is a seasoned Executive Management professional having more than 21 years' working experience in Financial Industries in Cambodia. He has been appointed as Chief Executive Officer of CPBank since 2013. He has developed this green field Bank from its humble beginning to the best Mass Market Bank with his local expertise and experience of working in various leadership roles in various Financial Institutions.

Prior to joining CPBank, Mr. Toch was Chief Operating Officer of Hatha Bank. He worked at Hatha Bank and Acleda Bank at various senior management role covering Business, Credit, Operations, Trade Finance area. Mr. Toch started his career with Acleda Bank.

Mr. Toch Chaochek holds MBA in Finance and Banking from University of Cambodia, BBA in Public Law from Royal University of Law and Economic Science, and BBA in Business Marketing from National University of Management.



Mr. MALAY KUMER PAUL
DCEO

Mr. Malay Kumer Paul is an Executive Management Professional with over 28 years of working experience in Financial Institutions in APAC and Middle East region with Global, Local and Investment Banks. He joined CPBank as Chief Risk Officer in 2018 and appointed as Deputy Chief Executive Officer since July 2020 with responsibility of overall Business and Operations of the Bank.

In his previous roles, he served at various Senior Management role that includes, Vice President, Integrated Risk Management, FFH in Singapore; Deputy CEO & CRO, Mekong Development Bank (MDB) in Vietnam; Head of Credit and Collection for Retail & SME in The City Bank Ltd. and BRAC Bank Ltd. in Bangladesh; Cluster Head of Collections in Standard Chartered Bank covering Bahrain, Qatar, Jordan and Lebanon. He started his banking career with ANZ Grindlays Bank in Bangladesh.

Mr. Malay holds Master of Science (First Class) degree from the University of Dhaka, and an MBA from Brac University, Bangladesh.



Mr. YI SAKUN
EVP & CHRO

Mr. Yi Sakun is a Strategic Human Resource Professional with more than 19 years' experience in various industries including Bank, Microfinance and Hospitality. He joined CPBank in February 2013 as Head of Human Resources and appointed as EVP & Chief Human Resources Officer in 2015.

Prior to joining CPBank, he was the Deputy Head of Human Resources at AMRET Microfinance, Human Resources Manager and Human Resources Business Partner at ANZ Royal Bank, and the Head of Human Resources for SOKHA Hotels and Resorts Group. Mr. Sakun has in depth knowledge in Recruitment, Compensation, Training and Development, Performance and Business Relationship Management. Mr. Sakun is passionate on transforming HR practices through technology adoption. He possesses strategic HR Business partnering experience and well conversant with Cambodia Labor Law.

Mr. Sakun holds a BBA degree and also a certified Human Resources Professional by HR Certification Institute (HRCI).



Mr. KONG CHHAY LONG
COO

Mr. Chhay Long is an Operation and Technology Management professional with more than 26 years' experiences in Banking and technology industries. He joined CPBank in 2016 as Head of Operation and appointed as Chief Operating Officer in 2018. In his role, he leads not only operations team but also manages Property, Administration, logistics and Procurement.

Prior to CPBank, he used to serve in ANZ Royal Bank for 10 years managing Technology, Electronic Banking & Delivery Channels, Local and International Payment Services. Mr. Chhay Long also worked with two large International Technology Companies. His diverse Technology background coupled with his operational experiences make him instrumental in transforming the operational processes to provide best in class customer service in the market. He has also driven many transformation and processes re-engineering projects successfully.

Mr. Chhay Long holds a Master Degree in Information & Technology and certified member of International Compliance Association (ICA).



Mr. CHEA BUNHEAN
CFO

Mr. Chea Bunhean is an Executive Management Professional with over 17 years of working experience in Financial Institutions and Auditing across ASEAN region. He joined CPBank as Chief Financial Officer in November 2019. He was instrumental in CIFRS conversion at CPBank group.

Prior to join CPBank, He was Deputy Chief Financial Officer of Canadia Bank and Chief Executive Officer of Cana Securities. He has rich experience of working in various leadership roles in local, regional Bank as well as in Audit Firms. Mr. Bunhean has worked as Deputy Head of Commercial Banking Division with a regional bank for 4 years. He also spent more than 7 years with local and global (big 4) Audit firms covering Singapore, Vietnam and Cambodia market where lately he was an Audit Manager.

Mr. Bunhean is a Certified Public Accountant from CPA Australia and KICPAA. He also holds an MBA from University of Paris 1.



Mr. KROUCH CHANTHOL
CITO

Mr. Chanthol, Krouch is an experienced Business-Technology strategist with more than 21 years of experience in Information Technology. Chanthol joined CPBank in July 2016 as Head of IT and was appointed as Chief Information Technology Officer in 2021. He drives the IT and Digital team to improve critical business operational processes to provide the most welcoming customer experience.

He always focuses on customer experience using adaptive technologies across various industries with local and global organizations. Before joining CPBank, he was the Head of Information Technology for Prudential (Cambodia) Life Assurance Plc. Chanthol has served with various financial and Insurance institutions at different Management levels, namely at UCB, RHB, and Camko Bank. In those roles, he helped to drive the technology and digital strategies for setting up and transforming businesses through digital initiatives.

Chanthol holds a degree in Computer Science from RUPP.



Mr. RAJESH KUMAR BARUA
CRO

Mr. Rajesh is a certified expert in risk management (Frankfurt) with 21 years' banking experience in financial industry of Bangladesh. He is certified mentor by Project Management Institute and leadership expert from GABV, MIT CoLab and Presencing Institute. He joined CPBank as Chief Risk Officer in January 2022.

Prior to joining CPBank, Mr. Rajesh worked as Underwriting Head in BRAC and City Bank, Consumer Credit Risk Manager, HSBC contributing in risk management, policies, process automation areas. Mr. Rajesh began his career with Standard Chartered Grindlays in 2002.

Mr. Rajesh is awarded as "Idea Guru" by CEO, BRAC Bank, "Retail Leader" by Asia Retail Congress, Mumbai, "Appreciation Award" from President, AMEX South Asia, "HSBC CEO Thanks", "Best Innovative Idea Award" from Asia Pacific CEO HSBC, "Live the Brand Award" and "Special Recognition Award" from CEO HSBC.

Mr. Rajesh holds BBA (Finance) from Independent University and MBA (Accounting & Information System) from University of Dhaka.

Apply for CPBank **VISA** Credit Card

Credit up to

\$50,000



LATEST AWARDS



"SME Financier of The Year - Asia" Silver category at the Global SME Finance Forum Awards 2022



"Best Financier for Women Entrepreneurs" Silver category at the Global SME Finance Forum Awards 2022



“Quality Achievements Award 2022 in the Platinum Category” from the European Society for Quality Research (‘ESQR’), Switzerland



“Outstanding Industry Collaboration Award 2022” from Credit Bureau Cambodia (CBC)



“The Fastest Growing Retail and SME Bank Cambodia 2022” from International Business Magazine, Dubai

CORPORATE SOCIAL RESPONSIBILITIES



“CPBank Donated
KHR 4,000,000
 to AFESIP Cambodia”

CPBank donated 4 million Riels to AFESIP Cambodia on 28 January 2022, during the My Family Fair 2 in Aeon Mall Sen Sok.

In addition to the donation, CPBank has also organized a fundraising campaign for AFESIP Cambodia by calling on all donors to donate money from all banks by simply scanning KHQR of AFESIP Cambodia, provided by CPBank.

AFESIP Cambodia is a NGO that cares for and secures the rights of young women and girls who are victims or at risk of being victims of sexual trafficking, violence, abuse or indentured slavery and exploitation. The NGO provides them shelter, physical and mental health care, legal support, education, trainings, and reintegrating them into society. AFESIP Cambodia was established in 1996 and has been helping thousands of young women and girls.



CPBank Donates Benches to Preah Vihear Provincial Hall and Court

On July 7th 2022, CPBank Preah Vihear Provincial Branch donated 30 benches and 50 cases of drinking water to the

Preah Vihear Provincial Administration Office, and other 20 benches to Preah Vihear Provincial Court for public use.

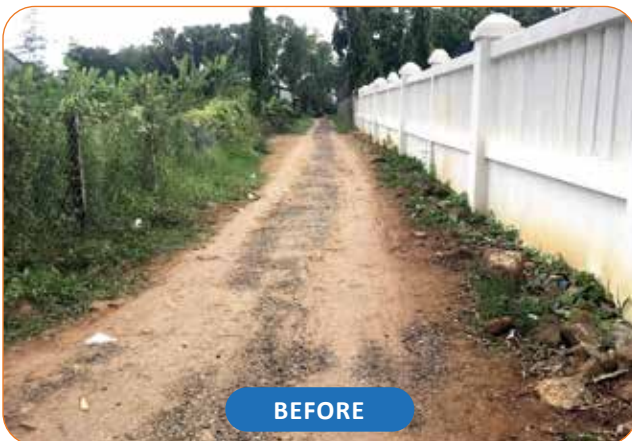


CPBank Builds a Road and Shares Study Materials with Students in Banteay Meanchey Province

On 17 July 2022, CPBank and FUNAN Microfinance donated 100 boxes of masks, 100 cases of drinking water, and 8 million KHR to Sang Prasat Primary School, in Phnom Touch Tbound Village, Phnom Touch Commune, Mongkol Borey District, Banteay Meanchey Province, to build a 113-meter

concrete road along the school fence for public benefits.

CPBank also shared study materials including backpacks, books, pens, alcohol sprayers, cubes, and some money for all teachers and students.



CPBank Donates Benches to Night Market Project and Chroy Changva Amusement Park

On Wednesday, 14 September 2022, CPBank brought 15 benches to donate to the Night Market Project and Chroy Changva Amusement Park which is represented by the

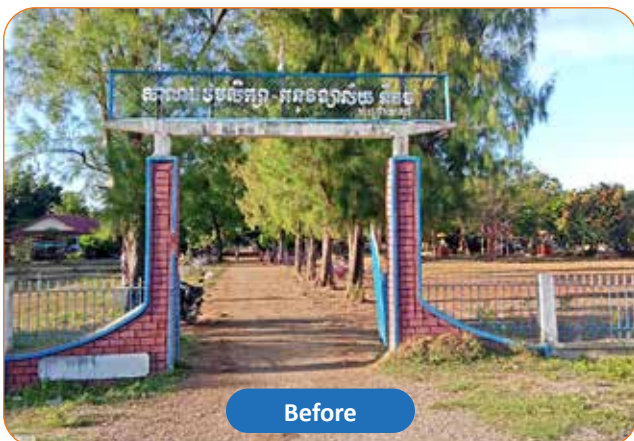
Branch Manager of CPBank Chroy Changva Branch to serve the public.



