

BRED
BANK

CAMBODIA

**The smarter
way to bank.**

2024 | ANNUAL REPORT



Toll-free number: 1800 20 1234

Telephone number: (+855) 23 999 222

Website address: www.bredcambodia.com.kh

Email address: contact@bredcambodia.com.kh

Head Office address: No.30, Preah Norodom Boulevard,
Sangkat Phsar Thmey 3, Khan Daun Penh, Phnom Penh,
Kingdom of Cambodia.

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Message from our CEO

Economic outlook

Cambodia’s economy continued to expand in 2024, outpacing the global average in percentage terms and comparing favourably to other countries in Southeast Asia. With a GDP growth rate of 5.5%* and a low inflation rate of just 0.5%, 2024’s figures are an encouraging response to the Royal Government of Cambodia’s ‘Pentagonal Strategy’ which focuses on Growth, Employment, Equity, Efficiency and Sustainability.

The outlook for the Kingdom continues to look positive with growth rates expected to accelerate to around 4%** in 2025 while inflation is estimated at around 1%**, again supporting the Government’s ambition to become a high-middle income country by 2030 and a high-income country by 2050.

Financial sector performance

Looking more closely at Cambodia’s financial sector, while deposit growth remained resilient (and above pre-Covid levels) at 18.1% in 2024, there has been cause for concern in bank lending. Though loan growth averaged 20.9% in the period from 2018 to 2022, it slowed to 6.9% in 2023 and fell again in 2024 to 4.4%.

At the same time, Non-Performing Loans (NPLs) increased sharply from US\$551 million in 2019 to US\$4.7 billion in 2024. NPLs doubled in 2023 and were up 51% in 2024 with NPL coverage ratio at 55.1% by Dec 2024.

Naturally, this rising trend in Non-Performing Loans has a negative impact on the profitability of banks and Micro-Finance Institutions throughout the Kingdom and it is an area that will have to be carefully managed in the years ahead.

BRED Bank Cambodia in 2024

With the ongoing commitment and support of our parent company, BRED group, the bank continues to make positive progress. We experienced a sustained



Mr. Nicolas Christian Romain Hollanders
Chief Executive Officer of BRED Bank (Cambodia) Plc.

9.2% growth in deposits throughout 2024 to US\$511.6 million while showing great resilience in the face of challenging market conditions as our total lending reached over US\$510 million. Net banking income (NBI) was up 11% for the year while our operational loss reduced to US\$3,368,000 producing an overall net loss for the year of US\$3,813,899 which was in line with our 2024 budget.

While the bank remains focused on its relationship banking model, it has also embraced the progress of digital technology and provides a seamless experience across all physical and digital customer touchpoints.

We’ve seen a 35% increase in transaction volume in the past 12 months and digital transactions now represent 91% of the total. While the trend towards digital engagement maintains a high level of security and brings greater agility and inclusivity, our branch network and 24/7 call center ensure that a personalised service is available to all customers at all times.

Throughout 2024, the bank continued to enhance its products and services, improving its KHQR digital payments experience and extending its term deposit product to include a top-up function. BRED’s mobile banking capabilities also saw significant updates, we refreshed our premier banking package, while the continuing growth of our ADVANCE consumer

*International Monetary Fund 2025, IMF Executive Board Concludes 2024 Article IV Consultation with Cambodia, viewed 12 June 2025, <https://www.imf.org/en/News/Articles/2025/01/27/pr-25017-cambodia-imf-executive-board-concludes-2024-article-iv-consultation-with-cambodia>

**International Monetary Fund n.d., Country Report, viewed 12 June 2025, <https://www.imf.org/en/Countries/KHM>

lending product expanded partnership opportunities with schools, medical practitioners and retailers. The bank also received recognition from Visa, taking prizes at its annual awards for Leadership in Debit Authorization Performance for eCommerce Payments and Leadership in Active Cards Growth.

During the year, we’ve continued to improve organisational efficiency while also focusing on developing important HR initiatives. We’re proud to have strengthened our executive leadership team by welcoming exceptional Cambodian talent, enriching our collective expertise, deepening our local insight and expanding our shared vision for the future. We’ve reinforced our commitment to gender equality and pay parity, balancing gender representation across all levels of the organisation while ensuring a strict adherence to equal pay for equal work.

With our strong focus on providing a high-quality service and tailored solutions to meet evolving customer needs, ongoing employee training and professional development is an essential part of the bank’s strategy. We’ve invested heavily in our staff, improving skills while offering genuine opportunities for career growth. We also launched a peer-driven employee recognition programme which rewards staff for high achievement and effort while also developing our *EmpowHer* mentoring programme that supports female staff and fosters knowledge sharing.

Looking ahead to 2025

Looking forward to next year, we will continue with our digital transformation as we prepare to upgrade to a new digital banking system that will enhance internal operations and customer experience.

Sustainability and social impact will also be priorities in 2025 as we accelerate our ESG commitments through sustainable finance, inclusive growth and community development. The bank’s strategy focuses on green mobility, SME empowerment and responsible supply chains. With deep local engagement and international expertise, BRED Bank Cambodia will strive to be a catalyst for sustainable progress in Cambodia’s financial sector while also working closely with carefully chosen partners to effect positive social change.

Naturally, the bank will also continue to expand and innovate. We plan to grow our call centre operations, recruit more business partners and extend our already excellent expertise in trade finance and foreign exchange while reaffirming our commitment to innovation, exceptional quality and building customer trust.

As our business concludes for another year, BRED Bank Cambodia is well-positioned to achieve its targets for the year ahead. I have every confidence in the bank’s ability not just to navigate the inevitable challenges that a new year will bring but to seize the opportunities that present themselves along the way. There is so much to look forward to and I would like to take this opportunity once again to thank all of our customers, business partners and staff for their ongoing support in all our endeavours.

Mr. Nicolas Christian Romain Hollanders
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

21 June 2025



About BRED Bank (Cambodia) Plc.

The Bank

BRED Bank (Cambodia) Plc. (“the Bank”) is 100% owned by BRED Banque Populaire (“BRED”), a French regional cooperative bank incorporated under the laws of France. The Bank was incorporated in Cambodia under registration number 00002982 issued by the Ministry of Commerce on 1 April 2016. The Bank obtained its license to conduct banking operations from the National Bank of Cambodia (“NBC”) on 10 January 2017 and commenced operations on the 2 March 2017.

The Bank’s registered office is located at 30 Norodom Boulevard, Sangkat Phsar Thmey 3, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia. The Bank had 364 employees as at 31 December 2024.

The group

BRED is a member of the Banque Populaire group of cooperative banks. BRED consists of 200,000 cooperative members, owns €7.1 billion of equity capital and employs 7,300 employees, 40% of whom are located outside France or in the French overseas territories. Its core business is commercial banking in France through its regional operations in Greater

Paris, in Normandy, in Seine-et-Marne/Aisne and in the French overseas departments, as well as through its commercial banking subsidiaries in Southeast Asia, the South Pacific, the Horn of Africa and Switzerland. BRED has a network of 481 branches (including 149 outside France) and maintains long-term relationships with more than 1.6 million clients.

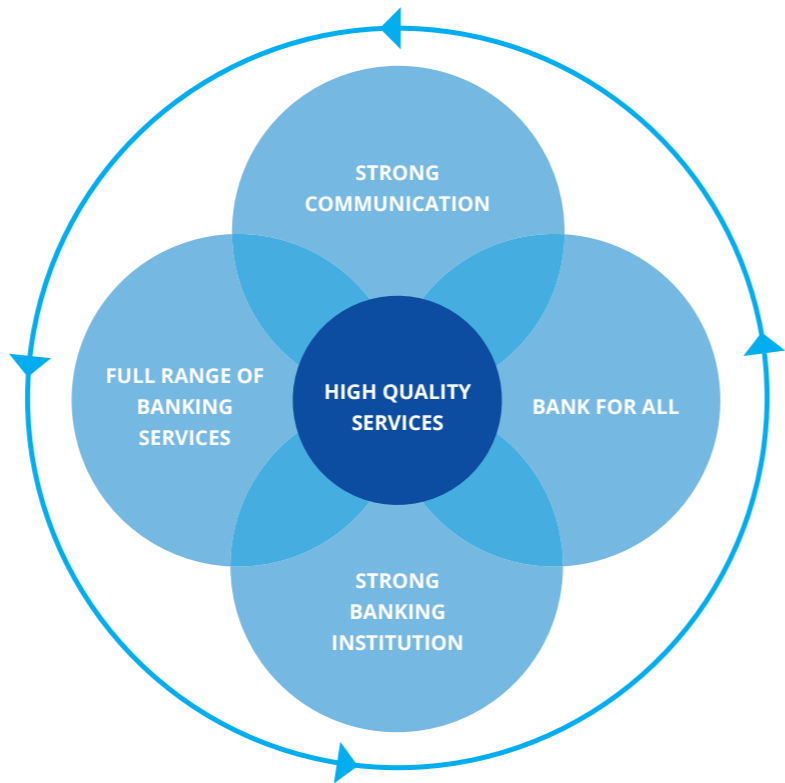
BRED Banque Populaire is engaged in a range of diversified businesses - retail banking, corporate and institutional banking, private banking, asset management, securities trading, insurance and international trade.

In 2024, BRED recorded consolidated Net Banking Income (NBI) of €1,468million. It recorded a net profit of €391 million.

BRED Banque Populaire is also part of BPCE, the second largest banking group in France. It is present in over 50 countries, serves more than 35 million customers, employs more than 100,000 people and has over 9.8 million cooperative shareholders. BPCE group has an A/A+ long-term credit rating and operates to the highest international standards.

Our strategy

Our strategy is to be a leading bank in the next 10 years by providing a high quality banking experience to our customers with a full range of banking services for all, following the international standards.



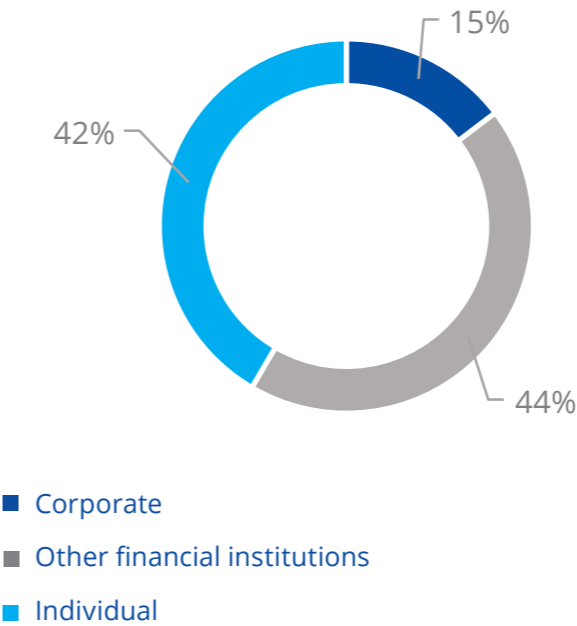
Our commitment to the highest quality services	
Streamlined processes	<ul style="list-style-type: none">Be fast in making decisionsContinuously innovate our processesMove toward digitalisation (online, remote channel,..)
Customer relationships	<ul style="list-style-type: none">Commit ourselves to transparencyEnsure fair pricingDevelop a proactive approach to increase customer service and satisfactionProvide best banking experience and appoint a dedicated point of contact for each customerPromote employees' ethical behaviors
Branch network	<ul style="list-style-type: none">Develop sufficient physical branch networkAdapt operational hoursLocate our branches in convenient and accessible areasDedicated areas (VIP, Business, Private banking)
Remote access	<ul style="list-style-type: none">Respond quickly to customers through hotline, call centre or chatLive information through website, Facebook and SMSProvide intuitive customer experience on online banking and mobile AppInnovate new products such as mobile wallet and agent banking

Financial highlights

	2024 US\$	2023 US\$	2022 US\$	2021 US\$
Balance sheet				
Deposits from customers	311,273,304	305,685,373	279,328,342	255,350,246
Loans and advances - net	501,136,536	541,072,267	536,235,448	385,323,227
Equity	122,908,164	126,254,233	97,852,369	96,124,704
Total assets	687,500,491	755,047,768	702,117,935	531,128,995
Income statement				
Net interest income	15,550,030	14,908,619	18,904,370	15,352,746
Net fees & commission	47,829	(58,251)	502,972	385,813
General information				
Branches	15	15	14	10
Staff	364	395	379	282
ATMs	72	79	79	62
Depositors	18,348	15,540	12,032	8,926
Borrowers	7,815	2,161	1,941	1,553
Number of issued cards	10,767	10,492	8,796	7,239

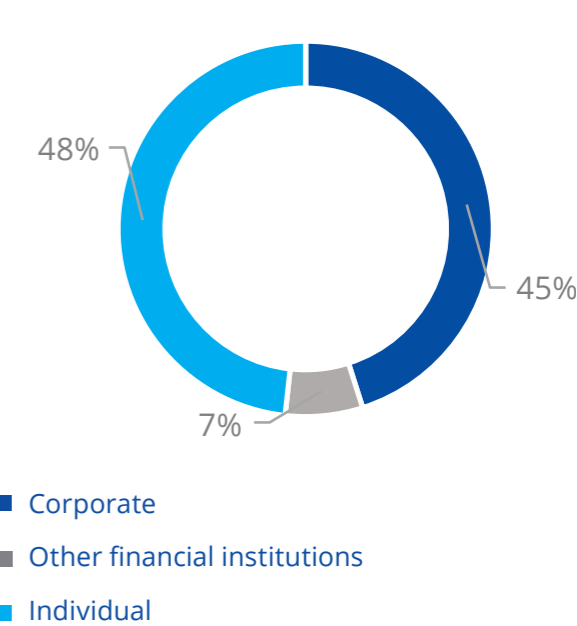
Gross deposits in USD

Corporate	15%	81,153,864
Other financial institutions	44%	242,326,792
Individual	42%	230,119,440
Total	100%	553,600,096



Gross loans in USD

Corporate	45%	230,126,436
Other financial institutions	7%	34,038,598
Individual	48%	246,231,814
Total	100%	510,396,848





Achievements in 2024



Retail products & services

- Improved KHQR digital payments experience
- M-banking enhancement
- Packages development/improvement



Distribution channels

- Classic and Platinum Visa credit cards
- Development of new E-Payments system
- Loan origination through partnerships (ADVANCE)
- New premium banking services

2025 developments



Business products & services

- New Bakong bill payment
- Insurance products
- Upgrade POS touch screen (UPI, CSS...)
- Loyalty management, store cards
- New internet banking, host to host
- New Forex services
- Pension schemes
- Security agent services



Distribution channels

- Enhance expertise Relationship Managers'
- E-Commerce services
- Full channel strategy review
- Single point system for all product information and sales tools



Digital & automated channel

- Online account opening (retail)
- All transactions online
- Online loan requests
- POS: 500 units
- 10 new cash deposit machines



More business partners

- Boost retail CMP client acquisition
- Successful retail brand shops
- Home developers
- Car dealers
- Insurance companies



Empower corporate team

- More expertise (trade finance, forex)
- Allocation in selected branches when required

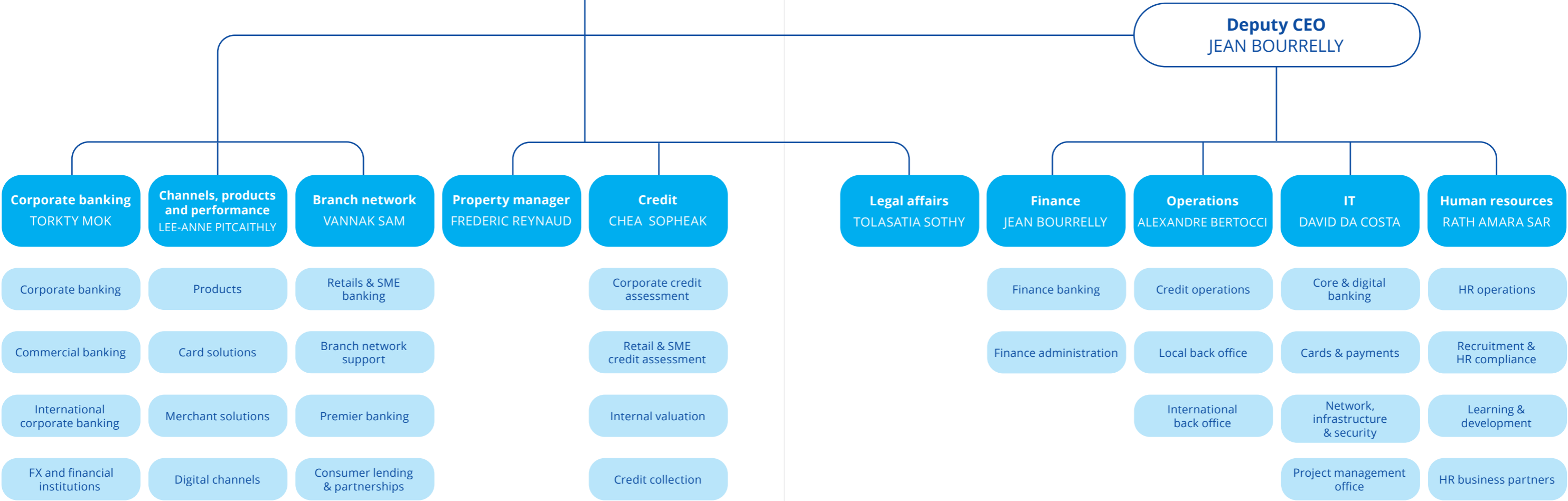
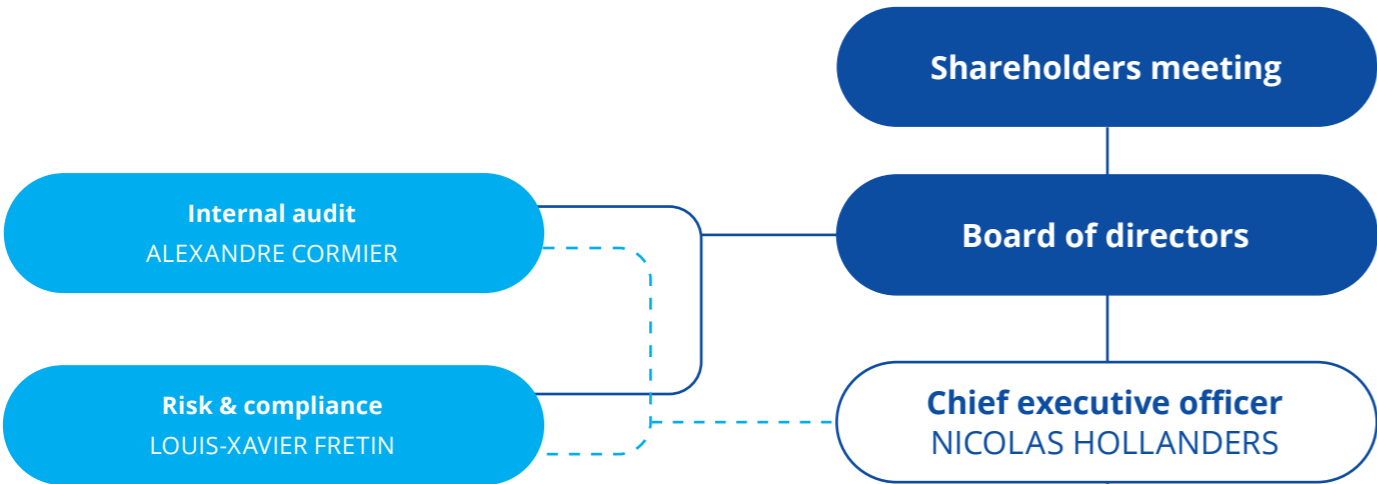