CPBank Builds a Road and Shares Study Materials to Students in Battambang Province

On 26 November 2022, CPBank donated 20 million Riels to support Nikom Primary-Secondary School in Nikom Krau Village, Chrouy Sdau Commune, Thmor Koul District, Battambang province for building concrete roads and installing solar lights for public benefits.

The Bank also donated some money and souvenirs to 44 teachers and local authorities, each of them received 1 eco-bag, 1 alcohol sprayer, and KHR 50,000, and 1,204 students, each of them received 1 backpack, 2 books, 2 pens, and KHR 15,000.



Before



AFTER



CPBank Organizes Cleanup Day

CPBank organized “Clean Up Day”, participated by the Bank’s management and staff, by collecting rubbish in public parks and streets in Phnom Penh and all provinces in Cambodia on 10 December 2022. This activity aimed to promote well-being, beauty and public order of the capital city and provinces, and to remind the public to avoid littering to ensure clean environment and healthy living.

In Phnom Penh, about 400 Management and staff from CPBank Head Office and 12 Phnom Penh branches gathered to clean an area around the Cambodia-Japan Friendship Bridge (Chroy Changvar Bridge) and along the river bank of the Tonle Sap River in Chroy Changvar District, Phnom Penh.



IMPORTANT EVENTS

CPBank Signs MOU with AMK

CPBank signed an MOU with AMK Microfinance to allow customers from both the institutions to use their ATM cards and Visa debit cards to withdraw cash from each other's ATMs free of charge.

The MOU signing ceremony between the two institutions

took place on 20 January 2022 at the Dara Airport Hotel.

Currently CPBank has 89 ATM locations nationwide, while AMK MFI has 70 ATM locations nationwide. Therefore, all customers of both the institutions can withdraw money from 159 ATMs nationwide free of charge.



CPBank Shares Love and Cares on International Women's Day

The Management of CPBank expressed appreciation and gratitude to all female staff on 8 March 2022, the 111th anniversary of International Women's Day.

CPBank always values and promotes gender equality in the workplace.



CPBank Signs MOU with Amret



CPBank and Amret signed an MOU to allow customers from both the institutions to use their ATM cards and Visa debit cards to withdraw cash from each other’s ATMs free of charge.

The MOU signing ceremony between the two institutions

took place on 08 April 2022 at Olympia City Hotel.

Currently CPBank has 89 ATM locations, while Amret has 35 ATM locations nationwide. Therefore, all customers of both the institutions can withdraw cash from 123 ATMs nationwide free of charge.

CPBank Signs MOU with SME Bank

On 16 June 2022 CPBank signed an MOU with SME Bank of Cambodia on the implementation of the Co-Financing Scheme to support and boost the recovery of the tourism sector from Covid-19 downturn.

This SME Co-Financing Scheme is a program that offers

support to local SMEs in the tourism sector in terms of financing by offering affordable loan rates and favorable loan terms & conditions.

Businesses can apply for loans of up to US\$ 400,000 with a special rate of only 6.5% p.a.



CPBank Organizes Mid-Year Performance Review



On 16th July 2022, at Sokha Siem Reap Resort, Siem Reap Province, CPBank organized a Mid-Year Performance Review, presided over by Mr. Toch Chaochek, Chief Executive Officer, and participated by all Senior Management and Branch Managers.

The objective was to review the mid-year achievements of

FY2022 and to set business strategies for the next half of FY2022.

This event also included with a team-building activity by cycling together in Siem Reap City in order to promote team spirit and healthy lifestyle.



CPBank Signs MOU with Plaza Premium Lounge

CPBank signed an MOU with Plaza Premium Lounge that allows CPBank VISA Credit Gold Card holders to relax and enjoy food & beverages, Wi-Fi, workstation, and other facilities of Plaza Premium Lounge in International airports around the world free of charge from 01 August 2022.

The MOU signing ceremony between CPBank and Plaza

Premium Lounge took place on 27 July 2022 at Plaza Premium Lounge in Phnom Penh International Airport.

Currently, there are 3 Plaza Premium Lounges in Cambodia – in Phnom Penh International Airport, Siem Reap International Airport, and Sihanouk International Airport – and 89+ more locations around the world.



CPBank Signs MOU with ARDB

On 15 August 2022, CPBank and ARDB have signed the Subsidiary Loan Agreement under Cambodia Agricultural Sector Diversification Project (CASDP).

This ceremony has been presided by H.E Dr. KAO Thach, Delegate of Royal Cambodia Government in charge as Chief Executive Officer of ARDB, and participated by Mr. Toch Chaochek, CEO of CPBank, representatives of the World Bank, Ministry of Economy and Finance, and Ministry of Agriculture, Forestry and Fisheries.

Under this project, ARDB provides wholesale loans to CPBank who will provide sub-loans to target smallholder farmers, SMAEs, Agriculture Cooperatives, and producers except rice.

This project mainly aims to promote financial inclusion and support the agricultural diversification value chains in Phnom Penh and other 12 target provinces including Battambang, Mondulkiri, Stung Treng, Rattanakiri, Preah Vihear, Siem Reap, Tboung Kmum, Kratie, Kampong Cham, Kandal, Kampong Speu, and Kampong Chhnang.



CPBank Hosts a Study Tour for the Delegates of the Global SME Finance Forum 2022

On September 19th, 2022, CPBank warmly welcomed attendees of the Global SME Finance Forum 2022 to visit Cambodia Post Bank, Vimean Ekareach Branch.

There were around 25 attendees, who were Senior Executives of Financial Institutions and Fintech from all over the world.



During the study visit, Mr. Malay Kumer Paul, Deputy Chief Executive Officer of CPBank, has presented the overview of Cambodia economy, Financial Industry, and CPBank's journey. He also highlighted how CPBank has supported the SMEs and Women Entrepreneur, and how the Bank has overcome challenges during the Covid-19 pandemic.



CPBank Cooperates with the General Department of Customs and Excise of Cambodia

CPBank cooperated with the General Department of Customs and Excise of Cambodia to provide collection services of tax and other fees on all types of export-import goods through the Bank.

Toch Chaochek, CEO of CPBank, led the Bank staff to pay a courtesy call to His Excellency Dr. Kun Nhem, Minister attached to Prime Minister in Charge of the General

Department of Customs and Excise of Cambodia and his technical working group on Tuesday, 27 December 2022.

During the courtesy call, CPBank also donated 10 tons of rice to the General Department of Customs and Excise of Cambodia to contribute to its charity and social work activities.



CPBank Organizes 9th General Assembly



On 6th January 2023, CPBank organized the 9th General Assembly at Independent Hotel, Preah Sihanouk Province.

It was presided over by Mr. Toch Chaochek, Chief Executive Officer, and participated by all management team, branch managers and 2022's outstanding staff.

The objective of this General Assembly is to celebrate CPBank achievements in 2022 and to set business strategies for 2023.

It also allowed management team and branch managers to strengthen their relationship and collaboration in order to improve the quality of effective management to provide the best financial products and services to customers.

During the event, the management team has also presented certificates to outstanding branches and staff of 2022 for their significant contribution to the Bank's growth.



CPBank Joins Various Fair and Exhibition in 2022



Family Fair 2 at Aeon Mall Sen Sok, Phnom Penh
28, 29 & 30 January 2022



42th Anniversary of Riel Day in Phnom Penh
20 March 2022



Weekend Market at Factory Phnom Penh
6 & 7 August 2022



Weekend Market at Factory Phnom Penh
13 & 14 August 2022



Postal Forum, Postal Service Exhibition in Phnom Penh
7 October 2022



Badminton Tournament "T Open 2022" in Phnom Penh
7 & 8 October 2022



ASEAN Savings Day in Siem Reap Province
31 October 2022



Cambodia Tech Expo in Phnom Penh
11, 12 & 13 November 2022



Family Day of CIA FIRST International School
Chhbar Ampov Branch, Phnom Penh
10 December 2022



Family Day of CIA FIRST International School
Sen Sok Branch, Phnom Penh
17 December 2022



Xmas Fair 2022 at Canadian International School for Phnom Penh (CIS), Phnom Penh,
26 November 2022



Extracted Audited Financial Statements

The accompanying audited financial statements are partially extracted and reformatted from the whole audited financial statements. This should be read in conjunction with the annual audited financial statements for the year ended 31 December 2022.

CAMBODIA POST BANK PLC. AND ITS SUBSIDIARY

Consolidated and Separate Financial Statements for the year ended 31 December 2022 and Report of the Independent Auditors

Corporate information

Bank	Cambodia Post Bank Plc.	
Registration No.	Co. 1794 M/2013	
Registered office	No. 265-269, Ang Duong Street Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh Kingdom of Cambodia	
Shareholders	Canadia Investment Holding Plc. (“CIHP”) Fullerton Financial Capital Pte. Ltd. (“Fullerton”) Cambodia Post (“CP”)	
Board of Directors	Neak Oknha Dr. Pung Kheav Se	Chairman
	Mr. Yeo Hong Ping	Vice-Chairman
	Mr. Ros Phirun	Director
	Dr. Pung Carolyne	Director
	Mr. Teo Meng Poh Philip	Non-Executive Director
	Mr. Neo Poh Kiat	Independent, Non-Executive Director
	Mr. Giang Sovann	Independent, Non-Executive Director
Auditors	PRICEWATERHOUSECOOPERS (CAMBODIA) LIMITED (PWC)	

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DIRECTORS' REPORT

The Board of Directors (the Directors) hereby submits their report and the audited consolidated financial statements of the Cambodia Post Bank Plc. (the Bank) and its subsidiary, Funan Microfinance Plc. (together the Group) and the separate financial statements of the Bank for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Bank consist of the operation of core banking business and the provision of related financial services through the Bank's head office in Phnom Penh and its various branches in the Kingdom of Cambodia.

The principal activities of Funan Microfinance Plc. consist of the provisions of loans and other micro-finance services to improve living standards in term of rural development through its head office in Phnom Penh and its various branches in the Kingdom of Cambodia.

There were no significant changes in nature of the principal activities during the year.

RESULTS OF OPERATION

The results of financial performance for the year ended 31 December 2022 are set out in the consolidated and separate statement of profit or loss and other comprehensive income on Page numbers 58 and 62, respectively.

SHARE CAPITAL

There were no changes in the registered and paid up share capital of the Group and the Bank during the year.

BAD AND DOUBTFUL LOANS AND ADVANCES

Before the consolidated and separate financial statements of the Group and the Bank were drawn up, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and advances or making of allowance for impairment losses, and satisfied themselves that all known bad loans and advances had been written off and that adequate loss allowance has been made for bad and doubtful loans and advances.

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances which would render the amount written off for bad loans and advances or the amount of the allowance for impairment losses in the consolidated and separate financial statements of the Group and the Bank inadequate to any material extent.