Expand call centre capabilities

- Target retail clients for low value transactions
- Extend operating hours
- Outbound calling function

Organisational chart

31 December 2024



Corporate governance

I. The Board of Directors

The roles and responsibilities of the Board of Directors are set out in the Memorandum and Articles of Associations and broadly defined as follows:

- The Board is responsible for determining the strategy of the Bank and for supervising the conduct of its business and affairs. The Board shall act in the best interest of the Bank;
- Appoint and remove officers and/or managers for the day-to-day management of the Bank and determine the specific powers for such officers and/or managers;
- Set the salaries and other compensation for officers and/or managers of the Banks;
- Propose the salary or other compensation for all directors and submit such proposal to the shareholders for approval;
- Issue notes, bonds, debentures and other forms of debt and the terms of such instruments;
- Propose to the shareholders amendments to the MAA;
- Propose to the shareholders the increase or decrease of the capital;
- Propose to the shareholders an agreement of merger or consolidation between the Bank and any other person;
- Propose to the shareholders the sale of all or a major part of the Bank's assets;
- Propose to the shareholders the dissolution or liquidation of the Bank;
- Declare dividends in accordance with accounting principles and the terms of payment of each class of shares; entitled to receive dividends;
- Issue shares in the Bank to the extent permitted under the MAA and in accordance with the laws of Cambodia;
- Borrow money on behalf of the Bank;
- Issue, reissue or sell securities in the Bank;
- Give a guarantee on behalf of the Bank;
- Mortgage, hypothecate, pledge or otherwise create a security interest in any or all property of the Bank to secure; any obligation of the Bank; and
- Prepare financial statements each fiscal year (defined below) for submission to the shareholders for approval.

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

Mr. Guillaume Claude Perdon	Chairman
Mr. Baltasar Jean Gonzalez Collado	Director
Mr. Jean-Paul Arokiasamy Julia	Director
Mr. Philippe de Fontaine Vive Curtaz	Independent director
Mr. Bernard Marie Albert Ramanantsoa	Independent director
Mr. Guillaume Jean Marie Henri Massin	Independent director

II. The Audit Committee

The roles and responsibilities of the Audit Committee is to ensure that management properly develops and adheres to a sound system of internal controls, that procedures are in place to objectively assess management's practices and internal controls, and that the outside auditors, through their own review, objectively assess the Company's financial reporting practices.

The Audit Committee during the financial year and at the date of this report are:

Mr. Bernard Marie Albert Ramanantsoa	Chairman and independent director
Mr. Baltasar Gonzalez Collado	Member
Mr. Guillaume Claude Perdon	Member



III. The Risk Management Committee

The roles and responsibilities of Risk Management Committee is to oversee policies and set risk management activities and provide communication to the Board.

The Risk Management Committee during the financial year and at the date of this report are:

Mr. Philippe de Fontaine Vive Curtaz	Chairman and independent director
Mr. Bernard Marie Albert Ramanantsoa	Member and independent director
Mr. Baltasar Jean Gonzalez Collado	Member
Mr. Guillaume Claude Perdon	Member



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BRED BANK (CAMBODIA) PLC.

**Financial Statements
for the year ended 31 December 2024
and
Report of the Independent Auditors**



Corporate information

Bank	BRED Bank (Cambodia) Plc.	
Registration No.	00002982	
Registered office	No. 30 Norodom Boulevard Sangkat Phsar Thmey 3 Khan Daun Penh, Phnom Penh Kingdom of Cambodia	
Shareholder	BRED Banque Populaire ("BRED")	
Board of Directors	Guillaume Claude Perdon Baltasar Jean Gonzalez Collado Jean-Paul, Arokiasamy Julia Philippe de Fontaine Vive Curtaz Bernard Marie Albert Ramanantsoa Guillaume Jean Marie Henri Massin	Chairman Director Director Independent Director Independent Director Independent Director
Management team	Nicolas Christian Romain Hollanders Sopha Min Jean Rene Marie BOURRELLY Sam Vannak Mok Torkty Marion Florence Henriette QUINTIN Chea Sopheak Alexandre BERTOCCI Sar Rath Amara David DA COSTA Tolasatia Sothy Louis-Xavier Francois Marie FRETIN Alexandre Michel Yves Marie CORMIER Frederic Christian REYNAUD	Chief Executive Officer Deputy Chief Executive Officer (term ended 25 June 2024) Deputy Chief Executive Officer Head of Branch Network Head of Corporate Banking Department (appointed on 1 October 2024) Head of Credit Department (term ended 30 June 2024) Head of Credit Department (appointed on 1 July 2024) Head of Operations Department Head of Human Resource (appointed on 8 January 2024) Head of IT Department Head of Legal Chief Risk & Compliance Officer Head of Internal Audit Head of Property Management
Auditors	KPMG Cambodia Ltd	



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Report of the Directors

The Directors have pleasure in submitting their report together with the audited financial statements of BRED Bank (Cambodia) Plc. ("the Bank") for the year ended 31 December 2024.

Principal activities

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

There were no significant changes to these principal activities during the financial year.

Financial results

The financial results of the Bank for the year ended 31 December 2024 were as follows:

	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
Loss before income tax	(3,792,253)	(7,314,856)	(15,438,262)	(30,064,058)
Income tax benefit	446,184	716,720	1,816,415	2,945,719
Net loss for the year	<u>(3,346,069)</u>	<u>(6,598,136)</u>	<u>(13,621,847)</u>	<u>(27,118,339)</u>

Dividends

No dividend was declared or paid and the Directors does not recommend any dividend to be paid for the financial year under review.

Share capital

There was no change in the registered and issued share capital during the financial year.

Reserves and provisions

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



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Loans and advances

Before the financial statements of the Bank were prepared, the Directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of any bad loans and advances and the making of allowance for doubtful loans and advances, and satisfied themselves that all known bad loans and advances had been written off and adequate allowance had been made for doubtful loans and advances.

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

Assets

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

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

Valuation methods

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

Contingent and other liabilities

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

- (a) any charge on the assets of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (b) any contingent liability in respect of the 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 Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank to meet its obligations as and when they fall due.

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

Items of unusual nature

The results of the operations of the Bank for the financial year were not, in the opinion of the Director, 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 results of the operations of the Bank for the current period in which this report is made.



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The Directors

The Directors who served during the year and at the date of this report are:

Guillaume Claude Perdon	Chairman
Baltasar Jean Gonzalez Collado	Director
Jean-Paul, Arokiasamy Julia	Director
Philippe de Fontaine Vive Curtaz	Independent Director
Bernard Marie Albert Ramanantsoa	Independent Director
Guillaume Jean Marie Henri Massin	Independent Director

Directors' interests

None of the Directors held or dealt directly in the shares of the Bank during the financial year.

Directors' benefits

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

During the year, no Director of the Bank has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Bank or a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

Directors' responsibility in respect of the financial statements

The Directors are responsible for ascertaining that the financial statements as set out on pages 8 to 106 present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Directors are required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) comply with Cambodian International Financial Reporting Standards ("CIFRSs") or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) oversee the Bank's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- (iv) assess the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so; and
- (v) control and direct effectively the Bank in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.



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Approval of the financial statements

We, hereby approve the accompanying financial statements together with the notes thereto which, in our opinion, present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended, in accordance with CIFRSs.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors,



Nicolas Christian Romain Hollanders
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

Date: 28 March 2025



KPMG Cambodia Ltd
GIA Tower, Sopheap Mongkul Street, Phum 14
Sangkat Tonle Bassac, Khan Chamkar Mon
Phnom Penh, Cambodia
+885 (17) 666 537 / +885 (81) 533 999 | kpmg.com.kh

Report of the Independent Auditors

To the shareholder of BRED Bank (Cambodia) Plc.

Opinion

We have audited the financial statements of BRED Bank (Cambodia) Plc., ("the Bank"), which comprise the statement of financial position as of 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information (hereafter referred to as "the financial statements") as set out on pages 8 to 106.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Report of the Directors on pages 1 to 4, and the annual report, which is expected to be made available to us after the date of auditors' report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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



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Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

For KPMG Cambodia Ltd



Yim Lundy
Director

Phnom Penh, Kingdom of Cambodia

28 March 2025



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Statement of financial position as at 31 December 2024

	Note	31 December 2024 US\$	31 December 2023 US\$	31 December 2024 KHR'000 (Note 5)	31 December 2023 KHR'000 (Note 5)
ASSETS					
Cash on hand	6	26,641,762	24,549,839	107,233,092	100,286,092
Balance with the National Bank of Cambodia	7	97,696,581	120,115,201	393,228,739	490,670,596
Balance with other banks and financial institutions	8	40,588,941	45,550,258	163,370,488	186,072,804
Financial assets at FVOCI	9	140,000	140,000	563,500	571,900
Loans and advances to other banks and financial institutions	10	33,846,762	36,575,255	136,233,217	149,409,917
Loans and advances to customers	11	467,289,774	504,497,012	1,880,841,340	2,060,870,294
Derivatives held for risk management	12	278,312	1,100,881	1,120,206	4,497,099
Other assets	13	3,356,161	2,814,634	13,508,548	11,497,780
Intangible assets	14	3,138,243	3,511,643	12,631,428	14,345,062
Property and equipment	15	4,822,731	5,910,086	19,411,492	24,142,701
Right-of-use assets	16	6,026,572	7,493,796	24,256,952	30,612,157
Income tax credit	23(B)	1,896,576	1,457,271	7,633,718	5,952,952
Deferred tax assets – net	23(A)	1,778,076	1,331,892	7,156,756	5,440,779
Total assets		687,500,491	755,047,768	2,767,189,476	3,084,370,133
LIABILITIES AND SHAREHOLDER'S EQUITY					
Liabilities					
Deposits from customers	17	311,273,304	305,685,373	1,252,875,049	1,248,724,749
Deposits from other banks and financial institutions	18	242,326,792	212,539,905	975,365,338	868,225,512
Borrowings	19	1,839,516	94,805,216	7,404,052	387,279,307
Derivatives held for risk management	12	278,312	1,100,881	1,120,206	4,497,099
Lease liabilities	20	5,991,063	7,564,760	24,114,029	30,902,045
Other liabilities	21	2,510,289	6,413,136	10,103,912	26,197,660
Provision for impairment of off-balance sheet items	33(A)	359,695	658,731	1,447,772	2,690,916
Seniority indemnity obligations	22	13,356	25,533	53,758	104,302
Total liabilities		564,592,327	628,793,535	2,272,484,116	2,568,621,590



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Statement of financial position (continued) as at 31 December 2024

	Note	31 December 2024 US\$	31 December 2023 US\$	31 December 2024 KHR'000 (Note 5)	31 December 2023 KHR'000 (Note 5)
Shareholder's equity					
Share capital	24	145,000,000	145,000,000	580,000,000	580,000,000
Reserves	25	22,003,975	21,133,063	90,174,193	86,628,710
Accumulated losses		(44,095,811)	(39,878,830)	(180,018,833)	(162,851,503)
Currency translation reserves		-	-	4,550,000	11,971,336
Total shareholder's equity		122,908,164	126,254,233	494,705,360	515,748,543
Total liabilities and shareholder's equity					
		687,500,491	755,047,768	2,767,189,476	3,084,370,133

Statement of changes in equity
for the year ended 31 December 2024

	US\$	Share capital KHR'000 (Note 5)	US\$	Reserves KHR'000 (Note 5)	US\$	Accumulated losses KHR'000 (Note 5)	US\$	Currency translation reserves KHR'000 (Note 5)	US\$	Total KHR'000 (Note 5)
At 1 January 2024	145,000,000	580,000,000	21,133,063	86,628,710	(39,878,830)	(162,851,503)	-	11,971,336	126,254,233	515,748,543
Transaction recognised directly in equity										
Transfer from retained earnings to regulatory reserve (Note 25)	-	-	870,912	3,545,483	(870,912)	(3,545,483)	-	-	-	-
Total comprehensive loss	-	-	-	-	(3,346,069)	(13,621,847)	-	(7,421,336)	(3,346,069)	(13,621,847)
Net loss for the year	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	-
At 31 December 2024	145,000,000	580,000,000	22,003,975	90,174,193	(44,095,811)	(180,018,833)	-	4,550,000	122,908,164	494,705,360
At 1 January 2023	110,000,000	442,870,000	9,986,437	40,814,568	(22,134,068)	(89,919,022)	-	9,092,657	97,852,369	402,858,203
Transaction recognised directly in equity										
Transfer from retained earnings to regulatory reserve (Note 25)	-	-	11,212,248	46,082,339	(11,212,248)	(46,082,339)	-	-	-	-
Transaction with the shareholder										
Capital injection	35,000,000	140,000,000	-	-	-	-	-	-	35,000,000	140,000,000
Total comprehensive loss	-	-	-	-	(6,598,136)	(27,118,339)	-	-	(6,598,136)	(27,118,339)
Net loss for the year	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Cash flow hedges – effective portion changes in fair value	-	(2,870,000)	(65,622)	(268,197)	65,622	268,197	-	2,878,679	-	8,679
Currency translation differences	-	-	-	-	-	-	-	-	-	-
At 31 December 2023	145,000,000	580,000,000	21,133,063	86,628,710	(39,878,830)	(162,851,503)	-	11,971,336	126,254,233	515,748,543

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

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2024The smarter
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	Note	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
Operating income					
Interest income calculated using the effective interest method	26	45,447,116	43,357,145	185,015,209	178,197,866
Interest expense	27	(29,897,086)	(28,448,526)	(121,711,037)	(116,923,442)
Net interest income		15,550,030	14,908,619	63,304,172	61,274,424
Fee and commission income	28	2,705,534	2,502,085	11,014,229	10,283,569
Fee and commission expense	28	(2,657,705)	(2,560,336)	(10,819,517)	(10,522,981)
Net fee and commission income/(expense)		47,829	(58,251)	194,712	(239,412)
Other income	29	972,849	835,113	3,960,468	3,432,314
Net losses from other financial instruments at FVTPL	30	-	(889,566)	-	(3,656,116)
Total operating profit		16,570,708	14,795,915	67,459,352	60,811,210
Personnel expenses	31	(8,335,474)	(9,106,066)	(33,933,715)	(37,425,931)
Other operating expenses	32	(11,581,528)	(12,944,413)	(47,148,400)	(53,201,537)
Total operating expenses		(19,917,002)	(22,050,479)	(81,082,115)	(90,627,468)
Operating loss before impairment		(3,346,294)	(7,254,564)	(13,622,763)	(29,816,258)
Net impairment losses on financial instruments	36	(445,959)	(56,720)	(1,815,499)	(233,119)
Other expense		-	(3,572)	-	(14,681)
Loss before income tax		(3,792,253)	(7,314,856)	(15,438,262)	(30,064,058)
Income tax benefit	23(C)	446,184	716,720	1,816,415	2,945,719
Net loss for the year		(3,346,069)	(6,598,136)	(13,621,847)	(27,118,339)
Other comprehensive income					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Cash flow hedges-effective of change in fair value		-	65,622	-	268,197
<i>Items that will not be reclassified to profit or loss</i>					
Currency translation differences		-	-	(7,421,336)	8,679
		-	65,622	(7,421,336)	276,876
Total comprehensive loss for the year		(3,346,069)	(6,532,514)	(21,043,183)	(26,841,463)

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

Statement of cash flows for the year ended 31 December 2024

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	Note	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
Cash flows from operating activities					
Net loss for the year		(3,346,069)	(6,598,136)	(13,621,847)	(27,118,339)
<i>Adjustment for:</i>					
Depreciation and amortisation	32	3,214,316	3,079,758	13,085,480	12,657,805
Interest income	26	(45,447,116)	(43,357,145)	(185,015,209)	(178,197,866)
Dividend income	29	(48,179)	(67,378)	(196,137)	(276,924)
Interest expense	27	29,897,086	28,448,526	121,711,037	116,923,442
Income tax benefit	23(C)	(446,184)	(716,720)	(1,816,415)	(2,945,719)
Net impairment losses on financial instruments	36	445,959	56,720	1,815,499	233,119
Unwind of discount	11	1,184,829	-	4,823,439	-
Seniority indemnity obligations, net	22	(12,177)	(23,119)	(49,573)	(95,019)
Gain from disposal of property and equipment		(1,014)	(1,382)	(4,127)	(5,680)
Write off of property and equipment		-	3,341	-	13,732
		(14,558,549)	(19,175,535)	(59,267,853)	(78,811,449)
<i>Changes in:</i>					
Balance with National Bank of Cambodia		18,128,519	(16,254,252)	73,801,201	(66,804,976)
Balance with other banks and financial institutions		10,000,000	(30,000,000)	40,710,000	(123,300,000)
Loans and advances to other banks and financial institutions		2,987,217	6,495,475	12,160,960	26,696,402
Loans and advances to customers		35,650,544	(11,647,055)	145,133,365	(47,869,396)
Other assets		(541,527)	(1,834,656)	(2,204,556)	(7,540,436)
Deposits from customers		2,694,286	28,913,832	10,968,438	118,835,850
Deposits from other banks and financial institutions		25,947,170	74,660,878	105,630,929	306,856,209
Derivatives held for risk management		-	(358,374)	-	(1,472,917)
Other liabilities		(3,902,847)	(653,706)	(15,888,490)	(2,686,732)
Cash generated from operations		76,404,813	30,146,607	311,043,994	123,902,555
Interest received		44,738,131	42,686,683	182,128,931	175,442,267
Interest paid for lease liabilities	20	(175,954)	(222,889)	(716,309)	(916,074)
Interest paid		(23,127,895)	(29,027,971)	(94,153,661)	(119,304,961)
Income tax paid	23(B)	(439,305)	(494,964)	(1,788,411)	(2,034,302)
Net cash generated from operating activities		97,399,790	43,087,466	396,514,544	177,089,485