ASSETS

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

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- (a) no charge on the assets of the Group and the Bank which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (b) no contingent liability in respect of the Group and the Bank that has arisen since the end of the financial year other than in the ordinary course of banking business.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF UNUSUAL NATURE

The financial performance of the Group and the Bank for the financial year was not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature. There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the financial performance of the Group and the Bank for the current financial year in which this report is made.

THE BOARD OF DIRECTORS

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

Neak Oknha Dr. Pung Kheav Se	Chairman
Mr. Yeo Hong Ping	Vice-Chairman
Dr. Pung Carolyne	Non-Executive Director
Mr. Teo Meng Poh Philip	Non-Executive Director
Mr. Ros Phirun	Non-Executive Director
Mr. Giang Sovann	Independent, Non-Executive Director
Mr. Neo Poh Kiat	Independent, Non-Executive Director

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Directors are responsible for ascertaining that the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards (CIFRS).

In preparing these consolidated and separate financial statements, the Directors are required to:

- i. adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;

- ii. comply with the disclosure requirements of CIFRS or, if there have been any departures in the interest of fair presentation, these have been appropriately disclosed, explained and quantified in the consolidated and separate financial statements;
- iii. maintain adequate accounting records and an effective system of internal controls;
- iv. prepare the consolidated and separate financial statements on the going concern basis unless it is inappropriate to assume that the Group and the Bank will continue operations in the foreseeable future; and
- v. effectively control and direct the Group and the Bank in all material decisions affecting its operations and performance and ascertain that such have been properly reflected in the consolidated and separate financial statements.

The Directors confirm that the Group and the Bank have complied with the above requirements in preparing the consolidated and separate financial statements.

APPROVAL OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The accompanying consolidated and separate financial statements, together with the notes thereto, which present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2022 and the financial performance and cash flows of the Group and the Bank for the year then ended in accordance with the Cambodian International Financial Reporting Standards, were approved by the Board of Directors.

Signed in accordance with an approval of the Board of Directors.



Neak Oknha Dr. Pung Kheav Se
Chairman of the Board of Directors

Mr. Toch Chaochek
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
22 March 2023

Independent auditor's report

To the Shareholders of the Cambodia Post Bank Plc.

Our opinion

In our opinion, the consolidated financial statements and the separate financial statements present fairly, in all material respects, the consolidated financial position of Cambodia Post Bank Plc. (the Bank) and its subsidiary (the Group) and the separate financial position of the Bank as at 31 December 2022, and their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (CIFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information

The Bank's separate financial statements comprise:

- the separate statement of financial position as at 31 December 2022;
- the separate statement of profit or loss and other comprehensive income for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the separate statement of cash flows for the year then ended; and
- the notes to the separate financial statements, which include significant accounting policies and other explanatory information

Basis for opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (CISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report and supplementary financial information required by the National Bank of Cambodia but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going

concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

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

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group and the Bank audit. We remain solely responsible for our audit opinion.

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

For PricewaterhouseCoopers (Cambodia) Ltd.



**By Lang Hy
Partner**

Phnom Penh, Kingdom of Cambodia
27 March 2023

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

		2022	2021	2022	2021
	Notes	US\$	US\$	KHR '000	KHR '000
ASSETS					
Cash on hand	4	37,048,923	32,369,314	152,530,416	131,872,585
Deposits and placements with the central bank and other banks	5	162,304,061	199,576,882	668,205,819	813,076,217
Loans and advances to customers	6	1,003,984,251	867,286,468	4,133,403,161	3,533,325,071
Investment securities at amortised cost	7	9,822,179	9,819,479	40,437,911	40,004,557
Statutory deposits with the central bank	8	58,893,286	56,146,559	242,463,658	228,741,081
Property and equipment	9	4,692,475	5,116,191	19,318,920	20,843,362
Right-of-use assets	10	6,217,289	7,567,540	25,596,579	30,830,158
Intangible assets	11	1,222,060	1,177,067	5,031,221	4,795,371
Goodwill	12	754,215	754,215	3,105,103	3,072,672
Deferred tax assets	13	1,612,256	1,482,119	6,637,658	6,038,153
Other assets	14	1,166,961	1,553,373	4,804,378	6,328,443
TOTAL ASSETS		<u>1,287,717,956</u>	<u>1,182,849,207</u>	<u>5,301,534,824</u>	<u>4,818,927,670</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Deposits from banks and other financial institutions	15	195,691,574	138,618,007	805,662,210	564,729,761
Deposits from customers	16	751,729,427	714,422,731	3,094,870,051	2,910,558,206
Borrowings	17	115,155,035	122,787,187	474,093,279	500,235,000
Lease liabilities	10	6,027,241	7,394,935	24,814,151	30,126,965
Current income tax liabilities	18	4,842,759	3,798,726	19,937,639	15,476,010
Employee benefits	19	243,505	283,143	1,002,510	1,153,525
Other liabilities	20	5,051,949	3,382,106	20,798,873	13,778,700
Subordinated debts	21	35,962,991	42,768,479	148,059,634	174,238,783
TOTAL LIABILITIES		<u>1,114,704,481</u>	<u>1,033,455,314</u>	<u>4,589,238,347</u>	<u>4,210,296,950</u>
SHAREHOLDERS' EQUITY					
Share capital	22	76,000,000	76,000,000	304,093,780	304,093,780
Retained earnings		63,659,834	47,266,955	258,519,556	191,521,861
Non-distributive reserves		20,000,000	15,000,000	81,455,000	61,020,000
Regulatory reserves		13,353,641	11,126,938	54,217,282	45,116,747
Other reserves		-	-	14,010,859	6,878,332
TOTAL SHAREHOLDERS' EQUITY		<u>173,013,475</u>	<u>149,393,893</u>	<u>712,296,477</u>	<u>608,630,720</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,287,717,956</u>	<u>1,182,849,207</u>	<u>5,301,534,824</u>	<u>4,818,927,670</u>

The accompanying notes on pages 65 to 82 form an integral part of these consolidated and separate financial statements.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 US\$	2021 US\$	2022 KHR '000	2021 KHR '000
Interest income	23	124,154,500	104,955,525	507,419,442	426,959,076
Interest expense	23	(59,900,769)	(52,864,213)	(244,814,443)	(215,051,618)
Net interest income	23	<u>64,253,731</u>	<u>52,091,312</u>	<u>262,604,999</u>	<u>211,907,458</u>
Fee and commission income	24	1,323,442	785,297	5,408,907	3,194,588
Fee and commission expense	24	(57,460)	(134,652)	(234,839)	(547,764)
Net fee and commission income	24	<u>1,265,982</u>	<u>650,645</u>	<u>5,174,068</u>	<u>2,646,824</u>
Other income	25	1,138,441	935,027	4,652,808	3,803,690
Total other operating income		<u>1,138,441</u>	<u>935,027</u>	<u>4,652,808</u>	<u>3,803,690</u>
Credit impairment losses	26	(6,541,928)	(1,582,093)	(26,736,860)	(6,435,954)
Net other operating loss		<u>(6,541,928)</u>	<u>(1,582,093)</u>	<u>(26,736,860)</u>	<u>(6,435,954)</u>
Personnel expenses	27	(18,275,111)	(15,187,304)	(74,690,379)	(61,781,953)
Other expenses	28	(12,270,061)	(10,248,507)	(50,147,740)	(41,690,926)
Profit before income tax		<u>29,571,054</u>	<u>26,659,080</u>	<u>120,856,896</u>	<u>108,449,139</u>
Income tax expense	29	(5,951,472)	(5,328,958)	(24,323,666)	(21,678,201)
Profit for the year		<u>23,619,582</u>	<u>21,330,122</u>	<u>96,533,230</u>	<u>86,770,938</u>
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Currency translation differences		-	-	7,132,527	3,841,828
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>	<u>7,132,527</u>	<u>3,841,828</u>
Total comprehensive income for the year		<u>23,619,582</u>	<u>21,330,122</u>	<u>103,665,757</u>	<u>90,612,766</u>
Profit attributable to:					
Owners of the Bank		<u>23,619,582</u>	<u>21,330,122</u>	<u>96,533,230</u>	<u>86,770,938</u>
Total comprehensive income attributable to:					
Owners of the Bank		<u>23,619,582</u>	<u>21,330,122</u>	<u>103,665,757</u>	<u>90,612,766</u>

The accompanying notes on pages 65 to 82 form an integral part of these consolidated and separate financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

Attributable to owners of the Bank

	Share capital		Retained earnings		Non-distributive reserves		Regulatory reserves		Other reserves		Total	
	US\$	KHR '000	US\$	KHR '000	US\$	KHR '000	US\$	KHR '000	US\$	KHR '000	US\$	KHR '000
Balance at 1 January 2021	76,000,000	304,093,780	47,190,476	191,210,743	-	-	4,873,295	19,676,927	-	3,036,504	128,063,771	518,017,954
Profit for the year	-	-	21,330,122	86,770,938	-	-	-	-	-	-	21,330,122	86,770,938
Other comprehensive income—currency translation differences	-	-	-	-	-	-	-	-	-	3,841,828	-	3,841,828
Total comprehensive income for the year	-	-	21,330,122	86,770,938	-	-	-	-	-	3,841,828	21,330,122	90,612,766
Transactions with owners in their capacity as owners:												
Transfer to non-distributive reserves	-	-	(15,000,000)	(61,020,000)	15,000,000	61,020,000	-	-	-	-	-	-
Transfer to regulatory reserves	-	-	(6,253,643)	(25,439,820)	-	-	6,253,643	25,439,820	-	-	-	-
Total transactions with owners	-	-	(21,253,643)	(86,459,820)	15,000,000	61,020,000	6,253,643	25,439,820	-	-	-	-
Balance at 31 December 2021	76,000,000	304,093,780	47,266,955	191,521,861	15,000,000	61,020,000	11,126,938	45,116,747	-	6,878,332	149,393,893	608,630,720
Balance at 1 January 2022	76,000,000	304,093,780	47,266,955	191,521,861	15,000,000	61,020,000	11,126,938	45,116,747	-	6,878,332	149,393,893	608,630,720
Profit for the year	-	-	23,619,582	96,533,230	-	-	-	-	-	-	23,619,582	96,533,230
Other comprehensive income—currency translation differences	-	-	-	-	-	-	-	-	-	7,132,527	-	7,132,527
Total comprehensive income for the year	-	-	23,619,582	96,533,230	-	-	-	-	-	7,132,527	23,619,582	103,665,757
Transactions with owners in their capacity as owners:												
Transfer to non-distributive reserves	-	-	(5,000,000)	(20,435,000)	5,000,000	20,435,000	-	-	-	-	-	-
Transfer to regulatory reserves	-	-	(2,226,703)	(9,100,535)	-	-	2,226,703	9,100,535	-	-	-	-
Total transactions with owners	-	-	(7,226,703)	(29,535,535)	5,000,000	20,435,000	2,226,703	9,100,535	-	-	-	-
Balance at 31 December 2022	76,000,000	304,093,780	63,659,834	258,519,556	20,000,000	81,455,000	13,353,641	54,217,282	-	14,010,859	173,013,475	712,296,477