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Statement of cash flows (continued) for the year ended 31 December 2024

	Note	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
Cash flows from investing activities					
Capital guarantee		-	(3,500,000)	-	(14,385,000)
Dividend received		48,179	67,378	196,137	276,924
Purchase of property and equipment and intangible assets	14,15	(286,337)	(1,591,952)	(1,165,678)	(6,542,922)
Proceeds from disposals of property and equipment		1,014	1,991	4,127	8,183
Net cash used in investing activities		(237,144)	(5,022,583)	(965,414)	(20,642,815)
Cash flows from financing activities					
Proceeds from borrowings	19	2,385,066	2,131,082,725	9,709,604	8,758,750,000
Injection of share capital	24	-	35,000,000	-	143,850,000
Repayment of borrowings	19	(95,210,641)	(2,206,062,969)	(387,602,520)	(9,066,918,803)
Payment of principle portion of lease liabilities	20	(1,573,697)	(1,580,342)	(6,406,520)	(6,495,206)
Net cash used in financing activities		(94,399,272)	(41,560,586)	(384,299,436)	(170,814,009)
Net increase/(decrease) in cash and cash equivalents		2,763,374	(3,495,703)	11,249,694	(14,367,339)
Cash and cash equivalents at beginning of the year		84,278,329	87,774,032	344,276,974	361,365,690
Currency translation differences		-	-	(5,183,813)	(2,721,377)
Cash and cash equivalents at end of the year	35	87,041,703	84,278,329	350,342,855	344,276,974

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

Notes to the financial statements for the year ended 31 December 2024

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Reporting entity

BRED Bank (Cambodia) Plc. ("the Bank") was incorporated in Cambodia under registration number 00002982 issued by the Ministry of Commerce on 1 April 2016.

The Bank obtained its license to conduct its banking operations from the National Bank of Cambodia ("NBC") on 10 January 2017 and commenced operations on the same date.

The immediate and ultimate parent bank is BRED Banque Populaire, a Bank incorporated in France.

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

The registered office is located at No. 30 Norodom Boulevard, Sangkat Phsar Thmey 3, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2024, the Bank had 364 employees (31 December 2023: 395 employees).

2. Statement of compliance

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

Details of the Bank's material accounting policies are included in Note 40.

The financial statements were authorised for issue by the Board of Directors on 28 March 2025.

3. Functional and presentation currency

The Bank transacts its business and maintains its accounting records in United States Dollars ("US\$"). Management has determined the US\$ to be the Bank's functional currency as it reflects the economic substance of the underlying events and circumstances of the Bank.

These financial statements are presented in US\$, which is the Bank's functional currency. All amounts have been rounded to the nearest dollar, except when otherwise indicated.

4. Use of judgments and estimates

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

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

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

- Note 40C(ii): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.
- Note 40C(vii): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.

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

- Note 40C(vi): determination of the fair value of financial instruments with significant unobservable inputs.
- Note 40C(vii): impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.
- Note 40C(vii): impairment of financial instruments: key assumptions used in estimating recoverable cash flows.

5. Translation of United States Dollars into Khmer Riel

The financial statements are expressed in United States Dollar which is the Bank's functional currency. The translations of United States Dollars amount into Khmer Riel ("KHR") meets the presentation requirements pursuant to Law on Accounting and Auditing and has been done in compliance with *CIAS 21 – The Effects of Changes in Foreign Exchange Rates*.

Assets and liabilities are translated at the closing rate as at the reporting date and equity accounts are translated at the historical rate. The statements of profit or loss and other comprehensive income and cash flows are translated into KHR at the average rate for the year, which have been deemed to approximate the exchange rates at the date of transaction as exchange rates have not fluctuated significantly during the period. Exchange differences arising from the translation are recognised as "Currency Translation Differences" in the other comprehensive income.

5. Translation of United States Dollars into Khmer Riel (continued)

The Bank uses the following exchange rates:

Financial year end		Closing rate	Average rate
31 December 2024	US\$1 =	KHR4,025	KHR4,071
31 December 2023	US\$1 =	<u>KHR4,085</u>	<u>KHR4,110</u>

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

6. Cash on hand

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Cash on hand	18,677,762	16,400,548	75,177,992	66,996,239
Cash in ATM	<u>7,964,000</u>	<u>8,149,291</u>	<u>32,055,100</u>	<u>33,289,853</u>
	<u>26,641,762</u>	<u>24,549,839</u>	<u>107,233,092</u>	<u>100,286,092</u>

7. Balance with the National Bank of Cambodia

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Current accounts	45,118,384	49,481,072	181,601,496	202,130,179
Negotiable certificates of deposits ("NCD")	(A) 4,743,663	8,812,244	19,093,244	35,998,017
Statutory capital deposits	(B) 14,500,000	14,500,000	58,362,500	59,232,500
Reserves requirements on customers' deposits	(C) <u>33,334,534</u>	<u>47,321,885</u>	<u>134,171,499</u>	<u>193,309,900</u>
	<u>97,696,581</u>	<u>120,115,201</u>	<u>393,228,739</u>	<u>490,670,596</u>

7. Balance with the National Bank of Cambodia (continued)

A. Negotiable certificates of deposits

Negotiable certificates of deposits are maturing in 3 months and earned interest at rates 1.08% (2023: 1.02% - 1.07%) per annum. The NCD amounting to US\$4,743,663 (31 December 2023: US\$2,543,748) has pledged as collateral for overdraft facility with total credit limit at US\$4,729,739. As at 31 December 2024, the Bank had not utilised the overdraft yet (31 December 2023: Nil).

The Bank has not pledged any negotiable certificates of deposits (NCD) as at 31 December 2024 (31 December 2023: US\$6,268,496) with the NBC as collateral for Liquidity Providing Collateralised Operation (LPCO).

B. Statutory capital deposits

Under the NBC's Prakas No. B7-01-136 dated 15 October 2001, the Bank is required to maintain a statutory deposit at 10% of its registered capital. On 7 April 2023, the Bank increased the capital guarantee to US\$14.5 million, following the increase in share capital, which was approved by the NBC on 29 March 2023. This deposit is not available for use in the Bank's day-to-day operations and is refundable should the Bank voluntarily cease its operations in Cambodia.

C. Reserve requirements on customers' deposits

Prakas No. B7-023-005 requires Banking and Financial Institutions to maintain reserve requirement against deposits and borrowings at daily average balance with the NBC as follows:

- For local currency (Khmer Riel):
 - Reserve requirement shall be maintained at 7%.
- For foreign currencies (other than Khmer Riel):
 - From 1 January 2023 to 31 December 2023, reserve requirement shall be maintained at 9%.
 - From 1 January 2024 onwards, reserve requirement shall be maintained at 12.5%.

On 23 November 2023, the NBC issued the letter No. B7-023-2621 allowing Banking and Financial Institutions to maintain reserve requirement in foreign currency at 7% until 31 December 2024, and another letter No. B7-024-1718 on 21 August 2024 to continue implementing the reserve requirements on foreign currency at 7% until 31 December 2025.

The reserve requirement on customers' deposits and borrowings bears no interest.

D. Interest rate (per annum):

Annual interest rates applicable to balances with the National Bank of Cambodia at the year end were as follows:

	31 December 2024	31 December 2023
Current accounts	Nil	Nil
Negotiable certificates of deposits ("NCD")	1.08%	1.02% - 1.07%
Statutory capital deposit	1.31%	1.33%
Reserves requirements on customers' deposits	Nil	Nil

8. Balance with other banks and financial institutions

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Balance with other banks and financial institutions at amortised cost	40,706,663	45,656,459	163,844,318	186,506,635
Less: Impairment loss allowance	(117,722)	(106,201)	(473,830)	(433,831)
	<u>40,588,941</u>	<u>45,550,258</u>	<u>163,370,488</u>	<u>186,072,804</u>

Movements of allowance for impairment losses on balance with other banks and financial institutions during the year were as follows:

	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
At 1 January	106,201	136,461	433,831	561,810
Recognised in profit or loss (Note 36)	11,521	(30,260)	46,902	(124,369)
Currency translation differences	-	-	(6,903)	(3,610)
At 31 December	<u>117,722</u>	<u>106,201</u>	<u>473,830</u>	<u>433,831</u>

8. Balance with other banks and financial institutions (continued)

Balance with other banks and financial institutions are analysed as follows:

A. By account types:

	31 December 2024			
	Gross carrying amount	ECL allowance	Net carrying amount	
	US\$	US\$	US\$	KHR'000
				(Note 5)
Current accounts	6,899,047	(30,500)	6,868,547	27,645,902
Fixed deposits	33,807,616	(87,222)	33,720,394	135,724,586
	<u>40,706,663</u>	<u>(117,722)</u>	<u>40,588,941</u>	<u>163,370,488</u>

	31 December 2023			
	Gross carrying amount	ECL allowance	Net carrying amount	
	US\$	US\$	US\$	KHR'000
				(Note 5)
Current accounts	10,247,418	(53,701)	10,193,717	41,641,334
Fixed deposits	35,409,041	(52,500)	35,356,541	144,431,470
	<u>45,656,459</u>	<u>(106,201)</u>	<u>45,550,258</u>	<u>186,072,804</u>

B. By interest rate (per annum):

Annual interest rates applicable to balances with the other banks and financial institutions at the end of the year were as follows:

	31 December 2024	31 December 2023
Current accounts	0.50% - 2.60%	0.50% - 2.60%
Fixed deposits	<u>2.92% - 5.00%</u>	<u>2.00% - 5.00%</u>

9. Financial assets at FVOCI

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Investment in Credit Bureau Cambodia	140,000	140,000	563,500	571,900

The Bank designated the investment in Credit Bureau Cambodia ("CBC") to be measured at fair value through other comprehensive income ("FVOCI") as it is not held for trading and the Bank has irrevocably elected at initial recognition to classify this investment as the financial assets at FVOCI. This is a strategic investment and the Bank considers this classification to be more relevant.

Dividend received during the year was US\$48,179 (2023: US\$67,378). There is no gain/loss recognised in other comprehensive income due to fair value approximate the carrying amount. There is no loss allowance for this FVOCI as at 31 December 2024 (2023: Nil).

10. Loans and advances to other banks and financial institutions

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Loans and advances to other banks and financial institutions at amortised cost	34,038,598	36,797,123	137,005,357	150,316,248
Less: Impairment loss allowance	(191,836)	(221,868)	(772,140)	(906,331)
Loans and advances to other banks and financial institutions – net	33,846,762	36,575,255	136,233,217	149,409,917

Movements of impairment loss allowance on loans and advances to other banks and financial institutions during the year were as follows:

	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
At 1 January	221,868	370,553	906,331	1,525,566
Recognised in profit or loss (Note 36)	(30,032)	(148,685)	(122,260)	(611,095)
Currency translation differences	-	-	(11,931)	(8,140)
At 31 December	191,836	221,868	772,140	906,331

10. Loans and advances to other banks and financial institutions (continued)

Loans and advances to other banks and financial institutions are analysed as follows:

A. By account types:

	31 December 2024			
	Gross carrying amounts US\$	ECL allowance US\$	Net carrying amounts US\$	KHR'000 (Note 5)
Term loans	34,038,598	(191,836)	33,846,762	136,233,217

	31 December 2023			
	Gross carrying amounts US\$	ECL allowance US\$	Net carrying amounts US\$	KHR'000 (Note 5)
Term loans	36,797,123	(221,868)	36,575,255	149,409,917

For additional analysis loans and advances to other banks and financial institutions, refer to Note 38B.

11. Loans and advances to customers

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Loans and advances to customers at amortised cost	476,358,250	511,678,634	1,917,341,956	2,090,207,220
Less: Impairment loss allowance	(9,068,476)	(7,181,622)	(36,500,616)	(29,336,926)
Loans and advances to customers – net	467,289,774	504,497,012	1,880,841,340	2,060,870,294

11. Loans and advances to customers (continued)

Movements of allowance for impairment losses on loans and advances to customers during the year were as follows:

	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
At 1 January	7,181,622	6,502,697	29,336,926	26,771,604
Recognised in profit or loss (Note 36)	763,506	776,912	3,108,233	3,193,108
Loan written-off during the year	(61,481)	(97,987)	(250,289)	(402,727)
Unwind of discount	1,184,829	-	4,823,439	-
Currency translation differences	-	-	(517,693)	(225,059)
At 31 December	<u>9,068,476</u>	<u>7,181,622</u>	<u>36,500,616</u>	<u>29,336,926</u>

Loans and advances to customers are analysed as follows:

A. By account types:

	31 December 2024			
	Gross carrying amounts US\$	ECL allowance US\$	Net carrying amounts US\$	KHR'000 (Note 5)
Term loans	301,073,715	(7,034,773)	294,038,942	1,183,506,742
Housing loans	125,097,726	(1,367,698)	123,730,028	498,013,363
Overdrafts	38,540,977	(589,487)	37,951,490	152,754,747
Staff loans	9,643,775	(64,207)	9,579,568	38,557,761
Trust receipt	1,641,062	(9,520)	1,631,542	6,566,957
Credit card	360,995	(2,791)	358,204	1,441,770
	<u>476,358,250</u>	<u>(9,068,476)</u>	<u>467,289,774</u>	<u>1,880,841,340</u>

	31 December 2023			
	Gross carrying amounts US\$	ECL allowance US\$	Net carrying amounts US\$	KHR'000 (Note 5)
Term loans	322,769,003	(5,145,352)	317,623,651	1,297,492,615
Housing loans	137,877,607	(1,391,133)	136,486,474	557,547,246
Overdrafts	39,352,888	(565,484)	38,787,404	158,446,545
Staff loans	9,970,956	(69,404)	9,901,552	40,447,840
Trust receipt	1,671,608	(10,030)	1,661,578	6,787,546
Credit card	36,572	(219)	36,353	148,502
	<u>511,678,634</u>	<u>(7,181,622)</u>	<u>504,497,012</u>	<u>2,060,870,294</u>

For additional analysis of gross amount of loans and advances to customers, refer to Note 38B.

12. Derivatives held for risk management

	31 December		31 December	
	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
Derivative assets				
Interest rate swap (*)	<u>278,312</u>	<u>1,100,881</u>	<u>1,120,206</u>	<u>4,497,099</u>
Derivative liabilities				
Interest rate swap (*)	<u>(278,312)</u>	<u>(1,100,881)</u>	<u>(1,120,206)</u>	<u>(4,497,099)</u>

(*) On 4 February 2021, the Bank entered into interest rate swap arrangements with Bred Banque Populaire and ACLEDA Bank Plc with the nominal amount of US\$20 million each, effective from 21 March 2021 to 28 April 2025.

13. Other assets

	31 December		31 December	
	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
Unamortised staff benefits (*)	1,569,715	1,596,388	6,318,103	6,521,245
Refundable lease deposit	504,580	513,835	2,030,935	2,099,016
Prepayments	632,029	410,737	2,543,917	1,677,861
Others	<u>649,837</u>	<u>293,674</u>	<u>2,615,593</u>	<u>1,199,658</u>
	<u>3,356,161</u>	<u>2,814,634</u>	<u>13,508,548</u>	<u>11,497,780</u>

(*) This represents the staff benefit in a form of loan to staffs at lower interest rates as compared to prevailing market rate.

14. Intangible assets (continued)

	Computer software US\$	Website design US\$	Work-in progress US\$	US\$	Total KHR'000 (Note 5)
2023					
Cost					
At 1 January 2023	3,214,957	357,926	2,240,581	5,813,464	23,934,031
Additions	40,128	34,910	829,521	904,559	3,717,737
Transfers	1,606,967	134,464	(1,741,431)	-	-
Transfer from tangible work-in progress	-	-	42,888	42,888	176,270
Currency translation differences	-	-	-	-	(209,717)
At 31 December 2023	4,862,052	527,300	1,371,559	6,760,911	27,618,321
Less: Accumulated amortisation					
At 1 January 2023	2,644,540	255,042	-	2,899,582	11,937,579
Amortisation for the year	235,297	114,389	-	349,686	1,437,209
Currency translation differences	-	-	-	-	(101,529)
At 31 December 2023	2,879,837	369,431	-	3,249,268	13,273,259
Carrying amounts					
At 1 January 2023	570,417	102,884	2,240,581	2,913,882	11,996,452
At 31 December 2023	1,982,215	157,869	1,371,559	3,511,643	14,345,062

14. Intangible assets

	Computer software US\$	Website design US\$	Work-in progress US\$	US\$	Total KHR'000 (Note 5)
2024					
Cost					
At 1 January 2024	4,862,052	527,300	1,371,559	6,760,911	27,618,321
Additions	-	-	248,041	248,041	1,009,775
Transfers	172,818	85,800	(258,618)	-	-
Currency translation differences	-	-	-	-	(417,064)
At 31 December 2024	5,034,870	613,100	1,360,982	7,008,952	28,211,032
Less: Accumulated amortisation					
At 1 January 2024	2,879,837	369,431	-	3,249,268	13,273,259
Amortisation for the year	500,788	120,653	-	621,441	2,529,886
Currency translation differences	-	-	-	-	(223,541)
At 31 December 2024	3,380,625	490,084	-	3,870,709	15,579,604
Carrying amounts					
At 1 January 2024	1,982,215	157,869	1,371,559	3,511,643	14,345,062
At 31 December 2024	1,654,245	123,016	1,360,982	3,138,243	12,631,428

15. Property and equipment (continued)

2023	Furniture and fixture US\$	Equipment US\$	Computer equipment US\$	Motor vehicles US\$	Work-in progress US\$	Total US\$	Total KHR'000 (Note 5)
Cost							
At 1 January 2023	2,680,208	1,321,746	3,004,127	960,402	2,157,299	10,123,782	41,679,610
Additions	143,452	63,695	97,307	26,000	356,939	687,393	2,825,185
Transfers	403,234	110,823	479,313	2,580	(995,950)	-	-
Transfer to intangible work-in progress	-	-	-	-	(42,888)	(42,888)	(176,270)
Disposal	-	(7,755)	(170,506)	-	-	(178,261)	(732,653)
Write-off	-	(6,868)	(42,658)	-	-	(49,526)	(203,552)
Currency translation differences	-	-	-	-	-	-	(334,377)
At 31 December 2023	3,226,894	1,481,641	3,367,583	988,982	1,475,400	10,540,500	43,057,943
Less: Accumulated depreciation							
At 1 January 2023	641,296	678,720	1,913,666	490,841	-	3,724,523	15,333,861
Depreciation for the year	306,121	229,999	430,861	162,747	-	1,129,728	4,643,182
Disposal	-	(7,755)	(169,897)	-	-	(177,652)	(730,150)
Write-off	-	(3,527)	(42,658)	-	-	(46,185)	(189,820)
Currency translation differences	-	-	-	-	-	-	(141,831)
At 31 December 2023	947,417	897,437	2,131,972	653,588	-	4,630,414	18,915,242
Carrying amounts							
At 1 January 2023	2,038,912	643,026	1,090,461	469,561	2,157,299	6,399,259	26,345,749
At 31 December 2023	2,279,477	584,204	1,235,611	335,394	1,475,400	5,910,086	24,142,701

15. Property and equipment

2024	Furniture and fixture US\$	Equipment US\$	Computer equipment US\$	Motor vehicles US\$	Work-in progress US\$	Total US\$	Total KHR'000 (Note 5)
Cost							
At 1 January 2024	3,226,894	1,481,641	3,367,583	988,982	1,475,400	10,540,500	43,057,943
Additions	-	-	-	-	38,296	38,296	155,903
Transfers	-	6,820	251,499	-	(258,319)	-	-
Disposal	-	-	(35,223)	-	-	(35,223)	(143,393)
Write-off	-	-	(13,765)	-	-	(13,765)	(56,037)
Currency translation differences	-	-	-	-	-	-	(631,939)
At 31 December 2024	3,226,894	1,488,461	3,570,094	988,982	1,255,377	10,529,808	42,382,477
Less: Accumulated depreciation							
At 1 January 2024	947,417	897,437	2,131,972	653,588	-	4,630,414	18,915,242
Depreciation for the year	322,689	217,468	452,607	132,887	-	1,125,651	4,582,525
Disposal	-	-	(35,223)	-	-	(35,223)	(143,393)
Write-off	-	-	(13,765)	-	-	(13,765)	(56,037)
Currency translation differences	-	-	-	-	-	-	(327,352)
At 31 December 2024	1,270,106	1,114,905	2,535,591	786,475	-	5,707,077	22,970,985
Carrying amounts							
At 1 January 2024	2,279,477	584,204	1,235,611	335,394	1,475,400	5,910,086	24,142,701
At 31 December 2024	1,956,788	373,556	1,034,503	202,507	1,255,377	4,822,731	19,411,492

16. Right-of-use assets

Information about the Bank's leases is disclosed within this note and Note 20.

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Right-of-use assets	<u>6,026,572</u>	<u>7,493,796</u>	<u>24,256,952</u>	<u>30,612,157</u>

The Bank leases office spaces including its head office and branches. Information about leases for which the Bank is a lessee is presented below.

	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Right-of-use assets				
Cost				
At 1 January	13,779,099	12,897,988	56,287,619	53,101,017
Lease remeasurement	-	881,111	-	3,621,366
Currency translation differences	-	-	(826,746)	(434,764)
At 31 December	<u>13,779,099</u>	<u>13,779,099</u>	<u>55,460,873</u>	<u>56,287,619</u>
Less: Accumulated amortisation				
At 1 January	6,285,303	4,684,959	25,675,462	19,287,977
Amortisation for the year	1,467,224	1,600,344	5,973,069	6,577,414
Currency translation differences	-	-	(444,610)	(189,929)
At 31 December	<u>7,752,527</u>	<u>6,285,303</u>	<u>31,203,921</u>	<u>25,675,462</u>
Carrying amounts				
At 1 January	<u>7,493,796</u>	<u>8,213,029</u>	<u>30,612,157</u>	<u>33,813,040</u>
At 31 December	<u>6,026,572</u>	<u>7,493,796</u>	<u>24,256,952</u>	<u>30,612,157</u>

17. Deposits from customers

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Saving accounts	15,640,585	20,487,688	62,953,355	83,692,205
Fixed deposits	226,573,013	223,824,627	911,956,377	914,323,601
Current deposits	<u>69,059,706</u>	<u>61,373,058</u>	<u>277,965,317</u>	<u>250,708,943</u>
	<u>311,273,304</u>	<u>305,685,373</u>	<u>1,252,875,049</u>	<u>1,248,724,749</u>

Deposits from customers are analysed as follows:

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
A. By relationship:				
Related parties (Note 34C)	3,167,100	1,821,195	12,747,578	7,439,582
Non-related parties	<u>308,106,204</u>	<u>303,864,178</u>	<u>1,240,127,471</u>	<u>1,241,285,167</u>
	<u>311,273,304</u>	<u>305,685,373</u>	<u>1,252,875,049</u>	<u>1,248,724,749</u>
B. By customer type:				
Individuals	229,376,276	204,251,982	923,239,511	834,369,347
Business enterprises	<u>81,897,028</u>	<u>101,433,391</u>	<u>329,635,538</u>	<u>414,355,402</u>
	<u>311,273,304</u>	<u>305,685,373</u>	<u>1,252,875,049</u>	<u>1,248,724,749</u>
C. By residency status:				
Residents	299,054,089	290,108,871	1,203,692,709	1,185,094,738
Non-residents	<u>12,219,215</u>	<u>15,576,502</u>	<u>49,182,340</u>	<u>63,630,011</u>
	<u>311,273,304</u>	<u>305,685,373</u>	<u>1,252,875,049</u>	<u>1,248,724,749</u>
D. By interest rate (per annum):				

Annual interest rates applicable to deposits from customers at the year end were as follows:

	2024	2023
Saving accounts	0.00% - 2.00%	0.00% - 2.00%
Fixed deposits	0.90% - 7.75%	1.00% - 8.00%
Current deposits	<u>0.00% - 0.70%</u>	<u>0.00% - 0.70%</u>

18. Deposits from other banks and financial institutions

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Fixed deposits	234,557,370	205,880,452	944,093,414	841,021,646
Current deposits	7,729,882	3,346,407	31,112,775	13,670,073
Saving accounts	39,540	3,313,046	159,149	13,533,793
	<u>242,326,792</u>	<u>212,539,905</u>	<u>975,365,338</u>	<u>868,225,512</u>

Deposits from other banks and financial institutions are analysed as follows:

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
A. By relationship:				
Related parties (Note 34C)	63,786,933	61,293,989	256,742,406	250,385,945
Non-related parties	<u>178,539,859</u>	<u>151,245,916</u>	<u>718,622,932</u>	<u>617,839,567</u>
	<u>242,326,792</u>	<u>212,539,905</u>	<u>975,365,338</u>	<u>868,225,512</u>
B. By residency status:				
Residents	178,539,859	151,211,188	718,622,932	617,697,703
Non-residents	<u>63,786,933</u>	<u>61,328,717</u>	<u>256,742,406</u>	<u>250,527,809</u>
	<u>242,326,792</u>	<u>212,539,905</u>	<u>975,365,338</u>	<u>868,225,512</u>

C. By interest rate (per annum):

Annual interest rates applicable to deposits from other banks and financial institutions at the year end were as follows:

	2024	2023
Fixed deposits	3.00% - 7.30%	3.50% - 7.50%
Current deposits	0.00% - 0.35%	0.00% - 0.35%
Saving accounts	<u>0.00% - 1.05%</u>	<u>0.00% - 0.75%</u>

19. Borrowings

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Related parties (i)	1,839,516	88,545,140	7,404,052	361,706,897
Accrued interest payable	-	74,965	-	306,232
	<u>1,839,516</u>	<u>88,620,105</u>	<u>7,404,052</u>	<u>362,013,129</u>
Non-related parties (ii)	-	6,119,951	-	25,000,000
Accrued interest payable	-	65,160	-	266,178
	<u>-</u>	<u>6,185,111</u>	<u>-</u>	<u>25,266,178</u>
	<u>1,839,516</u>	<u>94,805,216</u>	<u>7,404,052</u>	<u>387,279,307</u>

- (i) This represents an overdraft facility that the Bank is having with BRED Banque Populaire – Head Office with the credit limit of 20 million Euro based on the approval from credit committee dated 30 March 2024 with the following terms and conditions. As at 31 December 2024, the Bank has utilised the facility amounting to US\$1,839,516 (2023: US\$ US\$3,545,140).

Total outstanding credit facilities	Overdraft
	US\$1,839,516
Maturity	Nil
Principal repayment	Upon demand
Interest repayment	Quarterly
Interest rate	SOFR 1M + 2%

- (ii) The Bank did not have any LPCO facilities during the year.

The movements of borrowings during the year were as follows:

	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
At 1 January	94,805,216	169,812,012	387,279,307	699,116,053
Additions	2,385,066	2,131,082,725	9,709,604	8,758,750,000
Principle paid	(95,210,641)	(2,206,062,969)	(387,602,520)	(9,066,918,803)
Interest expenses	312,123	8,129,178	1,270,653	33,410,922
Interest paid	(452,248)	(8,155,730)	(1,841,102)	(33,520,050)
Currency translation differences	-	-	(1,411,890)	(3,558,815)
At 31 December	<u>1,839,516</u>	<u>94,805,216</u>	<u>7,404,052</u>	<u>387,279,307</u>

20. Lease liabilities

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Maturity analysis –undiscounted contractual cash flows				
Up to 1 month	237,187	232,277	954,678	948,852
>1 – 3 months	631,427	675,651	2,541,494	2,760,034
>3 – 6 months	292,393	292,060	1,176,882	1,193,065
>6 – 12 months	635,904	635,228	2,559,514	2,594,906
One to five years	3,480,114	4,558,337	14,007,459	18,620,807
More than five years	1,151,639	1,947,470	4,635,346	7,955,415
Total undiscounted lease liabilities	6,428,664	8,341,023	25,875,373	34,073,079
Finance charges	(437,601)	(776,263)	(1,761,344)	(3,171,034)
Carrying amount	5,991,063	7,564,760	24,114,029	30,902,045
Present value of lease liabilities				
Current	1,742,879	1,659,263	7,015,088	6,778,090
Non-current	4,248,184	5,905,497	17,098,941	24,123,955
	5,991,063	7,564,760	24,114,029	30,902,045

Movements in lease liabilities during the year were as follow:

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
At 1 January	7,564,760	8,593,073	30,902,045	35,377,682
Additions	-	552,029	-	2,268,839
Interest expense	175,954	222,889	716,309	916,074
Interest paid	(175,954)	(222,889)	(716,309)	(916,074)
Principal portion of lease payments	(1,573,697)	(1,580,342)	(6,406,520)	(6,495,206)
Currency translation differences	-	-	(381,496)	(249,270)
At 31 December	5,991,063	7,564,760	24,114,029	30,902,045

20. Lease liabilities (continued)

Amounts recognised in statement of profit or loss are as follows:

	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Interest expense on lease	175,954	222,889	716,309	916,074
Expenses relating to short-term leases and lower-value assets	<u>399,045</u>	<u>450,206</u>	<u>1,624,512</u>	<u>1,850,347</u>

21. Other liabilities

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Accruals and other payables (*)	1,562,473	1,977,956	6,288,954	8,079,950
Amount due to related parties (Note 34C)	634,355	821,214	2,553,279	3,354,659
Other tax payables	313,461	974,059	1,261,679	3,979,031
Fund held under escrow account	-	2,639,907	-	10,784,020
	<u>2,510,289</u>	<u>6,413,136</u>	<u>10,103,912</u>	<u>26,197,660</u>

(*) On 17 February 2025, the Bank received an official tax reassessment result from the GDT for the comprehensive tax audit for the period from 1 January 2018 to 31 December 2018 and for the period from 1 January 2019 to 31 December 2020 with total additional taxes, interests and penalties of KHR399,651,962 (approximately at US\$99,292). The balance is recorded in the accruals and other payable account as at 31 December 2024. Subsequently, the Bank has paid to the GDT on 28 February 2025.

22. Seniority indemnity obligations

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Seniority indemnity	9,031	20,961	36,350	85,626
Other	<u>4,325</u>	<u>4,572</u>	<u>17,408</u>	<u>18,676</u>
	13,356	25,533	53,758	104,302

22. Seniority indemnity obligations (continued)

This represents provision for seniority indemnity payments required by Prakas No. 443 issued by the Ministry of Labour and Vocational Training ("MoLVT") on 21 September 2018, and subsequently amended by Instruction No. 042/19 dated 22 March 2019. It requires all employers to settle the seniority indemnity to their employee as follows:

- Current pay: starting from 2019 onwards at the amounts equal to 15 days of wages and other benefits for the relevant year.
- Retrospective (back-pay): starting from 2021 onwards at the amounts equal to 6 days of net wages for the relevant year. The provision of back-pay seniority indemnity is calculated at a maximum amount of 6 months net wages (depends on the length of the service employee served) to the employee who has seniority before 2019.

Payments will be made twice a year, in June and December respectively. Employee does not entitle to the remaining back-pay seniority indemnity, which is not yet due, if he/she resigns from the Bank.

The movements of employee benefit obligations during the year were as follows:

	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
At 1 January	25,533	48,652	104,302	200,300
Recognised in profit or loss	-	9,271	-	38,104
Paid during the year	(12,177)	(32,390)	(49,573)	(133,123)
Currency translation differences	-	-	(971)	(979)
At 31 December	13,356	25,533	53,758	104,302

23. Income tax expense

A. Deferred tax assets – net

	31 December		31 December	
	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
Deferred tax assets	6,938,797	6,166,844	27,928,657	25,191,558
Deferred tax liabilities	(5,160,721)	(4,834,952)	(20,771,901)	(19,750,779)
Deferred tax assets – net	1,778,076	1,331,892	7,156,756	5,440,779

23. Income tax expense (continued)

A. Deferred tax assets – net (continued)

Deferred tax assets are attributable to the following:

	31 December		31 December	
	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
Deferred tax assets:				
Provision for employee benefits	2,671	5,107	10,751	20,862
Tax losses carried forward	5,413,609	4,297,790	21,789,776	17,556,472
Lease liabilities	1,198,213	1,512,952	4,822,807	6,180,409
Deferred income from loan and advances	324,304	350,995	1,305,323	1,433,815
	6,938,797	6,166,844	27,928,657	25,191,558
Deferred tax liabilities:				
Allowance for impairment losses on financial instruments	(2,962,457)	(2,935,064)	(11,923,888)	(11,989,736)
Interest in suspense	(763,196)	-	(3,071,865)	-
Right-of-use assets	(1,205,314)	(1,498,759)	(4,851,389)	(6,122,431)
Depreciation and amortisation	(229,754)	(401,129)	(924,759)	(1,638,612)
	(5,160,721)	(4,834,952)	(20,771,901)	(19,750,779)
Deferred tax assets – net	1,778,076	1,331,892	7,156,756	5,440,779

Movements of net deferred tax during the year were as follows:

	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
At 1 January	1,331,892	1,612,526	5,440,779	6,638,770
Recognised in profit or loss	446,184	(280,634)	1,816,415	(1,153,406)
Currency translation differences	-	-	(100,438)	(44,585)
At 31 December	1,778,076	1,331,892	7,156,756	5,440,779

23. Income tax expense (continued)

B. Current income tax credit

	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
At 1 January	(1,457,271)	35,047	(5,952,952)	144,288
Current income tax benefit	-	(997,354)	-	(4,099,125)
Income tax paid	(439,305)	(494,964)	(1,788,411)	(2,034,302)
Currency translation differences	-	-	107,645	36,187
At 31 December	<u>(1,896,576)</u>	<u>(1,457,271)</u>	<u>(7,633,718)</u>	<u>(5,952,952)</u>

C. Income tax benefit

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

The minimum tax can be exempted should the Bank maintains proper accounting records as defined in the Prakas No. 638 issued by the General Department of Taxation ("GDT") in which it is subject to be approved by the GDT. On 27 December 2023, the Bank received the latest Gold Certificate and a letter certifying that the Bank has maintained a proper accounting, which cover for the fiscal period of 2023 and 2024, from the GDT. The Bank is therefore exempted from the minimum tax during these periods.