The accompanying notes on pages 65 to 82 form an integral part of these consolidated and separate financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

		2022	2021	2022	2021
	Notes	US\$	US\$	KHR '000	KHR '000
Cash flows from operating activities					
Cash used in operations	31	(77,841,776)	(135,019,463)	(318,139,339)	(549,259,177)
Interest received		121,727,359	104,000,469	497,499,716	423,073,908
Interest paid		(56,430,906)	(48,059,502)	(230,633,113)	(195,506,054)
Income tax paid	18	<u>(5,037,576)</u>	<u>(3,283,036)</u>	<u>(20,588,573)</u>	<u>(13,355,390)</u>
Cash used in operating activities		<u>(17,582,899)</u>	<u>(82,361,532)</u>	<u>(71,861,309)</u>	<u>(335,046,713)</u>
Cash flows from investing activities					
Purchase of property and equipment	9	(1,506,296)	(2,645,086)	(6,156,232)	(10,760,210)
Purchase of intangible assets	11	(433,380)	(798,192)	(1,771,224)	(3,247,045)
Proceeds from disposal of property and equipment		3,405	70,258	13,916	285,810
Payments for investment securities at amortised cost		<u>-</u>	<u>(10,000,000)</u>	<u>-</u>	<u>(40,680,000)</u>
Cash used in investing activities		<u>(1,936,271)</u>	<u>(13,373,020)</u>	<u>(7,913,540)</u>	<u>(54,401,445)</u>
Cash flows from financing activities					
Proceeds from borrowings	31	64,366,122	59,915,653	263,064,341	243,736,876
Repayments of borrowings	31	(71,963,987)	(50,433,727)	(294,116,815)	(205,164,401)
Proceeds from subordinated debts	31	-	10,000,000	-	40,680,000
Repayments of subordinated debts	31	(6,800,000)	(1,260,000)	(27,791,600)	(5,125,680)
Principal elements of lease payments	10	<u>(2,274,515)</u>	<u>(1,438,584)</u>	<u>(9,295,943)</u>	<u>(5,852,160)</u>
Cash (used in)/generated from financing activities		<u>(16,672,380)</u>	<u>16,783,342</u>	<u>(68,140,017)</u>	<u>68,274,635</u>
Net decrease in cash and cash equivalents		(36,191,550)	(78,951,210)	(147,914,866)	(321,173,523)
Cash and cash equivalents at the beginning of year		215,894,085	294,845,295	879,552,502	1,192,649,218
Currency translation differences		<u>-</u>	<u>-</u>	<u>8,197,701</u>	<u>8,076,807</u>
Cash and cash equivalents at the end of year	30	<u>179,702,535</u>	<u>215,894,085</u>	<u>739,835,337</u>	<u>879,552,502</u>

The accompanying notes on pages 65 to 82 form an integral part of these consolidated and separate financial statements.

**SEPARATE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 US\$	2021 US\$	2022 KHR '000	2021 KHR '000
ASSETS					
Cash on hand	4	36,514,988	31,963,950	150,332,206	130,221,132
Deposits and placements with the central bank and other banks	5	160,951,082	198,954,467	662,635,605	810,540,499
Loans and advances to customers	6	928,599,157	798,015,502	3,823,042,729	3,251,115,155
Investment securities at amortised cost	7	9,822,179	9,819,479	40,437,911	40,004,557
Statutory deposits with the central bank	8	58,493,286	55,746,559	240,816,858	227,111,481
Property and equipment	9	3,823,500	4,312,789	15,741,350	17,570,302
Right-of-use assets	10	5,449,923	6,394,694	22,437,333	26,051,983
Intangible assets	11	985,171	1,103,060	4,055,949	4,493,866
Investment in subsidiary	12	8,685,818	8,685,818	35,759,513	35,386,023
Deferred tax assets	13	1,341,597	1,184,337	5,523,355	4,824,989
Other assets	14	822,885	1,227,183	3,387,818	4,999,545
TOTAL ASSETS		1,215,489,586	1,117,407,838	5,004,170,627	4,552,319,532
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Deposits from banks and other financial institutions	15	197,693,829	139,688,508	813,905,494	569,090,982
Deposits from customers	16	751,729,427	714,422,731	3,094,870,051	2,910,558,206
Borrowings	17	59,782,788	72,193,602	246,125,738	294,116,735
Lease liabilities	10	5,355,322	6,303,954	22,047,861	25,682,309
Current income tax liabilities	18	4,098,972	3,164,399	16,875,468	12,891,762
Employee benefits	19	206,406	235,429	849,774	959,138
Other liabilities	20	3,887,023	2,480,987	16,002,874	10,107,539
Subordinated debts	21	33,540,000	39,740,000	138,084,180	161,900,760
TOTAL LIABILITIES		1,056,293,767	978,229,610	4,348,761,440	3,985,307,431
SHAREHOLDERS' EQUITY					
Share capital	22	76,000,000	76,000,000	304,093,780	304,093,780
Retained earnings		50,128,240	37,212,584	203,733,334	150,947,045
Non-distributive reserves		20,000,000	15,000,000	81,455,000	61,020,000
Regulatory reserves		13,067,579	10,965,644	53,069,802	44,479,194
Other reserves		-	-	13,057,271	6,472,082
TOTAL SHAREHOLDERS' EQUITY		159,195,819	139,178,228	655,409,187	567,012,101
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,215,489,586	1,117,407,838	5,004,170,627	4,552,319,532

The accompanying notes on pages 65 to 82 form an integral part of these consolidated and separate financial statements.

**SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 US\$	2021 US\$	2022 KHR '000	2021 KHR '000
Interest income	23	107,800,102	90,850,746	440,579,017	369,580,835
Interest expense	23	(55,303,483)	(48,954,720)	(226,025,335)	(199,147,801)
Net interest income	23	<u>52,496,619</u>	<u>41,896,026</u>	<u>214,553,682</u>	<u>170,433,034</u>
Fee and commission income	24	1,023,617	557,518	4,183,523	2,267,983
Fee and commission expense	24	(57,460)	(134,652)	(234,839)	(547,764)
Net fee and commission income	24	<u>966,157</u>	<u>422,866</u>	<u>3,948,684</u>	<u>1,720,219</u>
Other income	25	995,834	814,414	4,069,974	3,313,036
Total other operating income		<u>995,834</u>	<u>814,414</u>	<u>4,069,974</u>	<u>3,313,036</u>
Credit impairment losses	26	(5,798,485)	(251,303)	(23,698,408)	(1,022,301)
Net other operating loss		<u>(5,798,485)</u>	<u>(251,303)</u>	<u>(23,698,408)</u>	<u>(1,022,301)</u>
Personnel expenses	27	(14,186,044)	(11,670,641)	(57,978,362)	(47,476,168)
Other expenses	28	(9,431,321)	(7,875,360)	(38,545,808)	(32,036,964)
Profit before income tax		<u>25,042,760</u>	<u>23,336,002</u>	<u>102,349,762</u>	<u>94,930,856</u>
Income tax expense	29	(5,025,169)	(4,622,900)	(20,537,865)	(18,805,957)
Profit for the year		<u>20,017,591</u>	<u>18,713,102</u>	<u>81,811,897</u>	<u>76,124,899</u>
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Currency translation differences		-	-	6,585,189	3,605,768
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>	<u>6,585,189</u>	<u>3,605,768</u>
Total comprehensive income for the year		<u>20,017,591</u>	<u>18,713,102</u>	<u>88,397,086</u>	<u>79,730,667</u>
Profit attributable to:					
Owners of the Bank		<u>20,017,591</u>	<u>18,713,102</u>	<u>81,811,897</u>	<u>76,124,899</u>
Total comprehensive income attributable to:					
Owners of the Bank		<u>20,017,591</u>	<u>18,713,102</u>	<u>88,397,086</u>	<u>79,730,667</u>

The accompanying notes on pages 65 to 82 form an integral part of these consolidated and separate financial statements.

**SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

Attributable to owners of the Bank

	Share capital		Retained earnings		Non-distributive reserves		Regulatory reserves		Other reserves		Total
	US\$	KHR '000	US\$	KHR '000	US\$	KHR '000	US\$	KHR '000	US\$	KHR '000	
Balance at 1 January 2021	76,000,000	304,093,780	39,848,106	161,668,348	-	-	4,617,020	18,652,992	2,866,314	120,465,126	487,281,434
Profit for the year	-	-	18,713,102	76,124,899	-	-	-	-	-	18,713,102	76,124,899
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	3,605,768	3,605,768
Total comprehensive income for the year	-	-	18,713,102	76,124,899	-	-	-	-	-	18,713,102	79,730,667
Transactions with owners in their capacity as owners:											
Transfer to non-distributive reserves	-	-	(15,000,000)	(61,020,000)	15,000,000	61,020,000	-	-	-	-	-
Transfer to regulatory reserves	-	-	(6,348,624)	(25,826,202)	-	-	6,348,624	25,826,202	-	-	-
Total transactions with owners	-	-	(21,348,624)	(86,846,202)	15,000,000	61,020,000	6,348,624	25,826,202	-	-	-
Balance at 31 December 2021	76,000,000	304,093,780	37,212,584	150,947,045	15,000,000	61,020,000	10,965,644	44,479,194	6,472,082	139,178,228	567,012,101
Balance at 1 January 2022	76,000,000	304,093,780	37,212,584	150,947,045	15,000,000	61,020,000	10,965,644	44,479,194	6,472,082	139,178,228	567,012,101
Profit for the year	-	-	20,017,591	81,811,897	-	-	-	-	-	20,017,591	81,811,897
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	6,585,189	6,585,189
Total comprehensive income for the year	-	-	20,017,591	81,811,897	-	-	-	-	-	20,017,591	88,397,086
Transactions with owners in their capacity as owners:											
Transfer to non-distributive reserves	-	-	(5,000,000)	(20,435,000)	5,000,000	20,435,000	-	-	-	-	-
Transfer to regulatory reserves	-	-	(2,101,935)	(8,590,608)	-	-	2,101,935	8,590,608	-	-	-
Total transactions with owners	-	-	(7,101,935)	(29,025,608)	5,000,000	20,435,000	2,101,935	8,590,608	-	-	-
Balance at 31 December 2022	76,000,000	304,093,780	50,128,240	203,733,334	20,000,000	81,455,000	13,067,579	53,069,802	13,057,271	159,195,819	655,409,187

The accompanying notes on pages 65 to 82 form an integral part of these consolidated and separate financial statements.

**SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

		2022	2021	2022	2021
	Notes	US\$	US\$	KHR '000	KHR '000
Cash flows from operating activities					
Cash used in operations	31	(64,831,109)	(114,750,731)	(264,964,741)	(466,805,975)
Interest received		105,439,409	90,097,127	430,930,865	366,515,113
Interest paid		(51,890,190)	(44,173,319)	(212,075,207)	(179,697,062)
Income tax paid	18	(4,247,856)	(2,643,763)	(17,360,987)	(10,754,828)
Cash used in operating activities		<u>(15,529,746)</u>	<u>(71,470,686)</u>	<u>(63,470,070)</u>	<u>(290,742,752)</u>
Cash flows from investing activities					
Purchase of property and equipment	9	(1,102,521)	(2,349,240)	(4,506,003)	(9,556,708)
Purchase of intangible assets	11	(237,942)	(754,035)	(972,469)	(3,067,414)
Proceeds from disposal of property and equipment		2,369	70,258	9,682	285,810
Payments for investment securities at amortised cost		-	(10,000,000)	-	(40,680,000)
Cash used in investing activities		<u>(1,338,094)</u>	<u>(13,033,017)</u>	<u>(5,468,790)</u>	<u>(53,018,312)</u>
Cash flows from financing activities					
Proceeds from borrowings	31	54,148,002	36,951,981	221,302,884	150,320,659
Repayments of borrowings	31	(66,536,233)	(37,659,671)	(271,933,584)	(153,199,542)
Proceeds from subordinated debts	31	-	10,000,000	-	40,680,000
Repayments of subordinated debts	31	(6,200,000)	(1,260,000)	(25,339,400)	(5,125,680)
Principal elements of lease payments	10	(1,610,806)	(1,515,075)	(6,583,364)	(6,163,325)
Cash (used in)/generated from financing activities		<u>(20,199,037)</u>	<u>6,517,235</u>	<u>(82,553,464)</u>	<u>26,512,112</u>
Net decrease in cash and cash equivalents		<u>(37,066,877)</u>	<u>(77,986,468)</u>	<u>(151,492,324)</u>	<u>(317,248,952)</u>
Cash and cash equivalents at the beginning of year		214,848,696	292,835,164	875,293,588	1,184,518,238
Currency translation differences	-	-	-	8,126,485	8,024,302
Cash and cash equivalents at the end of year	30	<u>177,781,819</u>	<u>214,848,696</u>	<u>731,927,749</u>	<u>875,293,588</u>

The accompanying notes on pages 65 to 82 form an integral part of these consolidated and separate financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL

Cambodia Post Bank Plc. (the Bank) and its subsidiary, Funan Microfinance Plc. (collectively referred to as the Group) were incorporated and registered in the Kingdom of Cambodia.

The Bank

The Bank is a commercial bank operating in accordance with the Cambodian Law on Commercial Enterprises and under the supervision of the National Bank of Cambodia (NBC or the central bank), pursuant to the Law on Banking and Financial Institutions of Cambodia and in accordance with Banking License No. 38 dated 20 September 2013 issued by the NBC.

The shareholders of the Bank are Canadia Investment Holding Plc. (CIHP), a public limited company incorporated in the Kingdom of Cambodia, Cambodia Post (CP) of Ministry of Post and Telecommunications, and Fullerton Financial Capital Pte. Ltd. (Fullerton), incorporated in Singapore (Note 22).

The principal activities of the Bank consist of the operation of core banking business and the provision of related financial services through the Bank's head office and various branches in Phnom Penh and in the provinces.

The Bank's registered office is currently located at No. 265-269, Ang Duong Street, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia. The Bank has a total of 60 branches located in Phnom Penh and major provinces in Cambodia. There is no significant change in the principal activities of the Bank during the year.

The Subsidiary

Funan Microfinance Plc., the subsidiary, is a microfinance institution with 51 branches located across Cambodia providing small and medium-sized loans.

The subsidiary was incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce (MoC) as a public limited liability company under registration number Co. 2133 KH2015 dated 17 June 2015.

The consolidated and separate financial statements were authorised and approved for issue by the Board of Directors on 22 March 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

The Group and the Bank disclose the amount for each asset and liability that expected to be recovered or settled no more than 12 months after the reporting period as current, and more than 12 months after the reporting period as non-current.

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

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

2.2 New and amended accounting standards and interpretations

(a) New and amended accounting standards and interpretations adopted

The Group and the Bank have applied the following standards and amendments for the first time for their annual reporting period commencing on 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to CIAS 16,
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to CIAS 37, and
- Annual Improvements to CIFRS Standards 2018-2020

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

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting period and have not been early adopted by the Group and the Bank. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 Principles of consolidation of the subsidiary

Funan Microfinance Plc. is the only subsidiary over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group and the Bank.

Inter-company transactions, balances and unrealised gains on transactions between the Bank and the subsidiary are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated and separate statement of profit or loss, within interest expense. All other foreign exchange gains and losses are presented in the consolidated and separate statement of profit or loss on a net basis.

(iii) Presentation in Khmer Riel

In compliance with the Law on Accounting and Auditing, the consolidated and separate financial statements shall be expressed in Khmer Riel (KHR). The consolidated and separate statement of profit or loss and other comprehensive income and the consolidated and separate statement of cash flows are translated into KHR using the average exchange rates for the year. Assets and liabilities for each statement of financial position presented are translated at the closing rates as at the reporting dates, and shareholders' capital and reserves are translated at the rate at the date of transaction. Resulting exchange difference arising from the translation of reserves are recognised directly in equity; all other resulting exchange differences are recognised in the other comprehensive income.

The Group and the Bank have used the official rates of exchange published by the National Bank of Cambodia, and as at the reporting date, the average rate was US\$ 1 to KHR4,117 (2021: KHR4,068) and the closing rate was US\$ 1 to KHR4,087 (2021: KHR4,074).

2.5 Cash and cash equivalents

For the purpose of presentation in the consolidated and separate statement of cash flows, cash and cash equivalents includes cash on hand, the non-restricted deposits and placements with the central bank and with other banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.6 Financial instruments

2.6.1 Financial assets

i) Classification

The Group and the Bank classify all its financial assets to be measured at amortised cost, which include cash on hand, deposits and placements with the central bank, deposits and placements with other banks, loans and advances, investment securities at amortised cost and other financial assets.

The classification depends on the Group's and the Bank's model for managing financial assets and the contractual terms of the financial assets cash flows.

- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The Group and the Bank reclassify financial assets when and only when their business model for managing those assets changes.

ii) Recognition and derecognition

Financial assets are recognised when the Group and the

Bank become a party to the contractual provision of the instruments. Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group and the Bank commit to purchase or sell the assets.

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

iii) Measurement

At initial recognition, the Group and the Bank measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Bank's business model for managing the assets and the cash flow characteristics of the assets. Based on these factors, the Group and the Bank classify its debt instruments as financial assets measured at amortised cost.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

iv) Impairment

The Group and the Bank assess on a forward-looking basis the expected credit losses associated with its debt instrument assets carried at amortised cost and with the exposure arising from credit commitments. The Group and the Bank recognise a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group and the Bank apply a three-stage approach

to measuring expected credit losses for the following categories:

- debt instruments measured at amortised cost; and
- credit commitments

The three-stage approach is based on the change in credit risk since initial recognition:

Stage 1: 12-month ECL

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

Stage 2: Lifetime ECL – not credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

ECL are recognised as credit impairment losses in profit or loss.

2.6.2 Financial liabilities

Financial liabilities are recognised when the Group and the Bank become a party to the contractual provision of the instruments. Financial liabilities are measured at amortised cost. Financial liabilities of the Group and the Bank include deposits from banks and other financial institutions, deposits from customers, borrowings, subordinated debts, and other financial liabilities.

Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.6.3 Credit commitments

Credit commitments provided by the Group and the Bank are measured as the amount of the loss allowance. The Group and the Bank have not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For credit commitments, the expected credit losses are recognised as provisions (presented with other liabilities). However, for contracts that include both a loan and an undrawn commitment and that the Group and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated and separate statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.8 Property and equipment

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

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

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

Construction in progress represents property and equipment under construction and is stated at cost. This includes cost of construction, property and equipment, and other direct costs. Construction in-progress is not depreciated until such time when the relevant assets are completed and ready for operational use.

The estimated useful lives are as follows:

Leasehold improvement	Shorter of lease period and its economic lives of 5 years
Office equipment	4 years
Furniture, fixtures and fittings	4 years
Computer and information technology ("IT") equipment	4 years
Vehicles	5 years

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

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

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

2.9 Intangible assets

Computer software is stated at historical cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised using the straight-line method over estimated useful life of five years. Construction in-progress is not depreciated until such time when the relevant assets are completed and ready for operational use. Costs associated with maintenance of computer software are recognised as expenses when incurred.

2.10 Investment in subsidiary

In the Bank's separate financial statements, investment in subsidiary is carried at cost less any accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amount of investments are recognised in the statement of profit or loss. The amounts due from subsidiaries of which the Bank does not expect repayment in foreseeable future are considered as part of the Bank's investments in subsidiaries.

2.11 Impairment of non-financial assets

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

Any impairment loss is charged to profit or loss in the period in which it arises. Reversal of impairment losses is recognised in profit or loss 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, had no impairment loss been recognised.

2.12 Employee benefits

i) Short-term employee benefits

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

ii) Other employment benefits - Employment seniority payment

In June 2018, the Cambodian government amended the Labour Law introducing the seniority pay scheme. Subsequently in 21 September 2018, Prakas No. 443 K.B/Br.K.Kh.L, was issued providing guidelines on the implementation of the law. In accordance with the law/prakas, each entity is required to pay each employee with unspecified duration employment contract the following seniority scheme:

- (a) Annual service - effective January 2019, 15 days of their average monthly salary and benefits each year payable every six month on 30 June and 31 December (7.5 days each payment).
- (b) Past years of seniority service - employees are entitled to 15 days of their salary per year of service since the commencement of employment up to 31 December 2018 and still continue working with the Group and the Bank. The past seniority payment depends on each staff past services and shall not exceed six months of average gross salaries. On 22 March 2019, the Ministry of Labour and Vocational Training issued a guideline number 042/19 K.B/S.N.N.Kh.L, to delay the payment of the past years of seniority service which will be payable three days each in June and in December starting December 2021.