	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
Income tax benefit				
Current income tax benefit	-	(997,354)	-	(4,099,125)
Deferred tax (benefit)/expense	<u>(446,184)</u>	<u>280,634</u>	<u>(1,816,415)</u>	<u>1,153,406</u>
	<u>(446,184)</u>	<u>(716,720)</u>	<u>(1,816,415)</u>	<u>(2,945,719)</u>

23. Income tax expense (continued)

C. Income tax benefit (continued)

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

	2024			2023		
	%	US\$	KHR'000 (Note 5)	%	US\$	KHR'000 (Note 5)
Loss before income tax		<u>(3,792,253)</u>	<u>(15,438,262)</u>		<u>(7,314,856)</u>	<u>(30,064,058)</u>
Income tax rate of 20%	20.00	(758,451)	(3,087,654)	20.00	(1,462,971)	(6,012,812)
Effect of non-deductible expenses	(8.19)	310,504	1,264,062	(6.67)	487,607	2,004,066
Current income tax benefit	-	-	-	13.63	(997,354)	(4,099,125)
Unrecognised temporary differences (*)	(0.05)	1,763	7,177	(17.17)	1,255,998	5,162,152
Income tax benefit	<u>11.76</u>	<u>(446,184)</u>	<u>(1,816,415)</u>	<u>(9.79)</u>	<u>(716,720)</u>	<u>(2,945,719)</u>

(*) These represent movements of tax losses that were not fully recognised as deferred tax asset in the financial statements because it is not probable that future taxable profits will be available against which the Bank can use the benefits thereon.

The calculation of taxable income is subject to the final review and approval of the tax authorities.

24. Share capital

All 145,000 ordinary shares (2023: 145,000 ordinary shares) are registered, issued, and paid-up with a par value of US\$1,000 or equivalent to KHR4,000,000 per share.

There were no changes in the shareholders and the shareholding structure of the Bank during the year under audit.

	31 December		31 December	
	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
BRED Banque Populaire	<u>145,000,000</u>	<u>145,000,000</u>	<u>580,000,000</u>	<u>580,000,000</u>

25. Reserves

	31 December		31 December	
	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
Regulatory reserves (*)	<u>22,003,975</u>	<u>21,133,063</u>	<u>90,174,193</u>	<u>86,628,710</u>



26. Interest income

	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
Loans and advances to other banks and financial institutions	2,801,325	3,216,678	11,404,194	13,220,547
Loans and advances to customers	37,182,531	39,118,589	151,370,084	160,777,401
Balance with the National Bank of Cambodia	308,568	353,506	1,256,180	1,452,910
Balance with other banks and financial institutions	5,154,692	668,372	20,984,751	2,747,008
	<u>45,447,116</u>	<u>43,357,145</u>	<u>185,015,209</u>	<u>178,197,866</u>

27. Interest expense

	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
Fixed deposits	28,462,605	19,496,944	115,871,265	80,132,440
Demand deposits	681,178	339,222	2,773,075	1,394,202
Saving accounts	265,226	260,293	1,079,735	1,069,804
Borrowings	312,123	8,129,178	1,270,653	33,410,922
Lease liabilities	175,954	222,889	716,309	916,074
	<u>29,897,086</u>	<u>28,448,526</u>	<u>121,711,037</u>	<u>116,923,442</u>

28. Net fee and commission income/(expense)

	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
Inward and outward remittance	778,545	756,358	3,169,457	3,108,631
Other fees	1,926,989	1,745,727	7,844,772	7,174,938
Fee and commission income	<u>2,705,534</u>	<u>2,502,085</u>	<u>11,014,229</u>	<u>10,283,569</u>
Visa and Master card fee	(1,624,494)	(1,571,807)	(6,613,315)	(6,460,127)
SWIFT fee	(572,374)	(507,351)	(2,330,135)	(2,085,213)
Other fee	(460,837)	(481,178)	(1,876,067)	(1,977,641)
Fee and commission expenses	<u>(2,657,705)</u>	<u>(2,560,336)</u>	<u>(10,819,517)</u>	<u>(10,522,981)</u>
	<u>47,829</u>	<u>(58,251)</u>	<u>194,712</u>	<u>(239,412)</u>

25. Reserves (continued)

(*) Regulatory reserves represented the variance between impairment loss on financial instruments in accordance with CIFRSs and the regulatory provision in accordance with the requirement of the National Bank of Cambodia.

As at 31 December 2024, the Bank transferred from regulatory reserves to retained earnings as follows:

	Balances with other banks US\$	Loans and advances to other financial institutions US\$	Loans and advances to customers US\$	Off-balance sheet items US\$	Total US\$
31 December 2024					
Allowance per the National Bank of Cambodia (i)	391,351	342,502	29,106,167	716,851	30,556,871
Allowance per CIFRS 9 (ii)	(117,722)	(191,836)	(7,883,647)	(359,695)	(8,552,896)
Regulatory reserves (A) = (i) + (ii)					<u>22,003,975</u>
31 December 2023					
Allowance per the National Bank of Cambodia (i)	439,502	369,780	27,645,924	846,279	29,301,485
Allowance per CIFRS 9 (ii)	(106,201)	(221,868)	(7,181,622)	(658,731)	(8,168,422)
Regulatory reserves (B) = (i) + (ii)					<u>21,133,063</u>
Transfer from accumulated losses to regulatory reserves (A – B) In KHR'000 (Note 5)					<u>870,912</u> <u>3,545,483</u>

29. Other income

	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
Net foreign exchange gain	923,656	766,122	3,760,204	3,148,761
Dividend income from equity investment	48,179	67,378	196,137	276,924
Other income	1,014	1,613	4,127	6,629
	<u>972,849</u>	<u>835,113</u>	<u>3,960,468</u>	<u>3,432,314</u>

30. Net losses from other financial instruments at FVTPL

The below are derived from derivatives held for risk management excluding the effective portion of derivatives held for hedge accounting purpose:

	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
<i>Income from derivatives held for risk management</i>				
Interest rate swaps	<u>1,930,808</u>	<u>624,357</u>	<u>7,860,319</u>	<u>2,566,108</u>
<i>Loss from derivatives held for risk management</i>				
Interest rate swaps	(1,930,808)	(624,357)	(7,860,319)	(2,566,108)
Currency swap designated in cash flow hedge-released hedging costs	<u>-</u>	<u>(889,566)</u>	<u>-</u>	<u>(3,656,116)</u>
	<u>-</u>	<u>(1,513,923)</u>	<u>-</u>	<u>(6,222,224)</u>
Net losses from other financial instruments at FVTPL	<u>-</u>	<u>(889,566)</u>	<u>-</u>	<u>(3,656,116)</u>

31. Personnel expenses

	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
Salaries and wages	6,283,542	6,391,561	25,580,299	26,269,316
Other benefits	<u>2,051,932</u>	<u>2,714,505</u>	<u>8,353,416</u>	<u>11,156,615</u>
	<u>8,335,474</u>	<u>9,106,066</u>	<u>33,933,715</u>	<u>37,425,931</u>

32. Other operating expenses

	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
Depreciation and amortisation	3,214,316	3,079,758	13,085,480	12,657,805
Professional fees (*)	3,673,238	3,757,100	14,953,752	15,441,681
Other tax expenses	1,298,330	2,588,739	5,285,501	10,639,717
Public relations, marketing and advertising	765,732	864,460	3,117,295	3,552,931
Low value lease and short-term rental	399,045	450,206	1,624,512	1,850,347
License fees	284,826	281,407	1,159,527	1,156,583
Utilities expenses	220,807	234,589	898,905	964,161
Repairs and maintenance	388,451	343,143	1,581,384	1,410,318
Insurance expense	393,686	318,117	1,602,696	1,307,461
Communication	207,364	230,969	844,179	949,283
Travelling and accommodation	66,104	78,096	269,109	320,975
Office supplies	77,443	80,567	315,270	331,130
Other expenses	<u>592,186</u>	<u>637,262</u>	<u>2,410,790</u>	<u>2,619,145</u>
	<u>11,581,528</u>	<u>12,944,413</u>	<u>47,148,400</u>	<u>53,201,537</u>

(*) Professional fee includes audit fees expense to the auditor amounting to US\$77,792 inclusive of VAT for the year ended 31 December 2024 (2023: US\$74,800).

33. Commitments and contingencies

A. Commitments and other contingencies

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

	31 December 2024 US\$	31 December 2023 US\$	31 December 2024 KHR'000 (Note 5)	31 December 2023 KHR'000 (Note 5)
Unused portion of credit facilities	52,612,935	73,223,276	211,767,063	299,117,082
Letters of credits	3,674,138	973,275	14,788,405	3,975,828
Bankers' guarantees	<u>9,198,529</u>	<u>9,348,573</u>	<u>37,024,079</u>	<u>38,188,921</u>
	<u>65,485,602</u>	<u>83,545,124</u>	<u>263,579,547</u>	<u>341,281,831</u>
Allowance for impairment losses	<u>(359,695)</u>	<u>(658,731)</u>	<u>(1,447,772)</u>	<u>(2,690,916)</u>
	<u>65,125,907</u>	<u>82,886,393</u>	<u>262,131,775</u>	<u>338,590,915</u>

B. Taxation contingencies

The Bank assesses its tax obligations based on applicable tax laws and regulations as of the reporting date. Given the evolving nature of tax legislation, certain tax treatments may necessitate judgment and interpretation. Management exercises judgment in establishing the Bank's tax positions and continually monitors regulatory developments. While the Bank strives to comply with current tax requirements, interpretations of tax regulations may vary. Any adjustments resulting from regulatory reviews, once conducted and finalised, will be reflected into the financial statements as appropriate.

C. Capital commitment

As at 31 December 2024, the Bank had capital commitments in connection with the acquisition of property and equipment and intangible assets of US\$3,123,395 (31 December 2023: US\$3,255,777).

34. Related parties

A. Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Bank if the Bank has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Bank have related party relationships with its substantial shareholders, companies under common control and key management personnel.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly. The key management personnel include all the Directors of the Bank, and certain senior management members of the Bank.

Key management have banking relationships with Bank entities which are entered into in the normal course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with other persons of a similar standing or, where applicable, with other employees. These transactions did not involve more than the normal risk of repayment or present other unfavourable features.

B. Transactions with related parties

	2024 US\$	2023 US\$	2024 KHR'000 (Note 5)	2023 KHR'000 (Note 5)
BRD (Cambodia) Limited				
Rental expense (building and meeting room)	893,842	859,155	3,638,831	3,531,127
Electricity charge	111,225	124,839	452,797	513,088
Maintenance services charges	51,282	57,882	208,769	237,895
Interest paid/Account maintenance fees	5,303	2,341	21,589	9,622
Access cards - fitness registration	3,538	3,260	14,403	13,399
Interest expense	5,303	2,341	21,589	9,622
Bred IT				
IT maintenance fees	2,402,520	2,944,849	9,780,659	12,103,329
BRED Banque Populaire				
Share capital injection	-	35,000,000	-	140,000,000
Interest expense	221,967	8,041,128	903,628	33,049,036
Representative office of Compagnie Financiere de la BRED				
Interest expense	990	3,727	4,030	15,318
Banque Pour Le Commerce Et L'industrie Mer Rouge				
Interest expense	3,168,833	1,939,215	12,900,319	7,970,174
Key Management				
Interest income from loan	(13,832)	(40,845)	(56,310)	(167,873)
Salary for management	529,996	982,712	2,157,614	4,038,946
Benefits for management	224,078	382,434	912,222	1,571,804
Board of Director fee	77,280	82,056	314,607	337,250

C. Balances with related parties

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Amount due to related party				
Bred IT	634,355	821,214	2,553,279	3,354,659

Amounts due to related parties are unsecured, interest free and payable on demand.

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Deposits from related parties				
(Note 17A and 18A)				
<i>Deposit from customers</i>				
Representative office of				
Compagnie Financiere				
de la BRED	718,363	160,607	2,891,411	656,080
BRD (Cambodia) Limited	2,180,817	1,188,037	8,777,788	4,853,131
Bred IT	-	75	-	306
Key management personnel	267,920	472,476	1,078,379	1,930,065
	<u>3,167,100</u>	<u>1,821,195</u>	<u>12,747,578</u>	<u>7,439,582</u>

Deposit from other banks and financial institutions

Banque Pour Le Commerce Et L'industrie Mer Rouge	63,786,933	61,293,989	256,742,406	250,385,945
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Borrowings from a related party

BRED Banque Populaire (Note 19)	1,839,516	88,620,105	7,404,052	362,013,129
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Placement with related party

BRED Banque Populaire	10,184,346	8,610,081	40,991,993	35,172,181
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Loan to related parties

Key management personnel	2,447	1,305,678	9,849	5,333,695
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Refer to Note 17, 18 and 19 for the term and conditions of deposits and borrowings from related parties.

35. Cash and cash equivalents

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Cash on hand (Note 6)	26,641,762	24,549,839	107,233,092	100,286,092
Balances with the National Bank of Cambodia (Note 7)				
Current accounts	45,118,384	49,481,072	181,601,496	202,130,179
Balances with other banks and financial institutions (Note 8)				
Fixed deposit with original maturity of 3 months or less	8,382,510	-	33,739,603	-
Current accounts	6,899,047	10,247,418	27,768,664	41,860,703
Cash and cash equivalents in the statement of cash flows	<u>87,041,703</u>	<u>84,278,329</u>	<u>350,342,855</u>	<u>344,276,974</u>

36. Net impairment losses on financial instruments

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Net impairment loss on balances with other banks and financial institutions (Note 8)	(11,521)	30,260	(46,902)	124,369
Net impairment loss on loans and advances to banks and other financial institutions (Note 10)	30,032	148,685	122,260	611,095
Net impairment loss on loans and advances to customers (Note 11)	(763,506)	(776,912)	(3,108,233)	(3,193,108)
Net impairment loss on off-balance sheet items (Note 38B(v))	299,036	541,247	1,217,376	2,224,525
	<u>(445,959)</u>	<u>(56,720)</u>	<u>(1,815,499)</u>	<u>(233,119)</u>

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments. (continued)

	Designated as at FVTPL US\$	FVOCI – equity instruments US\$	Amortised cost US\$	Total carrying amount US\$	KHR'000 (Note 5)
31 December 2023					
Cash on hand	-	-	24,549,839	24,549,839	100,286,092
Balances with the National Bank of Cambodia	-	-	120,115,201	120,115,201	490,670,596
Balances with other banks and financial institutions	-	-	45,550,258	45,550,258	186,072,804
Financial assets at FVOCI	-	140,000	-	140,000	571,900
Loans and advances to other banks and financial institutions	-	-	36,575,255	36,575,255	149,409,917
Loans and advances to customers	-	-	504,497,012	504,497,012	2,060,870,294
Derivative assets held for risk management	1,100,881	-	-	1,100,881	4,497,099
Other assets	-	-	807,509	807,509	3,298,674
Total financial assets	1,100,881	140,000	732,095,074	733,335,955	2,995,677,376
Deposits from customers	-	-	305,685,373	305,685,373	1,248,724,749
Deposits from other banks and financial institutions	-	-	212,539,905	212,539,905	868,225,512
Borrowings	-	-	94,805,216	94,805,216	387,279,307
Derivative liabilities held for risk management	1,100,881	-	-	1,100,881	4,497,099
Lease liabilities	-	-	7,564,760	7,564,760	30,902,045
Other liabilities	-	-	5,439,077	5,439,077	22,218,630
Total financial liabilities	1,100,881	-	626,034,331	627,135,212	2,561,847,342

37. Classification of financial assets and financial liabilities

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	Designated as at FVTPL US\$	FVOCI – equity instruments US\$	Amortised cost US\$	Total carrying amount US\$	KHR'000 (Note 5)
31 December 2024					
Cash on hand	-	-	26,641,762	26,641,762	107,233,092
Balances with the National Bank of Cambodia	-	-	97,696,581	97,696,581	393,228,739
Balances with other banks and financial institutions	-	-	40,588,941	40,588,941	163,370,488
Financial assets at FVOCI	-	140,000	-	140,000	563,500
Loans and advances to other banks and financial institutions	-	-	33,846,762	33,846,762	136,233,217
Loans and advances to customers	-	-	467,289,774	467,289,774	1,880,841,340
Derivative assets held for risk management	278,312	-	-	278,312	1,120,206
Other assets	-	-	1,154,417	1,154,417	4,646,528
Total financial assets	278,312	140,000	667,218,237	667,636,549	2,687,237,110
Deposits from customers	-	-	311,273,304	311,273,304	1,252,875,049
Deposits from other banks and financial institutions	-	-	242,326,792	242,326,792	975,365,338
Borrowings	-	-	1,839,516	1,839,516	7,404,052
Derivative liabilities held for risk management	278,312	-	-	278,312	1,120,206
Lease liabilities	-	-	5,991,063	5,991,063	24,114,029
Other liabilities	-	-	2,196,828	2,196,828	8,842,233
Total financial liabilities	278,312	-	563,627,503	563,905,815	2,269,720,907

38. Financial risk management

A. Introduction and overview

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

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

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

The Bank holds the following financial assets and liabilities:

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Financial assets				
Cash on hand	26,641,762	24,549,839	107,233,092	100,286,092
Balances with the National Bank of Cambodia	97,696,581	120,115,201	393,228,739	490,670,596
Balances with other banks and financial institutions	40,588,941	45,550,258	163,370,488	186,072,804
Financial assets at FVOCI	140,000	140,000	563,500	571,900
Loans and advances to other banks and financial institutions	33,846,762	36,575,255	136,233,217	149,409,917
Loans and advances to customers	467,289,774	504,497,012	1,880,841,340	2,060,870,294
Derivative assets held for risk management	278,312	1,100,881	1,120,206	4,497,099
Other assets	1,154,417	807,509	4,646,528	3,298,674
	<u>667,636,549</u>	<u>733,335,955</u>	<u>2,687,237,110</u>	<u>2,995,677,376</u>
Financial liabilities				
Deposits from customers	311,273,304	305,685,373	1,252,875,049	1,248,724,749
Deposits from other banks and financial institutions	242,326,792	212,539,905	975,365,338	868,225,512
Borrowings	1,839,516	94,805,216	7,404,052	387,279,307
Derivative liabilities held for risk management	278,312	1,100,881	1,120,206	4,497,099
Lease liabilities	5,991,063	7,564,760	24,114,029	30,902,045
Other liabilities	2,196,828	5,439,077	8,842,233	22,218,630
	<u>563,905,815</u>	<u>627,135,212</u>	<u>2,269,720,907</u>	<u>2,561,847,342</u>

A. Introduction and overview (continued)

Risk management functional and governance structure

The Bank's Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established the Bank Audit committee and the Risk Committee, which are respectively responsible for approving and monitoring Bank's risk management policies.

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

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

B. Credit risk

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

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

(i). *Management of credit risk*

The management of credit risk of the Bank is integrated within BRED Group Credit Risk Management.

BRED's credit risk management is based on the strict independence of the Commitments Department from the commercial business lines. The Commitments Department is involved in the decision-making process and subsequent monitoring of commitments. It has collaborators in the regional operational directorates, that, besides making credit decisions, ensure promotion good practices in order to satisfactorily control risk.

B. Credit risk (continued)

(i). Management of credit risk (continued)

The Commitments Department proposes BRED's credit policy, as validated by its staff managers and approved by the Board of Directors. It validates the credit policies of the subsidiaries, once they have been approved by their respective surveillance departments. It monitors the dissemination and correct implementation of these policies within the BRED Group. The Credit Risk Department (DRC) is under the Head of Risk, Compliance and Permanent Control, which itself is directly under the General Management and reports to the Board of Directors.

The Credit Risk Department, which is totally independent from the commercial business lines and from the Commitments Department, is responsible for second level permanent control of credit risk. It validates the credit policies once they have been set by the head of department, before to be approved by BRED HQ Credit risk department and approved by the Board of Directors.

Management of credit risk is mainly based on:

- a system of delegation of powers to specific persons, reviewed annually by the Commitments Department and Credit Risk Department;
- an internal rating system that is highly integrated into the decision-making process;
- risk-spreading criteria;
- the following up on commitments on a continuous flow basis, with the help of an automated system of "position monitoring", of close-outs for depreciable trials and of defective accounts;
- reinforced detection and prevention of risks with retail, professional and corporate customers via the action of branch network employees and their hierarchy of monitoring tools; and
- permanent control conducted by the Credit Risk Department on regular basis, through a sample selection.

(ii). Concentration of risk

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

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

B. Credit risk (continued)				
(ii). Concentration of risk (continued)				
Type of credit exposure	Maximum credit exposure US\$	Maximum credit exposure KHR'000 (Note 5)	Fully subject to collateral/credit enhancement %	Partially subject to collateral/credit enhancement %
31 December 2024				
On Balance sheet items				
Balance with the National Bank of Cambodia	97,696,581	393,228,739	-	-
Balance with other banks and financial institutions	40,588,941	163,370,488	-	-
Loans and advances to other banks and financial institutions	33,846,762	136,233,217	-	-
Loans and advances to customers	467,289,774	1,880,841,340	93.03%	1.42%
Derivatives held for risk management	278,312	1,120,206	-	-
Other assets	1,154,417	4,646,528	-	-
Total	640,854,787	2,579,440,518	-	-
Off-Balance sheet items				
Contingent liabilities	12,797,172	51,508,617	86.32%	3.86%
Commitments	52,328,735	210,623,158	83.50%	3.92%
Total	65,125,907	262,131,775	-	-
				Unsecured and not subject to collateral/credit enhancement %
				100%
				100%
				100%
				5.54%
				100%
				100%
				9.82%
				12.58%

(iii). *Concentration of risk (continued)*

Concentration risk by industrial sectors

	Balance with National Bank of Cambodia US\$	Balance with other banks and financial institutions US\$	Loans and advances to banks and other financial institutions US\$	Loans and advances to customers US\$	Derivatives held for risk management US\$	Other assets US\$	Total US\$
31 December 2024							
Banking	97,696,581	35,537,581	16,830,538	-	278,312	-	150,343,012
Microfinance institutions	-	5,051,360	17,016,224	-	-	-	22,067,584
Manufacturing	-	-	-	54,956,579	-	-	54,956,579
Printing	-	-	-	1,608,803	-	-	1,608,803
Electricity	-	-	-	5,743,432	-	-	5,743,432
Water, sewerage and drainage	-	-	-	1,047,162	-	-	1,047,162
Construction services	-	-	-	21,431,757	-	-	21,431,757
Import and export	-	-	-	63,992,320	-	-	63,992,320
Other wholesale trade	-	-	-	39,898,601	-	-	39,898,601
Retail trade	-	-	-	20,874,188	-	-	20,874,188
Hotels and restaurants	-	-	-	21,477,725	-	-	21,477,725
Transport and storage	-	-	-	2,651,946	-	-	2,651,946
Real estate	-	-	-	133,191,022	-	-	133,191,022
Other retail lending	-	-	-	4,333,323	-	-	4,333,323
Others	-	-	-	96,082,916	-	1,154,417	97,237,333
Total (US\$)	97,696,581	40,588,941	33,846,762	467,289,774	278,312	1,154,417	640,854,787
Total (KHR'000 – Note 5)	393,228,739	163,370,488	136,233,217	1,880,841,340	1,120,206	4,646,528	2,579,440,518

(iii). *Concentration of risk (continued)*

Type of credit exposure (continued)

	Maximum credit exposure US\$	Maximum credit exposure KHR'000 (Note 5)	Fully subject to collateral/credit enhancement %	Partially subject to collateral/credit enhancement %	Unsecured and not subject to collateral/ credit enhancement %
31 December 2023					
On Balance sheet items					
Balance with the National Bank of Cambodia	120,115,201	490,670,596	-	-	100%
Balance with other banks and financial institutions	45,550,258	186,072,804	-	-	100%
Loans and advances to other banks and financial institutions	36,575,255	149,409,917	-	-	100%
Loans and advances to customers	504,497,012	2,060,870,294	98.53%	0.81%	0.66%
Derivatives held for risk management	1,100,881	4,497,099	-	-	100%
Other assets	807,509	3,298,674	-	-	100%
Total	708,646,116	2,894,819,384			
Off-Balance sheet items					
Contingent liabilities	10,147,451	41,452,337	84.46%	7.37%	8.17%
Commitments	72,738,942	297,138,578	78.45%	8.35%	13.20%
Total	82,886,393	338,590,915			



(ii). Concentration of risk (continued)

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

	31 December 2024		31 December 2023	
	US\$		KHR'000 (Note 5)	
By residency status:				
Residents	467,289,774	504,497,012	1,880,841,340	2,060,870,294
By relationship:				
External customers	457,710,206	494,595,460	1,842,283,579	2,020,422,454
Staff loans	9,579,568	9,901,552	38,557,761	40,447,840
	467,289,774	504,497,012	1,880,841,340	2,060,870,294
By exposure:				
Large exposures (*)	66,486,985	48,577,436	267,610,115	198,438,826
Non-large exposures	400,802,789	455,919,576	1,613,231,225	1,862,431,468
	467,289,774	504,497,012	1,880,841,340	2,060,870,294
By concession:				
Restructured (**)	43,739,666	29,059,309	176,052,156	118,707,277
Non-restructured	423,550,108	475,437,703	1,704,789,184	1,942,163,017
	467,289,774	504,497,012	1,880,841,340	2,060,870,294

(*) A “large exposure” is defined under the NBC’s Prakas as the overall gross exposure of the aggregate balance of loans and advances with one single beneficiary, which exceeds 10% of the Bank’s net worth.

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

(ii). Concentration of risk (continued)

Concentration risk by industrial sectors (continued)

	31 December 2023	Balance with National Bank of Cambodia US\$	Balance with other banks and financial institutions US\$	Loans and advances to banks and other financial institutions US\$	Loans and advances to customers US\$	Derivatives held for risk management US\$	Other assets US\$	Total US\$
Banking		120,115,201	45,550,258	18,648,614	-	-	-	184,314,073
Microfinance institutions		-	-	17,926,641	-	-	-	17,926,641
Manufacturing		-	-	-	55,082,751	-	-	55,082,751
Printing		-	-	-	2,112,544	-	-	2,112,544
Electricity		-	-	-	4,602,830	-	-	4,602,830
Water, sewerage and drainage		-	-	-	1,143,148	-	-	1,143,148
Construction services		-	-	-	11,203,728	-	-	11,203,728
Import and export		-	-	-	76,300,628	-	-	76,300,628
Other wholesale trade		-	-	-	45,675,448	-	-	45,675,448
Retail trade		-	-	-	21,784,065	-	-	21,784,065
Hotels and restaurants		-	-	-	22,380,779	-	-	22,380,779
Transport and storage		-	-	-	3,788,286	-	-	3,788,286
Real estate		-	-	-	145,634,400	-	-	145,634,400
Other retail lending		-	-	-	81,038,575	-	-	81,038,575
Others		-	-	-	33,749,830	1,100,881	807,509	35,658,220
Total (US\$)		120,115,201	45,550,258	36,575,255	504,497,012	1,100,881	807,509	708,646,116
Total (KHR'000 – Note 5)		490,670,596	186,072,804	149,409,917	2,060,870,294	4,497,099	3,298,674	2,894,819,384

B. Credit risk (continued)

(iii). Collateral

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

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

Cash and cash equivalents, balance with NBC, balance with other banks and financial institutions, and other assets

Collateral is generally not sought for these assets.

Loans and advances to customers, loans and advances to other banks and financial institutions, contingent liabilities, and commitments

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

(iv). Credit quality analysis

Pursuant to the NBC guideline Prakas B7.017.344, the Bank has followed and applied the following policy which defined each credit grading according to its credit quality as follows:

Normal

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

Special Mention

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

B. Credit risk (continued)

(iv). Credit quality analysis (continued)

Special Mention (continued)

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

Substandard

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

Factors leading to a substandard classification include:

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

Doubtful

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

Loss

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

B. Credit risk (continued)

(iv). Credit quality analysis (continued)

Loss (continued)

Long-term facilities (more than one year)

Grades	DPD	Default Indicator
Normal	$0 \leq \text{DPD} < 30$	Performing
Special Mention	$30 \leq \text{DPD} < 90$	Underperforming
Substandard	$90 \leq \text{DPD} < 180$	Nonperforming
Doubtful	$180 \leq \text{DPD} < 360$	
Loss	$\text{DPD} \geq 360$	

Short-term facilities (one year or less)

Grades	DPD	Default Indicator
Normal	$0 \leq \text{DPD} \leq 14$	Performing
Special Mention	$15 \leq \text{DPD} \leq 30$	Underperforming
Substandard	$31 \leq \text{DPD} \leq 60$	Nonperforming
Doubtful	$61 \leq \text{DPD} \leq 90$	
Loss	$\text{DPD} \geq 91$	

Recognition of ECL

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

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

B. Credit risk (continued)

(iv). Credit quality analysis (continued)

Recognition of ECL (continued)

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

Stage	Credit risk status	Grade	DPD		Default indicator
			Short term facility (1 year or less)	Long term facility (More than 1 year)	
1	No significant increase in credit risk	Normal	$0 \leq \text{DPD} \leq 14$	$0 \leq \text{DPD} \leq 29$	Performing
2	Significant increased Credit risk	Special mention	$15 \leq \text{DPD} \leq 30$	$30 \leq \text{DPD} \leq 89$	Underperforming
3	Credit impaired assets	Substandard	$31 \leq \text{DPD} \leq 60$	$90 \leq \text{DPD} \leq 179$	Nonperforming
		Doubtful	$61 \leq \text{DPD} \leq 90$	$180 \leq \text{DPD} \leq 359$	
		Loss	$\text{DPD} \geq 91$	$\text{DPD} \geq 360$	

Stages	Credit Risk Status	Criteria DPD	Default Indicator
1	No significant increase in credit risk	$0 \leq \text{DPD} < 30$	Performing
2	Credit risk increased significantly	$30 \leq \text{DPD} < 90$ or Watchlist clients	Underperforming
3	Credit impaired assets	> 90	Nonperforming

The Bank uses day past due (DPD) information, NBC's classification and other qualitative criteria for staging criteria.

As for financial assets that are short term in nature, simplified approach will be adopted where no staging criteria is required. In this case, it will be either performing (Stage1) or non-performing.

B. Credit risk (continued)

(iv). Credit quality analysis (continued)

Recognition of ECL (continued)

The following tables set out information about the credit quality of financial assets measured at amortised cost without taking into account collateral or other credit enhancement. Unless specifically indicated, for financial assets the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

	31 December 2024			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Loans and advances to other banks and financial institutions at amortised cost				
Normal	34,038,598	-	-	34,038,598
Special mention	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	34,038,598	-	-	34,038,598
Less: Impairment loss allowance	(191,836)	-	-	(191,836)
Carrying amounts (US\$)	33,846,762	-	-	33,846,762
Carrying amounts (KHR'000)	136,233,217	-	-	136,233,217
	31 December 2023			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Loans and advances to other banks and financial institutions at amortised cost				
Normal	36,797,123	-	-	36,797,123
Special mention	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	36,797,123	-	-	36,797,123
Less: Impairment loss allowance	(221,868)	-	-	(221,868)
Carrying amounts (US\$)	36,575,255	-	-	36,575,255
Carrying amounts (KHR'000)	149,409,917	-	-	149,409,917

B. Credit risk (continued)

(iv). Credit quality analysis (continued)

Recognition of ECL (continued)

	31 December 2024			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Loans and advances to customers at amortised cost				
Normal	400,022,083	11,107,191	11,090,022	422,219,296
Special Mention	-	820,876	11,432,212	12,253,088
Substandard	77,687	6,406	10,089,392	10,173,485
Doubtful	3,841	-	16,239,317	16,243,158
Loss	-	-	15,469,223	15,469,223
	400,103,611	11,934,473	64,320,166	476,358,250
Impairment losses	(2,266,832)	(429,191)	(6,372,453)	(9,068,476)
Carrying amounts (US\$)	397,836,779	11,505,282	57,947,713	467,289,774
Carrying amounts (KHR'000)	1,601,293,035	46,308,760	233,239,545	1,880,841,340
	31 December 2023			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Loans and advances to customers at amortised cost				
Normal	464,740,977	6,879,910	92,949	471,713,836
Special Mention	49,095	1,250,163	-	1,299,258
Substandard	8,463	112,453	8,561,698	8,682,614
Doubtful	8,865	-	17,810,951	17,819,816
Loss	-	-	12,163,110	12,163,110
	464,807,400	8,242,526	38,628,708	511,678,634
Impairment losses	(2,807,031)	(720,854)	(3,653,737)	(7,181,622)
Carrying amounts (US\$)	462,000,369	7,521,672	34,974,971	504,497,012
Carrying amounts (KHR'000)	1,887,271,507	30,726,030	142,872,757	2,060,870,294

B. Credit risk (continued)

(iv). Credit quality analysis (continued)

Recognition of ECL (continued)

	31 December 2024			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Balances with other banks and financial institutions				
Normal	40,706,663	-	-	40,706,663
Less: Impairment loss allowance	(117,722)	-	-	(117,722)
Carrying amounts (US\$)	40,588,941	-	-	40,588,941
Carrying amounts (KHR'000)	163,370,488	-	-	163,370,488
	31 December 2023			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Balances with other banks and financial institutions				
Normal	45,556,459	-	-	45,556,459
Less: Impairment loss allowance	(106,201)	-	-	(106,201)
Carrying amounts (US\$)	45,450,258	-	-	45,550,258
Carrying amounts (KHR'000)	186,072,804	-	-	186,072,804
	31 December 2024			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Loan commitments and financial guarantee contracts				
Normal	64,934,880	422,947	-	65,357,827
Special mention	-	-	-	-
Substandard	-	-	1,819	1,819
Doubtful	-	-	125,884	125,884
Loss	-	-	72	72
Amounts committed and guaranteed (US\$)	64,934,880	422,947	127,775	65,485,602
Impairment loss allowance (US\$)	(345,028)	(9,687)	(4,980)	(359,695)
Carrying amounts (US\$)	64,589,852	413,260	122,795	65,125,907
Carrying amounts (KHR'000)	259,974,153	1,663,372	494,250	262,131,775

B. Credit risk (continued)

(iv). Credit quality analysis (continued)

Recognition of ECL (continued)

	31 December 2023			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Loan commitments and financial guarantee contracts				
Normal	81,861,116	1,613,951	-	83,475,067
Special mention	-	50,000	-	50,000
Substandard	-	-	-	-
Doubtful	-	-	20,057	20,057
Loss	-	-	-	-
Amounts committed and guaranteed (US\$)	81,861,116	1,663,951	20,057	83,545,124
Impairment loss allowance (US\$)	(491,167)	(167,061)	(503)	(658,731)
Carrying amounts (US\$)	81,369,949	1,496,890	19,554	82,886,393
Carrying amounts (KHR'000)	332,396,242	6,114,795	79,878	338,590,915

Incorporation of forward-looking information

The Bank incorporates forward-looking information into the measurement of ECL.

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

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

B. Credit risk (continued)

(iv). Credit quality analysis (continued)

Recognition of ECL (continued)

Incorporation of forward-looking information (continued)

For a better understanding of the impact on impairment losses caused by the anticipated modification of the risk (forward-looking method), the impairment losses are analysed between:

- impairment corresponding to the intrinsic risk of a stable environments and
- an impairment corresponding to anticipated risk defined through the combination of economic scenarios (baseline, optimistic and adverse).

The following table shows an analysis of counterparty credit exposures arising from derivative transactions. For further discussion of collateral and other credit enhancements, see Note 38B(ii) and 38B(iii).