The annual service pay is considered as short-term employee benefits. These are accrued in the year in which the associated services are rendered by the employees of the Group and the Bank.

The past years of seniority service is classified as long-term employee benefits, except for those payable within 12 months. Past seniority liability is recognised at the present value of defined obligations at the reporting period. The present value of the past seniority payment is determined by discounting the estimated future payments by references to the high-quality corporate bond of the currency that the liability is denominated.

iii) Pension fund scheme

The Group and the Bank pay monthly contributions for the compulsory pension scheme to National Social Security Fund (NSSF), a publicly administered social security scheme for pension in Cambodia. The Group and the Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

2.13 Interest income and expense

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

The effective interest method is a method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of the interest revenue or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group and the Bank take into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not expected credit losses.

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

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

2.14 Fee and commission income

Fees and commissions are recognised as income when all conditions precedent are fulfilled (performance obligations are satisfied and control is transferred over time or point in time).

Commitment fees for loans, advances and financing that are likely to be drawn down are deferred (together with related direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate on the financial instrument.

2.15 Leases

The Group and the Bank as a lessee

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

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

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

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

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

i) Lease liabilities

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

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

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

To determine the incremental borrowing rate, the Group and the Bank use its recent borrowing rate as a starting point, making specific adjustments to the lease such as term, country, currency and security.

Lease payments are allocated between principal and interest expense. The interest expense is charge to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

ii) Right-of-use assets

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

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

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

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

iii) Recognition exemptions

Payments associated with all leases of low-value assets and short-term leases are recognised as an expense in profit or loss.

2.16 Provisions

Provisions are recognised when the Group and the Bank have 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 has been 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 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 passage of time is recognised as an interest expense.

2.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period where the Group and the Bank operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated and separate financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.18 Reserves

a) Regulatory reserves

Banks and financial institutions are required to compute regulatory provisions, according to Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisions on impairment, and Circular No. B7-021-2314 dated 28 December 2021 (implemented from 1 January 2022) on the classification and provisioning requirements for restructured loans. If the accumulated regulatory provision is higher than the accumulated impairment based on CIFRS 9, the 'topping up' will be recorded as regulatory reserves presented under equity. The reserve is subsequently reversed (up to zero) should the accumulated regulatory provision equal or be lower than accumulated impairment based on CIFRS 9. The regulatory reserve is set aside as a buffer, is non-distributable, is not allowed to be included in the net worth calculation.

b) Non-distributive reserves

The non-distributable reserve is maintained following the approval on 23 March 2021, on 04 November 2021 and on 30 November 2022 from the central bank on the request to transfer from retained earnings in accordance with the central bank's Prakas No. B7-018-068 Prokor dated 22 February 2018 on the determination of capital buffer of banks and financial institutions. Any movement requires approval from the Board of Directors and the central bank.

2.19 Rounding of amounts

All Khmer Riel amounts disclosed in the consolidated and separate financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group and the Bank make estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment

to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about the future economic conditions and credit behaviour. Explanation of the inputs assumptions and estimation techniques used in measuring ECL is further detailed in Note 34.1 (c).

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

- grouping financial assets sharing similar credit risk characteristics for the purposes of measuring ECL
- choosing appropriate models and assumptions to measure ECL
- determining criteria for identifying loans to customers that have experienced a significant increase in credit risk (SICR)
- applying assumptions and analysis on expected future cash flows and forward-looking information, including COVID-19 impact on staging criteria which the existing ECL model was not built for

ii) Other employment benefits - Employment seniority payment

Past years of seniority service: the present value of the seniority payment obligations depends on a number of factors that are determined on a basis using a number of assumptions. The assumptions used in determining the ultimate cost for seniority payment include the staff turnover and discount rate. Any changes in these assumptions will impact the carrying amount of seniority payment obligations.

4. CASH ON HAND

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Current								
US\$	28,295,793	23,890,014	116,493,780	97,327,917	27,999,524	23,701,986	115,274,040	96,561,891
Other currencies	8,753,130	8,479,300	36,036,636	34,544,668	8,515,464	8,261,964	35,058,166	33,659,241
	<u>37,048,923</u>	<u>32,369,314</u>	<u>152,530,416</u>	<u>131,872,585</u>	<u>36,514,988</u>	<u>31,963,950</u>	<u>150,332,206</u>	<u>130,221,132</u>

5. DEPOSITS AND PLACEMENTS WITH THE CENTRAL BANK AND OTHER BANKS

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Deposits and placements with the central bank	130,819,853	122,422,881	538,585,334	498,750,818	130,807,751	122,412,200	538,535,510	498,707,303
Deposits and placements with other banks	31,706,283	77,916,976	130,534,768	317,433,759	30,331,603	77,287,632	124,875,211	314,869,813
	<u>162,526,136</u>	<u>200,339,857</u>	<u>669,120,102</u>	<u>816,184,577</u>	<u>161,139,354</u>	<u>199,699,832</u>	<u>663,410,721</u>	<u>813,577,116</u>
Less:								
Allowance for impairment losses	(222,075)	(762,975)	(914,283)	(3,108,360)	(188,272)	(745,365)	(775,116)	(3,036,617)
	<u>162,304,061</u>	<u>199,576,882</u>	<u>668,205,819</u>	<u>813,076,217</u>	<u>160,951,082</u>	<u>198,954,467</u>	<u>662,635,605</u>	<u>810,540,499</u>

6. LOANS AND ADVANCES

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Commercial loans:								
Overdrafts	232,531	175,895	957,330	716,596	232,531	175,895	957,330	716,596
Short term loans	1,356,929	988,708	5,586,477	4,027,996	1,155,895	683,384	4,758,820	2,784,106
Long term loans	1,018,475,082	876,284,445	4,193,061,912	3,569,982,829	941,622,519	805,468,213	3,876,659,910	3,281,477,500
Consumer loans	80,776	103,529	332,555	421,778	78,561	6,694	323,436	27,272
Total gross loans and advances	<u>1,020,145,318</u>	<u>877,552,577</u>	<u>4,199,938,274</u>	<u>3,575,149,199</u>	<u>943,089,506</u>	<u>806,334,186</u>	<u>3,882,699,496</u>	<u>3,285,005,474</u>
Less:								
Allowance for impairment losses	(16,161,067)	(10,266,109)	(66,535,113)	(41,824,128)	(14,490,349)	(8,318,684)	(59,656,767)	(33,890,319)
	<u>1,003,984,251</u>	<u>867,286,468</u>	<u>4,133,403,161</u>	<u>3,533,325,071</u>	<u>928,599,157</u>	<u>798,015,502</u>	<u>3,823,042,729</u>	<u>3,251,115,155</u>

7. INVESTMENT SECURITIES AT AMORTISED COST

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Non-current								
Gross amount	10,001,507	10,001,506	41,176,204	40,746,135	10,001,507	10,001,506	41,176,204	40,746,135
Allowance for expected credit loss	(179,328)	(182,027)	(738,293)	(741,578)	(179,328)	(182,027)	(738,293)	(741,578)
	<u>9,822,179</u>	<u>9,819,479</u>	<u>40,437,911</u>	<u>40,004,557</u>	<u>9,822,179</u>	<u>9,819,479</u>	<u>40,437,911</u>	<u>40,004,557</u>

8. STATUTORY DEPOSITS WITH THE CENTRAL BANK

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Current								
Reserve deposits	50,893,286	48,146,559	209,527,658	196,149,081	50,893,286	48,146,559	209,527,658	196,149,081
Non-current								
Capital guarantee deposits	8,000,000	8,000,000	32,936,000	32,592,000	7,600,000	7,600,000	31,289,200	30,962,400
	<u>58,893,286</u>	<u>56,146,559</u>	<u>242,463,658</u>	<u>228,741,081</u>	<u>58,493,286</u>	<u>55,746,559</u>	<u>240,816,858</u>	<u>227,111,481</u>

9. PROPERTY AND EQUIPMENT

	Leasehold improvements US\$	Construction in progress US\$	Office equipment US\$	Furniture, fixtures and fittings US\$	Computer and IT equipment US\$	Vehicles US\$	Total US\$
The Group							
Non-current							
As at 31 December 2021							
Cost	2,037,680	442,551	3,189,498	613,792	5,352,648	2,053,751	13,689,920
Accumulated depreciation	(1,340,279)	-	(2,152,753)	(511,380)	(2,977,622)	(1,591,695)	(8,573,729)
Net book amount	697,401	442,551	1,036,745	102,412	2,375,026	462,056	5,116,191
In KHR '000 equivalent	2,841,212	1,802,953	4,223,699	417,226	9,675,856	1,882,416	20,843,362
For the year ended 31 December 2022							
Opening net book amount	697,401	442,551	1,036,745	102,412	2,375,026	462,056	5,116,191
Additions	57,033	817,679	115,029	29,438	458,617	28,500	1,506,296
Transfer	305,059	(1,036,557)	336,096	13,756	381,646	-	-
Disposals- cost	(2,937)	-	(924)	-	(4,723)	(3,800)	(12,384)
Disposals- accumulated depreciation	1,623	-	494	-	3,769	3,800	9,686
Depreciation charge	(303,281)	-	(452,773)	(57,308)	(943,443)	(170,509)	(1,927,314)
Closing net book amount	754,898	223,673	1,034,667	88,298	2,270,892	320,047	4,692,475
As at 31 December 2022							
Cost	2,396,835	223,673	3,639,699	656,986	6,188,188	2,078,451	15,183,832
Accumulated depreciation	(1,641,937)	-	(2,605,032)	(568,688)	(3,917,296)	(1,758,404)	(10,491,357)
Net book amount	754,898	223,673	1,034,667	88,298	2,270,892	320,047	4,692,475
In KHR '000 equivalent	3,107,915	920,862	4,259,724	363,523	9,349,262	1,317,634	19,318,920
The Bank							
Non-current							
As at 31 December 2021							
Cost	1,940,316	274,140	3,081,864	536,899	4,187,370	1,791,213	11,811,802
Accumulated depreciation	(1,278,965)	-	(2,070,496)	(438,692)	(2,323,665)	(1,387,195)	(7,499,013)
Net book amount	661,351	274,140	1,011,368	98,207	1,863,705	404,018	4,312,789
In KHR '000 equivalent	2,694,344	1,116,846	4,120,313	400,095	7,592,734	1,645,970	17,570,302
For the year ended 31 December 2022							
Opening net book amount	661,351	274,140	1,011,368	98,207	1,863,705	404,018	4,312,789
Additions	48,144	817,679	48,421	23,027	136,750	28,500	1,102,521
Transfer	305,059	(868,146)	336,096	13,756	213,235	-	-
Disposals- cost	-	-	(924)	-	(3,108)	(3,800)	(7,832)
Disposals- accumulated depreciation	-	-	494	-	2,154	3,800	6,448
Depreciation charge	(284,136)	-	(433,807)	(54,218)	(668,546)	(149,719)	(1,590,426)
Closing net book amount	730,418	223,673	961,648	80,772	1,544,190	282,799	3,823,500
As at 31 December 2022							
Cost	2,293,519	223,673	3,465,457	573,682	4,534,247	1,815,913	12,906,491
Accumulated depreciation	(1,563,101)	-	(2,503,809)	(492,910)	(2,990,057)	(1,533,114)	(9,082,991)
Net book amount	730,418	223,673	961,648	80,772	1,544,190	282,799	3,823,500
IN KHR '000 EQUIVALENT	3,007,131	920,862	3,959,105	332,538	6,357,430	1,164,284	15,741,350

10. LEASES

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR '000	2021 KHR '000	2022 US\$	2021 US\$	2022 KHR '000	2021 KHR '000
Right-of-use assets (Non-current)								
Buildings	6,217,289	7,567,540	25,596,579	30,830,158	5,449,923	6,394,694	22,437,333	26,051,983
Additions to the right-of-use assets during the year	906,821	2,079,033	3,706,177	8,457,506	700,340	1,426,351	2,862,290	5,802,396
Lease liabilities								
Current	1,956,158	2,021,243	8,053,502	8,234,544	1,494,068	1,463,733	6,151,078	5,963,248
Non-current	4,071,083	5,373,692	16,760,649	21,892,421	3,861,254	4,840,221	15,896,783	19,719,061
	6,027,241	7,394,935	24,814,151	30,126,965	5,355,322	6,303,954	22,047,861	25,682,309

11. INTANGIBLE ASSETS

	The Group			The Bank		
	Computer software US\$	Construction in progress US\$	Total KHR '000	Computer software KHR '000	Construction in progress US\$	Total US\$
As at 31 December 2021						
Cost	3,009,729	552,177	3,561,906	2,581,496	552,177	3,133,673
Accumulated amortisation	(2,384,839)	-	(2,384,839)	(2,030,613)	-	(2,030,613)
Net book value	624,890	552,177	1,177,067	550,883	552,177	1,103,060
In KHR '000 equivalents	2,545,802	2,249,569	4,795,371	2,244,297	2,249,569	4,493,866
For the year ended 31 December 2022						
Opening net book value	624,890	552,177	1,177,067	550,883	552,177	1,103,060
Additions	202,109	231,271	433,380	11,148	226,794	237,942
Transfer	174,153	(174,153)	-	174,153	(174,153)	-
Transfer to expenses	(149,996)	-	(149,996)	(149,996)	-	(149,996)
Amortisation charge	(238,391)	-	(238,391)	(205,835)	-	(205,835)
Closing net book value	612,765	609,295	1,222,060	380,353	604,818	985,171
As at 31 December 2022						
Cost	3,235,995	609,295	3,845,290	2,616,801	604,818	3,221,619
Accumulated amortisation	(2,623,230)	-	(2,623,230)	(2,236,448)	-	(2,236,448)
Net book value	612,765	609,295	1,222,060	380,353	604,818	985,171
In KHR '000 equivalents	2,522,753	2,508,468	5,031,221	1,565,913	2,490,036	4,055,949

12. INVESTMENT IN SUBSIDIARY/GOODWILL

Investment in subsidiary in the separate financial statements represents the net consideration paid for the acquisition of the unquoted shares of the subsidiary.

Goodwill represents the surplus of the consideration paid over their fair value of the net assets.

The Group's and the Bank's management assesses that there were no impairment losses on investment in subsidiary and goodwill during the years ended 31 December 2022 and 31 December 2021.

13. DEFERRED TAX ASSETS

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR '000	2021 KHR '000	2022 US\$	2021 US\$	2022 KHR '000	2021 KHR '000
Non-current								
Deferred tax assets	3,140,920	3,229,409	12,931,168	13,156,612	2,835,805	2,841,430	11,675,009	11,575,986
Deferred tax liabilities	(1,528,664)	(1,747,290)	(6,293,510)	(7,118,459)	(1,494,208)	(1,657,093)	(6,151,654)	(6,750,997)
Deferred tax assets- net	1,612,256	1,482,119	6,637,658	6,038,153	1,341,597	1,184,337	5,523,355	4,824,989

14. OTHER ASSETS

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR '000	2021 KHR '000	2022 US\$	2021 US\$	2022 KHR '000	2021 KHR '000
Prepayments	774,968	754,320	3,190,543	3,073,100	503,734	447,009	2,073,873	1,821,115
Deposits and others	391,993	799,053	1,613,835	3,255,343	319,151	780,174	1,313,945	3,178,430
	1,166,961	1,553,373	4,804,378	6,328,443	822,885	1,227,183	3,387,818	4,999,545
Current	481,320	529,321	1,981,594	2,156,454	429,018	549,861	1,766,267	2,240,134
Non-current	685,641	1,024,052	2,822,784	4,171,989	393,867	677,322	1,621,551	2,759,411
	1,166,961	1,553,373	4,804,378	6,328,443	822,885	1,227,183	3,387,818	4,999,545

15. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR '000	2021 KHR '000	2022 US\$	2021 US\$	2022 KHR '000	2021 KHR '000
Demand deposits	481,463	544,818	1,982,183	2,219,589	1,973,466	793,615	8,124,760	3,233,188
Saving accounts	2,722,683	13,924,840	11,209,286	56,729,798	3,232,935	14,746,544	13,309,993	60,077,420
Fixed deposits	192,487,428	124,148,349	792,470,741	505,780,374	192,487,428	124,148,349	792,470,741	505,780,374
	195,691,574	138,618,007	805,662,210	564,729,761	197,693,829	139,688,508	813,905,494	569,090,982
Current	183,996,992	131,950,115	757,515,616	537,564,769	185,999,247	133,020,616	765,758,900	541,925,990
Non-current	11,694,582	6,667,892	48,146,594	27,164,992	11,694,582	6,667,892	48,146,594	27,164,992
	195,691,574	138,618,007	805,662,210	564,729,761	197,693,829	139,688,508	813,905,494	569,090,982

16. DEPOSITS FROM CUSTOMERS

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Demand deposits	13,555,739	18,958,471	55,808,977	77,236,811	13,555,739	18,958,471	55,808,977	77,236,811
Saving accounts	58,036,639	72,248,852	238,936,843	294,341,823	58,036,639	72,248,852	238,936,843	294,341,823
Fixed deposits	675,337,049	618,415,408	2,780,362,631	2,519,424,372	675,337,049	618,415,408	2,780,362,631	2,519,424,372
Margin deposits	4,800,000	4,800,000	19,761,600	19,555,200	4,800,000	4,800,000	19,761,600	19,555,200
	751,729,427	714,422,731	3,094,870,051	2,910,558,206	751,729,427	714,422,731	3,094,870,051	2,910,558,206
Current	641,985,282	654,994,873	2,643,053,406	2,668,449,113	641,985,282	654,994,873	2,643,053,406	2,668,449,113
Non-current	109,744,145	59,427,858	451,816,645	242,109,093	109,744,145	59,427,858	451,816,645	242,109,093
	751,729,427	714,422,731	3,094,870,051	2,910,558,206	751,729,427	714,422,731	3,094,870,051	2,910,558,206

17. BORROWINGS

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Related parties	43,904,407	42,967,306	180,754,444	175,048,805	-	-	-	-
Non-related parties	71,250,628	79,819,881	293,338,835	325,186,195	59,782,788	72,193,602	246,125,738	294,116,735
	115,155,035	122,787,187	474,093,279	500,235,000	59,782,788	72,193,602	246,125,738	294,116,735
Current	65,980,978	60,959,034	271,643,686	248,347,105	43,027,118	55,424,727	177,142,645	225,800,338
Non-current	49,174,057	61,828,153	202,449,593	251,887,895	16,755,670	16,768,875	68,983,093	68,316,397
	115,155,035	122,787,187	474,093,279	500,235,000	59,782,788	72,193,602	246,125,738	294,116,735

18. CURRENT INCOME TAX LIABILITIES

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
As at 1 January	3,798,726	2,254,574	15,476,010	9,119,752	3,164,399	1,748,239	12,891,762	7,071,627
Current income tax	6,081,609	4,827,188	24,855,536	19,637,001	5,182,429	4,059,923	21,180,587	16,515,767
Income tax paid	(5,037,576)	(3,283,036)	(20,588,573)	(13,355,390)	(4,247,856)	(2,643,763)	(17,360,987)	(10,754,828)
Currency translation difference	-	-	194,666	74,647	-	-	164,106	59,196
As at 31 December	4,842,759	3,798,726	19,937,639	15,476,010	4,098,972	3,164,399	16,875,468	12,891,762

19. EMPLOYEE BENEFITS

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Provision on seniority payment:								
Current	29,023	40,185	119,488	163,714	29,023	40,185	119,488	163,714
Non-current	214,482	242,958	883,022	989,811	177,383	195,244	730,286	795,424
	243,505	283,143	1,002,510	1,153,525	206,406	235,429	849,774	959,138

20. OTHER LIABILITIES

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Accrued staff bonuses and unused leaves	2,563,063	1,885,031	10,552,130	7,679,616	2,150,653	1,625,433	8,854,238	6,622,014
Customers' advanced payments	501,761	431,457	2,065,750	1,757,756	-	-	-	-
Accrued expenses	430,288	419,582	1,771,496	1,709,377	293,160	241,705	1,206,940	984,706
Other taxes payable	440,711	322,352	1,814,407	1,313,262	414,726	301,521	1,707,427	1,228,397
Accounts payable	323,698	277,791	1,332,665	1,131,721	314,641	277,483	1,295,377	1,130,466
Others	792,428	45,893	3,262,425	186,968	713,843	34,845	2,938,892	141,956
	5,051,949	3,382,106	20,798,873	13,778,700	3,887,023	2,480,987	16,002,874	10,107,539

21. SUBORDINATED DEBTS

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Current	6,822,991	6,828,479	28,090,254	27,819,223	6,200,000	6,200,000	25,525,400	25,258,800
Non-current	29,140,000	35,940,000	119,969,380	146,419,560	27,340,000	33,540,000	112,558,780	136,641,960
	35,962,991	42,768,479	148,059,634	174,238,783	33,540,000	39,740,000	138,084,180	161,900,760

22. SHARE CAPITAL

The total authorised amount of share capital comprises 76 million shares (2021: 76 million shares) with a par value of US\$1 per share (2021: US\$1 per share). All issued shares have been fully paid for.