	31 December 2024		31 December 2023	
	Notional amount US\$	Fair value US\$	Notional amount US\$	Fair value US\$
Derivative assets	20,000,000	278,312	20,000,000	1,100,881
Derivative liabilities	(20,000,000)	(278,312)	(20,000,000)	(1,100,881)

	31 December 2024		31 December 2023	
	Notional amount KHR'000 (Note 5)	Fair value KHR'000 (Note 5)	Notional amount KHR'000 (Note 5)	Fair value KHR'000 (Note 5)
Derivative assets	80,500,000	1,120,206	81,700,000	4,497,099
Derivative liabilities	(80,500,000)	(1,120,206)	(81,700,000)	(4,497,099)

B. Credit risk (continued)

(v). Amounts arising from ECL

Recognition of ECL (continued)

Loss allowance

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

	2024			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Loans and advances to other banks and financial institutions at amortised cost				
Balance at 1 January	221,868	-	-	221,868
- Transfer to Stage 1	-	-	-	-
- Transfer to Stage 2	-	-	-	-
- Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	(52,298)	-	-	(52,298)
New financial assets originated or purchased	61,489	-	-	61,489
Financial assets that have been derecognised	(39,223)	-	-	(39,223)
Balance at 31 December (US\$)	191,836	-	-	191,836
Balance at 31 December (KHR'000)	772,140	-	-	772,140

	2023			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Loans and advances to other banks and financial institutions at amortised cost				
Balance at 1 January	322,346	48,207	-	370,553
- Transfer to Stage 1	-	-	-	-
- Transfer to Stage 2	-	-	-	-
- Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	(141,600)	-	-	(141,600)
New financial assets originated or purchased	103,314	-	-	103,314
Financial assets that have been derecognised	(62,192)	(48,207)	-	(110,399)
Balance at 31 December (US\$)	221,868	-	-	221,868
Balance at 31 December (KHR'000)	906,331	-	-	906,331

B. Credit risk (continued)

(v). Amounts arising from ECL (continued)

Recognition of ECL (continued)

Loss allowance (continued)

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

	2024			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Loans and advances to customers at amortised cost				
Balance at 1 January	2,807,031	720,854	3,653,737	7,181,622
- Transfer to Stage 1	325,604	(323,578)	(2,026)	-
- Transfer to Stage 2	(46,442)	102,678	(56,236)	-
- Transfer to Stage 3	(118,295)	(129,136)	247,431	-
Net remeasurement of loss allowance	(670,956)	104,068	888,816	321,928
New financial assets originated or purchased	647,736	110,949	681,731	1,440,416
Financial assets that have been derecognised	(677,846)	(156,644)	(164,348)	(998,838)
Unwind of discount	-	-	1,184,829	1,184,829
Loan written off during the year	-	-	(61,481)	(61,481)
Balance at 31 December (US\$)	2,266,832	429,191	6,372,453	9,068,476
Balance at 31 December (KHR'000)	9,123,999	1,727,494	25,649,123	36,500,616
	2023			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Loans and advances to customers at amortised cost				
Balance at 1 January	3,573,116	591,091	2,338,490	6,502,697
- Transfer to Stage 1	289,615	(285,066)	(4,549)	-
- Transfer to Stage 2	(50,259)	81,863	(31,604)	-
- Transfer to Stage 3	(62,293)	(4,274)	66,567	-
Net remeasurement of loss allowance	(1,049,388)	457,071	1,322,999	730,682
New financial assets originated or purchased	674,014	33,422	80,192	787,628
Financial assets that have been derecognised	(567,774)	(153,253)	(20,371)	(741,398)
Loan written off during the year	-	-	(97,987)	(97,987)
Balance at 31 December (US\$)	2,807,031	720,854	3,653,737	7,181,622
Balance at 31 December (KHR'000)	11,466,722	2,944,689	14,925,515	29,336,926

B. Credit risk (continued)

(v). Amounts arising from ECL (continued)

Recognition of ECL (continued)

Loss allowance (continued)

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

	2024			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Balances with other banks and financial institutions				
Balance at 1 January	106,201	-	-	106,201
Net remeasurement of loss allowance	(23,519)	-	-	(23,519)
New financial assets originated or purchased	87,540	-	-	87,540
Financial assets that have been paid-off	(52,500)	-	-	(52,500)
Balance at 31 December (US\$)	117,722	-	-	117,722
Balance at 31 December (KHR'000)	473,830	-	-	473,830
	2023			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Balances with other banks and financial institutions				
Balance at 1 January	136,461	-	-	136,461
Net remeasurement of loss allowance	(45,173)	-	-	(45,173)
New financial assets originated or purchased	53,313	-	-	53,313
Financial assets that have been paid-off	(38,400)	-	-	(38,400)
Balance at 31 December (US\$)	106,201	-	-	106,201
Balance at 31 December (KHR'000)	433,831	-	-	433,831

B. Credit risk (continued)

(v). Amounts arising from ECL (continued)

Recognition of ECL (continued)

Loss allowance (continued)

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

	2024			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Loan commitments and financial guarantee contracts				
Balance at 1 January	491,167	167,061	503	658,731
- Transfer to Stage 1	67,518	(67,518)	-	-
- Transfer to Stage 2	(694)	694	-	-
- Transfer to Stage 3	(4,820)	-	4,820	-
Net remeasurement of loss allowance	(318,750)	(25,248)	(415)	(344,413)
New financial assets originated or purchased	238,683	9,141	72	247,896
Financial assets that have been derecognised	(128,076)	(74,443)	-	(202,519)
Balance at 31 December (US\$)	345,028	9,687	4,980	359,695
Balance at 31 December (KHR'000)	1,388,738	38,990	20,045	1,447,772

	2023			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Loan commitments and financial guarantee contracts				
Balance at 1 January	1,199,978	-	-	1,199,978
- Transfer to Stage 1	-	-	-	-
- Transfer to Stage 2	(37,406)	37,406	-	-
- Transfer to Stage 3	(503)	-	503	-
Net remeasurement of loss allowance	(394,059)	-	-	(394,059)
New financial assets originated or purchased	81,447	129,655	-	211,102
Financial assets that have been derecognised	(358,290)	-	-	(358,290)
Balance at 31 December (US\$)	491,167	167,061	503	658,731
Balance at 31 December (KHR'000)	2,006,417	682,444	2,055	2,690,916

C. Market risk

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

(i). Interest rate risk

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

C. Market risk (continued)

(i). Interest rate risk (continued)

The following is a summary of the Bank's interest rate gap position. The interest rate repricing gap table analyses the full-term structure of interest rate mismatches within the Bank's balance sheet based on either (i) the next repricing date or the maturity date if floating rate or (ii) the maturity date if fixed rate. (continued)

As at 31 December 2023	Carrying amount US\$	Up to 1 month US\$	> 1-3 months US\$	> 3-6 months US\$	> 6-12 months US\$	> 1 to 5 years US\$	Over 5 years US\$	Non-interest bearing US\$
Financial assets								
Cash on hand	24,549,839	-	-	-	-	-	-	24,549,839
Balance with the National Bank of Cambodia	120,115,201	52,024,820	-	-	6,268,496	-	14,500,000	47,321,885
Balance with other banks and financial institutions	45,550,258	15,222,381	-	10,096,233	20,231,644	-	-	-
Financial assets at FVOCI	140,000	-	-	-	-	-	-	140,000
Loans and advances to other banks and financial institutions	36,575,255	-	-	-	5,511,453	31,063,802	-	-
Loans and advances to customers	504,497,012	43,323,779	17,973,504	25,258,344	1,272,128	62,403,875	354,265,382	-
Derivative asset	1,100,881	1,100,881	-	-	-	-	-	-
Other assets	807,509	-	-	-	-	-	-	807,509
	733,335,955	111,671,861	17,973,504	35,354,577	33,283,721	93,467,677	368,765,382	72,819,233
Financial liabilities								
Deposits from customers	305,665,373	125,770,050	44,846,525	60,297,417	40,837,730	33,041,448	892,203	-
Deposits from other banks and financial institutions	212,539,905	41,780,559	56,226,912	10,366,302	34,742,204	62,390,720	7,033,208	-
Borrowings	94,805,216	88,620,105	-	-	6,185,111	-	-	-
Lease liabilities	7,564,760	-	-	-	-	2,957,617	4,607,143	-
Derivative liabilities	1,100,881	1,100,881	-	-	-	-	-	-
Other liabilities	5,439,077	-	-	-	-	-	-	5,439,077
	627,135,212	257,271,595	101,073,437	70,663,719	81,765,045	98,389,785	12,532,554	5,439,077
Interest sensitivity gap	106,200,743	(145,598,734)	(83,099,933)	(35,309,142)	(48,481,324)	(4,922,108)	356,232,828	67,380,156
(KHR'000 equivalents - Note 5)	433,830,035	(594,774,913)	(339,463,226)	(144,237,845)	(198,046,209)	(20,106,811)	1,455,211,102	275,247,937

C. Market risk (continued)

(i). Interest rate risk (continued)

The following is a summary of the Bank's interest rate gap position. The interest rate repricing gap table analyses the full-term structure of interest rate mismatches within the Bank's balance sheet based on either (i) the next repricing date or the maturity date if floating rate or (ii) the maturity date if fixed rate.

As at 31 December 2024	Carrying amount US\$	Up to 1 month US\$	> 1-3 months US\$	> 3-6 months US\$	> 6-12 months US\$	> 1 to 5 years US\$	Over 5 years US\$	Non-interest bearing US\$
Financial assets								
Cash on hand	26,641,762	-	-	-	-	-	-	26,641,762
Balance with the National Bank of Cambodia	97,696,581	4,743,663	-	-	-	-	14,500,000	78,452,918
Balance with other banks and financial institutions	40,588,941	15,200,761	-	10,320,812	15,067,368	-	-	-
Financial assets at FVOCI	140,000	-	-	-	-	-	-	140,000
Loans and advances to other banks and financial institutions	33,846,762	-	5,419,024	1,976,541	5,432,090	10,788,817	10,230,290	-
Loans and advances to customers	467,289,774	42,494,258	11,152,257	34,367,159	1,130,365	66,623,163	311,522,572	-
Derivative asset	278,312	278,312	-	-	-	-	-	-
Other assets	1,154,417	-	-	-	-	-	-	1,154,417
	667,636,549	62,716,994	16,571,281	46,664,512	21,629,823	77,411,980	336,252,862	106,389,097
Financial liabilities								
Deposits from customers	311,273,304	142,763,033	43,618,167	58,827,159	50,497,516	14,868,880	698,549	-
Deposits from other banks and financial institutions	242,326,792	56,539,337	52,080,671	80,151,929	31,400,195	13,273,080	8,881,580	-
Borrowings	1,839,516	1,839,516	-	-	-	-	-	-
Lease liabilities	5,991,063	-	-	-	-	2,465,671	3,525,392	-
Derivative liabilities	278,312	278,312	-	-	-	-	-	-
Other liabilities	2,196,828	-	-	-	-	-	-	2,196,828
	563,905,815	201,420,198	95,698,838	138,979,088	81,897,711	30,607,631	13,105,521	2,196,828
Interest sensitivity gap	103,730,734	(138,703,204)	(79,127,557)	(92,314,576)	(60,267,888)	46,804,349	323,147,341	104,192,269
(KHR'000 equivalents - Note 5)	417,516,204	(558,280,397)	(318,488,417)	(371,566,168)	(242,578,249)	188,387,505	1,300,668,048	419,373,883

C. Market risk (continued)

(ii). Foreign currency exchange risk

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

Concentration of currency risk

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

31 December 2024	KHR	US\$	EUR	THB	CHF	JPY	AUD	GBP	CNY	CAD	SGD	HKD	Denomination US\$ equivalents	
													Total	
Financial assets														
Cash on hand	27'13,738	22,242,686	1,546,687	138,651	-	-	-	-	-	-	-	-	-	26,641,762
Balance with the National Bank of Cambodia	22,370,947	75,325,634	-	-	-	-	-	-	-	-	-	-	-	97,696,581
Balance with other banks and financial institutions	2,347	25,710,584	10,032,814	212,829	11	7,637	6,346	948	50,895	10	525	4,563,995	40,588,941	140,000
Financial assets at FVOCI	-	140,000	-	-	-	-	-	-	-	-	-	-	-	140,000
Loans and advances to other banks and financial institutions	33,115,282	731,480	-	-	-	-	-	-	-	-	-	-	-	33,846,762
Loans and advances to customers	28,682,069	438,606,527	1,178	-	-	-	-	-	-	-	-	-	-	467,289,774
Derivative asset	-	278,312	-	-	-	-	-	-	-	-	-	-	-	278,312
Other assets	-	1,154,417	-	-	-	-	-	-	-	-	-	-	-	1,154,417
	86,894,383	564,189,640	11,580,679	351,480	11	7,637	6,346	948	50,895	10	525	4,563,995	667,636,549	
Financial liabilities														
Deposits from customers	15,552,118	284,031,032	11,244,781	439,145	-	76	5,851	96	-	-	-	205	311,273,304	
Deposits from other banks and financial institutions	68,094,659	174,232,133	-	-	-	-	-	-	-	-	-	-	242,326,792	
Borrowings	-	1,839,516	-	-	-	-	-	-	-	-	-	-	1,839,516	
Lease liabilities	-	278,312	-	-	-	-	-	-	-	-	-	-	278,312	
Derivative liabilities	-	5,991,063	-	-	-	-	-	-	-	-	-	-	5,991,063	
Other liabilities	-	2,196,828	-	-	-	-	-	-	-	-	-	-	2,196,828	
	83,646,777	468,568,884	11,244,781	439,145	-	76	5,851	96	-	-	-	205	563,905,815	
Net asset position	3,237,606	95,620,756	335,898	(87,665)	11	7,561	495	852	50,895	10	525	4,563,790	103,730,734	
KHR1000 equivalents (Note 5)	13,031,364	384,873,543	1,351,989	(352,852)	44	30,433	1,992	3,429	204,852	40	2,113	18,369,255	417,516,204	



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C. Market risk (continued)

(i). Interest rate risk (continued)

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity	
	100 bp Increase US\$	100 bp Decrease US\$	100 bp Increase US\$	100 bp Decrease US\$
Borrowings				
31 December 2024				
<i>Variable rate instruments</i>				
At 31 December	(1,193)	1,194	(1,193)	1,194
Average for the year	(1,315)	1,315	(1,315)	1,315
Maximum for the year	(1,361)	1,361	(1,361)	1,361
Minimum for the year	(1,158)	1,159	(1,158)	1,159
31 December 2023				
<i>Variable rate instruments</i>				
At 31 December	(65,347)	65,346	(65,347)	65,346
Average for the year	(62,046)	62,046	(62,046)	62,046
Maximum for the year	(65,524)	65,523	(65,524)	65,523
Minimum for the year	(55,783)	55,784	(55,783)	55,784



C. Market risk (continued)

(ii). Foreign currency exchange risk (continued)

Sensitivity analysis

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

	2024		2023	
	+ 1% Appreciation US\$	- 1% Depreciation US\$	+ 1% Appreciation US\$	- 1% Depreciation US\$
KHR	(25,487)	25,998	(25,583)	26,102
Others	38,356	(39,125)	4,927	(5,027)
	<u>12,869</u>	<u>(13,127)</u>	<u>(20,656)</u>	<u>21,075</u>
KHR’000 (Note 5)	<u>52,390</u>	<u>(53,440)</u>	<u>(84,380)</u>	<u>86,091</u>

D. Liquidity risk

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

(i). Management of liquidity risk

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

C. Market risk (continued)

(ii). Foreign currency exchange risk (continued)

Concentration of currency risk (continued)

The carrying amounts of financial assets and liabilities, by currency denomination, are as follows: (continued)

31 December 2023	KHR	US\$	EUR	THB	CHF	JPY	AUD	GBP	HKD	Total
Financial assets										
Cash on hand	3,853,655	19,477,474	1,115,901	102,809	-	-	-	-	-	24,549,839
Balance with the National Bank of Cambodia	14,017,101	106,098,100	-	-	-	-	-	-	-	120,115,201
Balance with other banks and financial institutions	200,829	38,786,266	6,344,236	84,538	-	-	134,389	-	-	45,550,258
Financial assets at FVOCI	-	140,000	-	-	-	-	-	-	-	140,000
Loans and advances to other banks and financial institutions	35,338,437	1,236,818	-	-	-	-	-	-	-	36,575,255
Loans and advances to customers	20,563,251	483,933,737	24	-	-	-	-	-	-	504,497,012
Derivative asset	-	1,100,881	-	-	-	-	-	-	-	1,100,881
Other assets	-	807,509	-	-	-	-	-	-	-	807,509
	73,973,273	651,580,785	7,460,161	187,347	-	-	134,389	-	-	733,335,955
Financial liabilities										
Deposits from customers	11,983,086	286,540,351	6,908,179	132,286	-	83	121,187	96	105	305,685,373
Deposits from other banks and financial institutions	52,586,878	159,952,844	-	183	-	-	-	-	-	212,539,905
Borrowings	6,185,111	88,620,105	-	-	-	-	-	-	-	94,805,216
Lease liabilities	-	7,564,760	-	-	-	-	-	-	-	7,564,760
Derivative liabilities	-	1,100,881	-	-	-	-	-	-	-	1,100,881
Other liabilities	-	5,439,077	-	-	-	-	-	-	-	5,439,077
	70,755,075	549,218,018	6,908,179	132,469	-	83	121,187	96	105	627,135,212
Net asset position	3,218,198	102,362,767	551,982	54,878	-	(83)	13,202	(96)	(105)	106,200,743
KHR’000 equivalents (Note 5)	13,146,339	418,151,903	2,254,846	224,177	-	(339)	53,930	(392)	(429)	433,830,035

Denomination
US\$ equivalents

D. Liquidity risk (continued)

(ii). Maturity analysis for financial liabilities and financial assets (continued)

The following tables set out the remaining contractual maturities of the Bank's financial liabilities and financial assets. (continued)

31 December 2023	Carrying amount US\$	Gross nominal inflow/(outflow) US\$	Up to 1 month US\$	> 1-3 months US\$	> 3 months to 6 months US\$	> 6 months to 12 months	> 1 to 5 years US\$	Over 5 years US\$
Financial assets by type								
<i>Non-derivative assets</i>								
Cash on hand	24,549,839	24,549,839	24,549,839	-	-	-	-	-
Balances with the National Bank of Cambodia	105,615,201	105,655,823	52,026,619	-	-	6,307,319	-	47,321,885
Balances with other banks and financial institutions	45,550,258	46,505,070	15,286,693	-	10,202,344	21,013,033	-	-
Financial assets at FVOCI	140,000	140,000	-	-	-	-	-	140,000
Loans and advances to other banks and financial institutions	36,575,255	40,913,635	146,869	4,974,369	2,436,910	10,972,129	22,381,338	-
Loans and advances to customers	504,497,012	717,326,402	84,009,365	21,392,552	48,097,673	35,543,967	248,707,019	279,575,826
Other assets	807,509	807,509	807,509	-	-	-	-	-
Derivative asset	717,735,074	935,898,278	176,829,894	26,366,941	60,738,927	73,836,448	271,088,357	327,037,711
	1,100,881	1,100,881	1,100,881	-	-	-	-	-
	718,835,955	936,999,159	177,930,775	26,366,941	60,738,927	73,836,448	271,088,357	327,037,711
Financial liabilities by type								
<i>Non-derivative liabilities</i>								
Deposits from customers	305,685,373	(312,296,742)	(125,143,039)	(45,264,668)	(61,797,056)	(42,852,070)	(36,047,546)	(1,192,363)
Deposits from other banks and financial institutions	212,539,905	(222,028,623)	(41,875,924)	(56,816,890)	(10,579,407)	(36,242,818)	(67,004,834)	(9,508,750)
Borrowings	94,805,216	(94,957,784)	(88,680,078)	-	-	(6,277,706)	-	-
Lease liabilities	7,564,760	(8,341,023)	(232,277)	(675,651)	(292,060)	(635,228)	(4,558,337)	(1,947,470)
Other liabilities	5,439,077	(5,439,077)	(5,439,077)	-	-	-	-	-
Issued financial guarantee and letter of credit	174,398	(10,321,848)	(462,005)	(1,440,997)	(375,372)	(59,348)	(7,750,216)	(233,910)
Issued loan commitments	484,333	(73,223,276)	(73,223,276)	-	-	-	-	-
Derivative liability	626,693,062	(726,608,373)	(335,055,676)	(104,198,206)	(73,043,895)	(86,067,170)	(115,360,933)	(12,882,493)
	1,100,881	(1,100,881)	(1,100,881)	-	-	-	-	-
	627,793,943	(727,709,254)	(336,156,557)	(104,198,206)	(73,043,895)	(86,067,170)	(115,360,933)	(12,882,493)
Net liquidity surplus/(gap)	91,042,012	209,289,905	(158,225,782)	(77,831,265)	(12,304,969)	(12,230,722)	155,727,424	314,155,218
KHR000 equivalents (Note 5)	371,906,619	854,949,262	(646,352,319)	(317,940,718)	(50,265,794)	(49,962,499)	636,146,527	1,283,324,066

D. Liquidity risk (continued)

(ii). Maturity analysis for financial liabilities and financial assets

The following tables set out the remaining contractual maturities of the Bank's financial liabilities and financial assets.