	2022		2021	
	% of ownership	US\$	% of ownership	US\$
Canadia Investment Holding Plc.	50%	38,000,000	50%	38,000,000
Fullerton Financial Capital Pte. Ltd.	45%	34,200,000	45%	34,200,000
Cambodia Post	5%	3,800,000	5%	3,800,000
	100%	76,000,000	100%	76,000,000
In KHR '000 equivalent		304,093,780		304,093,780

There were no changes in the share capital and ownership during the year.

23. NET INTEREST INCOME

	The Group				The Bank			
	2022 US\$	2021 US\$	2022 KHR '000	2021 KHR '000	2022 US\$	2021 US\$	2022 KHR '000	2021 KHR '000
Interest income from financial assets measured at amortised cost:								
Loans and advances	122,294,758	104,203,076	499,818,676	423,898,113	105,949,253	90,107,736	433,014,597	366,558,270
Deposits and placements with other banks	549,334	696,276	2,245,128	2,832,451	541,910	687,037	2,214,786	2,794,867
Deposits and placements with the central bank	760,408	54,666	3,107,788	222,382	758,939	54,466	3,101,784	221,568
Investment securities at amortised cost	550,000	1,507	2,247,850	6,130	550,000	1,507	2,247,850	6,130
	<u>124,154,500</u>	<u>104,955,525</u>	<u>507,419,442</u>	<u>426,959,076</u>	<u>107,800,102</u>	<u>90,850,746</u>	<u>440,579,017</u>	<u>369,580,835</u>
Interest expense to financial liabilities measured at amortised cost:								
Deposits from customers and other financial institutions	(47,992,887)	(41,925,887)	(196,146,929)	(170,554,508)	(47,992,887)	(42,020,601)	(196,146,929)	(170,939,804)
Borrowings	(11,449,992)	(10,430,827)	(46,796,118)	(42,432,604)	(6,926,467)	(6,503,111)	(28,308,471)	(26,454,656)
Interest on lease liabilities	(457,890)	(507,499)	(1,871,396)	(2,064,506)	(384,129)	(431,008)	(1,569,935)	(1,753,341)
	<u>(59,900,769)</u>	<u>(52,864,213)</u>	<u>(244,814,443)</u>	<u>(215,051,618)</u>	<u>(55,303,483)</u>	<u>(48,954,720)</u>	<u>(226,025,335)</u>	<u>(199,147,801)</u>
Net interest income	<u>64,253,731</u>	<u>52,091,312</u>	<u>262,604,999</u>	<u>211,907,458</u>	<u>52,496,619</u>	<u>41,896,026</u>	<u>214,553,682</u>	<u>170,433,034</u>

24. NET FEE AND COMMISSION INCOME

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Fee and commission income:								
Loan commitment fees	46,741	43,414	191,030	176,608	46,741	43,414	191,030	176,608
Other fees and commission	1,276,701	741,883	5,217,877	3,017,980	976,876	514,104	3,992,493	2,091,375
Total fee and commission income	1,323,442	785,297	5,408,907	3,194,588	1,023,617	557,518	4,183,523	2,267,983
Fee and commission expense	(57,460)	(134,652)	(234,839)	(547,764)	(57,460)	(134,652)	(234,839)	(547,764)
Net fee and commission income	1,265,982	650,645	5,174,068	2,646,824	966,157	422,866	3,948,684	1,720,219

25. OTHER INCOME

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Foreign exchange losses	(216,775)	(177,312)	(885,959)	(721,305)	(230,033)	(185,615)	(940,145)	(755,082)
Other income	1,355,216	1,112,339	5,538,767	4,524,995	1,225,867	1,000,029	5,010,119	4,068,118
	1,138,441	935,027	4,652,808	3,803,690	995,834	814,414	4,069,974	3,313,036

26. IMPAIRMENT LOSSES

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
<i>Expected Credit Loss (ECL):</i>								
<i>Impairment losses/ (gains)</i>								
Loans and advances	7,085,528	688,169	28,958,553	2,799,471	6,358,278	(638,058)	25,986,282	(2,595,620)
Deposits and placements with other banks	(540,900)	711,897	(2,210,658)	2,895,997	(557,093)	707,334	(2,276,839)	2,877,435
Investment securities at amortised cost	(2,700)	182,027	(11,035)	740,486	(2,700)	182,027	(11,035)	740,486
	6,541,928	1,582,093	26,736,860	6,435,954	5,798,485	251,303	23,698,408	1,022,301

27. PERSONNEL EXPENSES

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Salaries and wages	17,224,784	14,461,551	70,397,692	58,829,589	13,546,332	11,248,482	55,363,859	45,758,825
Other short-term benefits	1,050,327	725,753	4,292,687	2,952,364	639,712	422,159	2,614,503	1,717,343
	18,275,111	15,187,304	74,690,379	61,781,953	14,186,044	11,670,641	57,978,362	47,476,168

28. OTHER EXPENSES

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Depreciation and amortisation	4,421,348	3,980,697	18,070,049	16,193,475	3,441,372	3,087,493	14,064,887	12,559,922
Repairs and maintenance	1,717,314	913,328	7,018,662	3,715,418	1,276,050	647,071	5,215,216	2,632,285
Rental for short-term leases and low-value assets	732,888	614,783	2,995,313	2,500,937	658,230	530,388	2,690,186	2,157,618
Motor vehicles	721,485	674,181	2,948,709	2,742,568	443,423	486,253	1,812,270	1,978,077
Communication	667,034	545,634	2,726,168	2,219,639	518,478	432,527	2,119,020	1,759,520
License fees	563,215	571,540	2,301,860	2,325,025	563,215	571,540	2,301,860	2,325,025
Utilities	554,225	520,173	2,265,118	2,116,064	447,617	419,840	1,829,411	1,707,909
Stationery and supplies	393,353	347,698	1,607,634	1,414,435	298,160	255,789	1,218,580	1,040,550
Legal and professional fees	340,374	332,271	1,391,109	1,351,678	252,866	273,576	1,033,463	1,112,907
Advertising and public relations	267,406	80,219	1,092,888	326,331	256,409	69,668	1,047,944	283,409
Travel, accommodation and food	231,230	136,913	945,037	556,962	127,187	62,134	519,813	252,761
Taxes and duties	121,740	133,889	497,551	544,660	97,228	110,530	397,371	449,636
Low value equipment and fixtures expenses	112,614	117,773	460,253	479,101	112,614	117,773	460,253	479,101
Printing and forms	22,420	31,854	91,631	129,582	17,694	24,724	72,315	100,577
Others	1,403,415	1,247,554	5,735,758	5,075,051	920,778	786,054	3,763,219	3,197,667
	12,270,061	10,248,507	50,147,740	41,690,926	9,431,321	7,875,360	38,545,808	32,036,964

29. INCOME TAX

Income tax expense

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Current tax	6,081,609	4,827,188	24,855,536	19,637,001	5,182,429	4,059,923	21,180,587	16,515,767
Deferred tax	(130,137)	501,770	(531,870)	2,041,200	(157,260)	562,977	(642,722)	2,290,190
	5,951,472	5,328,958	24,323,666	21,678,201	5,025,169	4,622,900	20,537,865	18,805,957

30. CASH AND CASH EQUIVALENTS

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Cash on hand	37,048,923	32,369,314	152,530,416	131,872,585	36,514,988	31,963,950	150,332,206	130,221,132
Deposits and placements with the central bank and other banks:								
Current accounts	76,856,689	177,405,119	316,418,989	722,748,455	76,555,139	177,028,996	315,177,507	721,216,130
Savings accounts	7,073,323	6,119,652	29,120,871	24,931,462	5,988,092	5,855,750	24,652,975	23,856,326
Term deposits (original term of three months or less)	58,723,600	-	241,765,061	-	58,723,600	-	241,765,061	-
Cash and cash equivalents in the statement of cash flows	179,702,535	215,894,085	739,835,337	879,552,502	177,781,819	214,848,696	731,927,749	875,293,588

31. CASH FLOW INFORMATION

a) Cash used in operations

	The Group				The Bank			
	2022	2021	2022	2021	2022	2021	2022	2021
	US\$	US\$	KHR '000	KHR '000	US\$	US\$	KHR '000	KHR '000
Profit before income tax	29,571,054	26,659,080	120,856,896	108,449,139	25,042,760	23,336,002	102,349,762	94,930,856
Adjustments for:								
Impairment losses (Note 26)	6,541,928	1,582,093	26,736,860	6,435,954	5,798,485	251,303	23,698,408	1,022,301
Depreciation and amortisation	4,422,776	3,980,697	18,075,886	16,193,475	3,441,372	3,087,493	14,064,887	12,559,922
Written off on lease	(236,474)	(118,730)	(966,469)	(482,994)	(236,474)	(118,730)	(966,469)	(482,994)
Intangible assets transferred to expenses	149,996	-	613,034	-	149,996	-	613,034	-
Gains on disposal of property and equipment	(706)	(69,868)	(2,885)	(284,223)	(985)	(69,868)	(4,026)	(284,223)
Employee benefits	(39,638)	(114,511)	(162,001)	(465,831)	(29,023)	(119,054)	(118,617)	(484,312)
Net interest income	(64,253,731)	(52,091,312)	(262,604,999)	(211,907,458)	(52,496,619)	(41,896,026)	(214,553,682)	(170,433,034)
Operating profit before changes in operating assets and liabilities	(23,844,795)	(20,172,551)	(97,453,678)	(82,061,938)	(18,330,488)	(15,528,880)	(74,916,703)	(63,171,484)
Changes in operating assets and liabilities:								
Deposits and placements with other banks - maturity more than three months	(2,765,763)	(882,244)	(11,303,673)	(3,588,969)	(2,765,763)	(882,244)	(11,303,673)	(3,588,969)
Loans and advances to customers	(141,647,846)	(184,936,259)	(578,914,747)	(752,320,702)	(134,872,915)	(169,619,689)	(551,225,604)	(690,012,895)
Statutory deposits	(2,746,727)	(1,947,424)	(11,225,873)	(7,922,121)	(2,746,727)	(1,947,424)	(11,225,873)	(7,922,121)
Other assets	386,412	(35,685)	1,579,266	(145,167)	404,299	22,613	1,652,370	91,990
Deposits from banks and other financial institutions	55,740,236	29,246,199	227,810,345	118,973,538	56,671,990	28,902,104	231,618,423	117,573,759
Deposits from customers	35,588,280	43,750,094	145,449,300	177,975,382	35,588,280	43,750,094	145,449,300	177,975,382
Other liabilities	1,448,427	(41,593)	5,919,721	(169,200)	1,220,215	552,695	4,987,019	2,248,363
Cash used in operations	(77,841,776)	(135,019,463)	(318,139,339)	(549,259,177)	(64,831,109)	(114,750,731)	(264,964,741)	(466,805,975)



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