31 December 2024	Carrying amount US\$	Gross nominal inflow/(outflow) US\$	Up to 1 month US\$	> 1-3 months US\$	> 3 months to 6 months US\$	> 6 months to 12 months	> 1 to 5 years US\$	Over 5 years US\$
Financial assets by type								
<i>Non-derivative assets</i>								
Cash on hand	26,641,762	26,641,762	26,641,762	-	-	-	-	-
Balances with the National Bank of Cambodia	83,196,581	83,200,850	83,200,850	-	-	-	-	-
Balances with other banks and financial institutions	40,598,941	41,553,695	15,282,909	-	10,508,080	15,762,706	-	-
Financial assets at FVOCI	140,000	140,000	140,000	-	-	-	-	-
Loans and advances to other banks and financial institutions	33,846,762	41,650,250	150,550	6,181,373	5,083,795	8,207,021	17,284,972	4,742,539
Loans and advances to customers	467,289,774	649,078,759	71,865,862	18,550,469	47,178,679	34,850,447	232,702,039	243,931,263
Other assets	1,154,417	1,154,417	1,154,417	-	-	-	-	-
Derivative asset	652,858,237	843,419,733	198,436,350	24,731,842	62,770,554	58,820,174	249,987,011	248,673,802
	278,312	278,312	278,312	-	-	-	-	-
	653,136,549	843,698,045	198,714,662	24,731,842	62,770,554	58,820,174	249,987,011	248,673,802
Financial liabilities by type								
<i>Non-derivative liabilities</i>								
Deposits from customers	311,273,304	(502,989,756)	(178,161,269)	(97,656,339)	(70,714,316)	(82,653,859)	(72,868,096)	(935,877)
Deposits from other banks and financial institutions	242,326,792	(84,040,445)	(44,529,149)	(3,202,780)	(2,856,306)	(6,064,792)	(14,787,050)	(12,600,366)
Borrowings	1,839,516	(1,839,516)	(1,839,516)	-	-	-	-	-
Lease liabilities	5,991,063	(6,428,664)	(237,187)	(631,427)	(292,393)	(635,904)	(3,103,670)	(1,528,083)
Other liabilities	2,196,828	(2,196,828)	(2,196,828)	-	-	-	-	-
Issued financial guarantee and letter of credit	75,496	(12,872,667)	(3,465,043)	(5,518,944)	(730,812)	(2,238,705)	(700,000)	(219,163)
Issued loan commitments	284,198	(52,612,935)	(52,612,935)	-	-	-	-	-
Derivative liability	563,987,197	(662,980,811)	(283,041,927)	(107,009,490)	(74,593,829)	(91,593,260)	(91,458,816)	(15,283,489)
	278,312	(278,312)	(278,312)	-	-	-	-	-
	564,265,509	(663,259,123)	(283,320,239)	(107,009,490)	(74,593,829)	(91,593,260)	(91,458,816)	(15,283,489)
Net liquidity surplus/(gap)	88,871,040	180,438,922	(84,605,577)	(82,277,648)	(11,822,275)	(32,773,086)	158,528,195	233,390,313
KHR000 equivalents (Note 5)	357,705,936	726,266,661	(340,537,447)	(331,167,533)	(47,588,682)	(131,911,671)	636,560,798	940,911,197

KHR'000
(Note 5)



(ii). Maturity analysis for financial liabilities and financial assets (continued)

Non-derivative financial assets Undiscounted cash flows.

Non-derivative financial assets and liabilities	Undiscounted cash flows, which include estimated interest payments.
Derivative financial liabilities and derivative financial assets held for risk management purposes	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.
Issued financial guarantee contracts and issued loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.



E. Operational risk

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

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

F. Capital management

(i). Regulatory capital

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

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

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

On 9 January 2023, the NBC issued a circular on the implementation of Prakas on Capital Buffer in Banking and Financial Institutions, which the institution shall rebuild the capital conservation buffer ratio by 1.25% and 2.5% by 30 June 2023 and 31 December 2023, respectively. For the countercyclical capital buffer, the institution shall keep at level of 0%. On 23 November 2023, the NBC has announced to waive the implementation of Capital Conservation Buffer at 2.5% and maintain at 1.25% until 31 December 2024. For the countercyclical capital buffer, the institution shall keep at level of 0%. On 21 August 2024, NBC has allows the continuation and implementation of capital conservation buffer ratio at 1.25% until 31 December 2025.

D. Liquidity risk (continued)

(iii). Financial assets available to support future funding (continued)

The following table sets out the availability of the Bank's financial assets to support future funding. (continued)

	Encumbered		Unencumbered		Total
	Pledged as collateral US\$	Other (*) US\$	Available as collateral US\$	Other (**) US\$	US\$
31 December 2023					
Cash on hand	-	-	24,549,839	-	24,549,839
Balances with the National Bank of Cambodia	8,812,244	14,500,000	49,481,072	47,321,885	120,115,201
Balances with other banks and financial institutions	-	-	45,550,258	-	45,550,258
Financial assets at FVOCI	-	140,000	-	-	140,000
Loans and advances to other banks and financial institutions	-	-	-	36,575,255	36,575,255
Loans and advances to customers	-	-	-	504,497,012	504,497,012
Derivative assets held for risk management	-	-	-	1,100,881	1,100,881
Other assets	-	-	-	807,509	807,509
	8,812,244	14,640,000	119,581,169	590,302,542	733,335,955
					2,995,677,376

(*) Represents assets that are not pledged but that the Bank believes it is restricted from using to secure funding, for legal or other reasons.

(**) Represents assets that are not restricted for use as collateral, but that the Bank would not consider readily available to secure funding in the normal course of business.

F. Capital management (continued)

(i). Regulatory capital (continued)

The below table summarises the composition of the regulatory capital:

	31 December 2024 US\$	31 December 2023 US\$
Tier 1 capital		
Share capital	145,000,000	145,000,000
Retained earnings	-	-
Audited net profit for the last financial year	-	-
Less: Accumulated losses	(44,095,811)	(39,878,830)
Less: Intangible assets	(3,138,243)	(3,511,643)
Less: Loans to related parties	(748,150)	(1,305,678)
	<u>97,017,796</u>	<u>100,303,849</u>
Tier 2 complementary capital		
General provision	5,638,173	6,036,692
Less: Equity participation in banking or financial institutions	(140,000)	(140,000)
	<u>5,498,173</u>	<u>5,896,692</u>
Total regulatory capital	<u>102,515,969</u>	<u>106,200,541</u>
KHR'000 equivalents (Note 5)	<u>412,626,775</u>	<u>435,257,453</u>

(ii). Capital allocation

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

39. Fair values of financial instruments

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

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

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

The fair value of the Bank's financial instruments such as cash and short-term funds, balances with banks, deposits and placements with banks and other financial institutions, deposits from customers and banks, other assets, other liabilities and short-term borrowings are not materially sensitive to shifts in market profit rate because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities at financial position date approximate their fair values.

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

A. Balances with other banks and financial institutions, and balances with the National Bank of Cambodia

The fair values of balances with other banks and financial institutions, and balances with the National Bank of Cambodia approximate their carrying amounts due to the short-term nature of these accounts.

B. Loans and advances to other banks and financial institutions, loans and advances to customers measured at amortised cost

The fair value of loans to other banks and financial institutions, loans and advances to customers is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads.

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

C. Financial assets at FVOCI

For fixed rate Financial assets at FVOCI with remaining period to maturity of less than or more than one year, the carrying amounts are generally reasonable estimates of their fair values.

D. Deposits from other banks and financial institutions and deposits from customers

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

The estimated fair value of deposits with no stated maturities, which includes non-interest bearing current accounts and savings deposits, is the amount payable at the reporting date.

E. Other financial assets and liabilities

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

Fair value hierarchy

CIFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Bank's market assumptions. The fair value hierarchy is as follows:

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

E. Other financial assets and liabilities (continued)

Fair value hierarchy (continued)

As verifiable market prices are not available, market prices are not available for a significant proportion of the Bank's financial assets and liabilities, the fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the management, the carrying amounts of the financial assets and liabilities included in the balance sheet are a reasonable estimation of their fair values.

40. Material accounting policies

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

A. Basis of measurement

The financial statements, except for financial instruments at FVTPL and financial assets at FVOCI, which are measured at FV, have been prepared on a historical cost basis.

B. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss.

C. Financial assets and financial liabilities

(i). Recognition and initial measurement

The Bank initially recognises loans and advances, deposits, borrowings and subordinated liabilities on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

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

(ii). Classification

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

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

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

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

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

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

All other financial assets are classified as measured at FVTPL

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

C. Financial assets and financial liabilities (continued)

(ii). Classification (continued)

Business model assessment

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

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

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

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

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

C. Financial assets and financial liabilities (continued)

(ii). Classification (continued)

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

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

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

Reclassifications

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

(iii). Derecognition

Financial assets

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

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

Financial liabilities

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

C. Financial assets and financial liabilities (continued)

(iv). Modifications of financial assets and financial liabilities

Financial assets

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

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

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit and loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit and loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

C. Financial assets and financial liabilities (continued)

(iv). Modifications of financial assets and financial liabilities (continued)

Financial liabilities

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

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

(v). Offsetting

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

Income and expenses are presented on a net basis only when permitted under CIFRS, or for gains and losses arising from a group of similar transactions.

(vi). Fair value measurement

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

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

C. Financial assets and financial liabilities (continued)

(vi). Fair value measurement (continued)

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

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

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

(vii). Impairment

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

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

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

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

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

C. Financial assets and financial liabilities (continued)

(vii). Impairment (continued)

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

At each reporting date, the Bank assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk.

Determining whether credit risk has increased significantly

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

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

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

C. Financial assets and financial liabilities (continued)

(vii). Impairment (continued)

Definition of default

The Bank considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held). During September 2024, the Bank has established new definition of default by considering wider range of events including unlikely to pay, bankruptcies, litigation procedures. It also involves the management of probationary periods, a period during which the exposures of the debtor who is no longer the subject of any open default event remain default rated. The duration of this probationary period depends on the behaviour of the debtor's accounts (3 months and this period is extended to 12 months with a Forborne contract).

Measurement of ECL

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

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

Inputs, assumptions and techniques used for estimating impairment

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

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

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD (for Stage 2).

C. Financial assets and financial liabilities (continued)

(vii). Impairment (continued)

As Stage 2 exposures encompass Watch List exposures, prudential PD used for credit risk own funds requirements on Watch list exposures is taken into account. The bank credit granting policy follows general principles and rules defined in accordance with BRED Group credit granting approach. One shall remind that a significant part of the credit exposures, including the biggest files, are even presented to BRED credit committee for decision making. As a consequence, watch listed items are expected to process from similar credit granting processes and display similar behavior in terms of defaulting.

As per BRED Group Watch List methodology, credit exposures ranked on credit grades 14 and higher are included in the Watch List. Such exposures bear a one-year PD at least equal to 11.73%. That grade 14 PD is therefore considered for Stage 2 consistently with BRED Group credit practices.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters by setting default value set at 20% (2023:20%) based on the average net risk calculation of the whole credit portfolio, taking into account collateral valuation as per BBC Credit Policy. For stage 3 exposures, the bank assesses individually each credit and adapt the provision to the potential recovery at assessment date.

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

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

Restructured financial assets

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

C. Financial assets and financial liabilities (continued)

(vii). Impairment (continued)

Restructured financial assets (continued)

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

Credit-impaired financial assets

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

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

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

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more for long term facilities or 30 days for short-term facilities is considered credit-impaired even when the regulatory definition of default is different.

Presentation of allowance for ECL in the statement of financial position

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

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

C. Financial assets and financial liabilities (continued)

(vii). Impairment (continued)

Presentation of allowance for ECL in the statement of financial position (continued)

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

- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

Write-off

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

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

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

D. Cash and cash equivalents

Cash and cash equivalents include of cash and bank balances, demand deposits and short-term highly liquid financial assets with original maturities of three months or less from the date of acquisition that subject to an insignificant risk of changes in its fair value, and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

E. Balances with the National Bank of Cambodia, and balances with other banks and financial institutions

Balances with the National Bank of Cambodia, and balances with other banks are stated at amortised cost less allowance for impairment for any uncollectable amounts.

F. Statutory deposits

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

G. Loans and advances

Loans and advances to other banks and financial institutions and Loans and advances to customers measured at amortised cost. They are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using effective interest method.

H. Derivatives held for risk management

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives are measured at fair value in the statement of financial position.

The Bank designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships.

I. Other assets

Other assets are carried at cost less impairment if any.

J. Property and equipment

(i). Recognition and measurement

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

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

J. Property and equipment (continued)

(i). Recognition and measurement (continued)

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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

(ii). Subsequent costs

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

(iii). Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

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

	Years
Furniture and fixture	5 to 10
Equipment	5 to 10
Computer equipment	5
Motor vehicles	5

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

Construction in progress is not depreciated until such times as the relevant assets are completed and put into operational use.

K. Intangible assets

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

K. Intangible assets (continued)

Subsequent expenditure on intangible assets are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.

Intangible assets are amortised on a straight-line basis in profit or loss over its estimated useful life, from the date which it is available to use. The estimated useful life of software for the current and comparative period is from 2 to 5 years.

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

L. Leases

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

Leases in which the Bank is a lessee

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

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

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

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

- Building and office branches 3 – 20 years

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

L. Leases (continued)

Leases in which the Bank is a lessee (continued)

The bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustment to reflect the terms of the lease and type of asset leased.

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change, a change in future lease payments arising from a change in an index or rate, or if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the bank change its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustment to reflect the terms of the lease and type of asset leased. The Bank uses incremental borrowing rate ranging from 3-4% (2023: 3-4%).

Short-term leases and leases of low-value assets

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

M. Deposits from customers and other banks and financial institutions

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

N. Borrowings

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

O. Employee benefits

(i). Short-term employee benefits

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

(ii). Other long-term employee benefits

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

(iii). Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

P. Provisions

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

Q. Share capital

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

R. Regulatory reserves

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

- (i) In case that the regulatory provision calculated in accordance with Article 72 is lower than provision calculated in accordance with Articles 49 to 71, the Bank shall recognise the provision calculated in accordance with CIFRSs; and
- (ii) In case that the regulatory provision calculated in accordance with Article 72 is higher than the provision calculated in accordance with Articles 49 to 71, the entity records the provision calculated in accordance with CIFRSs and transfers the difference from retained earnings or accumulated loss account into regulatory reserve in shareholders' equity of the statement of financial position.

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

S. Interest income and expense

(i). *Effective interest rate*

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

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

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

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

S. Interest income and expense (continued)

(ii). *Amortised cost and gross carrying amount*

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

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

(iii). *Calculation of interest income and expense*

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

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

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

(iv). *Presentation*

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

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

T. Fee and commission

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

Other fee and commission income – including account servicing fees is recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of CIFRS 9 and partially in the scope of CIFRS 15. If this is the case, then the Bank first applies CIFRS 9 to separate and measure the part of the contract that is in the scope of CIFRS 9 and then applies CIFRS 15 to the residual.

U. Net gains/losses from other financial instruments at fair value through profit or loss (FVTPL)

Net gains/losses from other financial instruments at FVTPL relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedging relationships, financial assets and financial liabilities designated as at FVTPL and also non-trading assets mandatorily measured at FVTPL. The line item includes fair value changes, interest, and foreign exchange differences.

V. Impairment of non-financial assets

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

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

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

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

V. Impairment of non-financial assets (continued)

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

W. Income tax

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

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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



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X. Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Y. Contingent assets

Where it is not possible that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

41. Accounting standards issued but not yet effective

A number of new standards and amendments to standard are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted; however, the Bank has not early adopted any of the new or amended standards in preparing these financial statements.

Effective date	New accounting standards or amendment
1 January 2025	Lack of exchangeabilities (Amendment to CIAS 21).
1 January 2026	Classification and measurement of Financial Instruments (Amendments to CIFRS 9 and CIFRS 17.
	Annual Improvements to CIFRS Accounting Standards – Volume 11.
1 January 2027	CIFRS 18 Presentation and Disclosures in Financial Statement.

Notes



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