

Together we drive
sustainable growth

ANNUAL REPORT 2022





TOGETHER WE PROGRESS

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An aerial night photograph of a city skyline, likely Singapore, featuring numerous illuminated skyscrapers and a prominent highway in the foreground. The city lights create a vibrant blue and white glow against the dark night sky.

About RHB Banking Group



Brand Promise, Purpose Statement & Our Values

WE ARE GUIDED BY OUR PURPOSE

Making Progress Happen for Everyone

OUR BRAND PROMISE

Together We Progress

Our strong heritage is the foundation of our commitment to continue serving the community. For more than 100 years, we have been helping people and businesses grow and succeed, and will continue to do so.

Our experience gives us an in-depth understanding of the needs of our customers and business partners, inspiring us to constantly innovate and improve to serve them better. With your continual support, we have established ourselves with a strong footprint throughout Malaysia and are in seven other countries across the ASEAN region.

We hope our legacy and pursuit for excellence continues as we tirelessly cultivate and nurture the next generation through our actions and words, preparing them for a brighter future ahead.

We thank you for believing in us and welcome everyone to join us on our exciting journey of progress. In order to realise our greater potential, we must continue to work in unison as we move forward. Our brand promise **'Together We Progress'** honours our past, celebrates the present and welcomes the future.

We invite you to join us as we work towards a better and brighter future for all.

UNDERPINNED BY OUR VALUES

PROFESSIONAL
RESPECT
INTEGRITY
DYNAMIC
EXCELLENCE

WE LISTEN TO THE NEEDS OF OUR STAKEHOLDERS

Focused on growth and innovative solutions in approaching material risks

CU Customers	SI Shareholders and Investors
RA Regulatory Authorities and Policymakers	SB Suppliers and Business Partners
EM Employees	FI Financial Industry Peers
CO Communities	

TO CREATE POSITIVE IMPACT THROUGH SUSTAINABILITY FOCUS AREAS





RHB BANKING GROUP
@RHBGroup • Financial Service

Customer Contact Centre

Malaysia
Tel : +603 9206 8118
Email : customer.service@rhbgroup.com

WHO WE ARE

RHB BANKING GROUP, a multinational regional financial services provider, strives to provide complete financial solutions to its customers. With a comprehensive range of services to suit its customers' evolving requirements, RHB offers a fast and seamless customer experience, supported by its dedicated team of employees.

As a leading financial institution in Malaysia, RHB has firmly established its presence and brand through its wide range of products and unique value propositions. With the support of over 14,000 employees Group-wide, RHB's reach also extends to seven other countries in the ASEAN region.



Market Capitalisation

RM **24,592**
million



Total Employees

>14,000
employees



Presence

8 countries **314** branches and offices

BRAND ROMISE,
PURPOSE
STATEMENT &
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ATTRACTIVE
INVESTMENT
PROPOSITION

OUR PRESENCE



GROUP
CORPORATE
STRUCTURE

WHAT WE DO

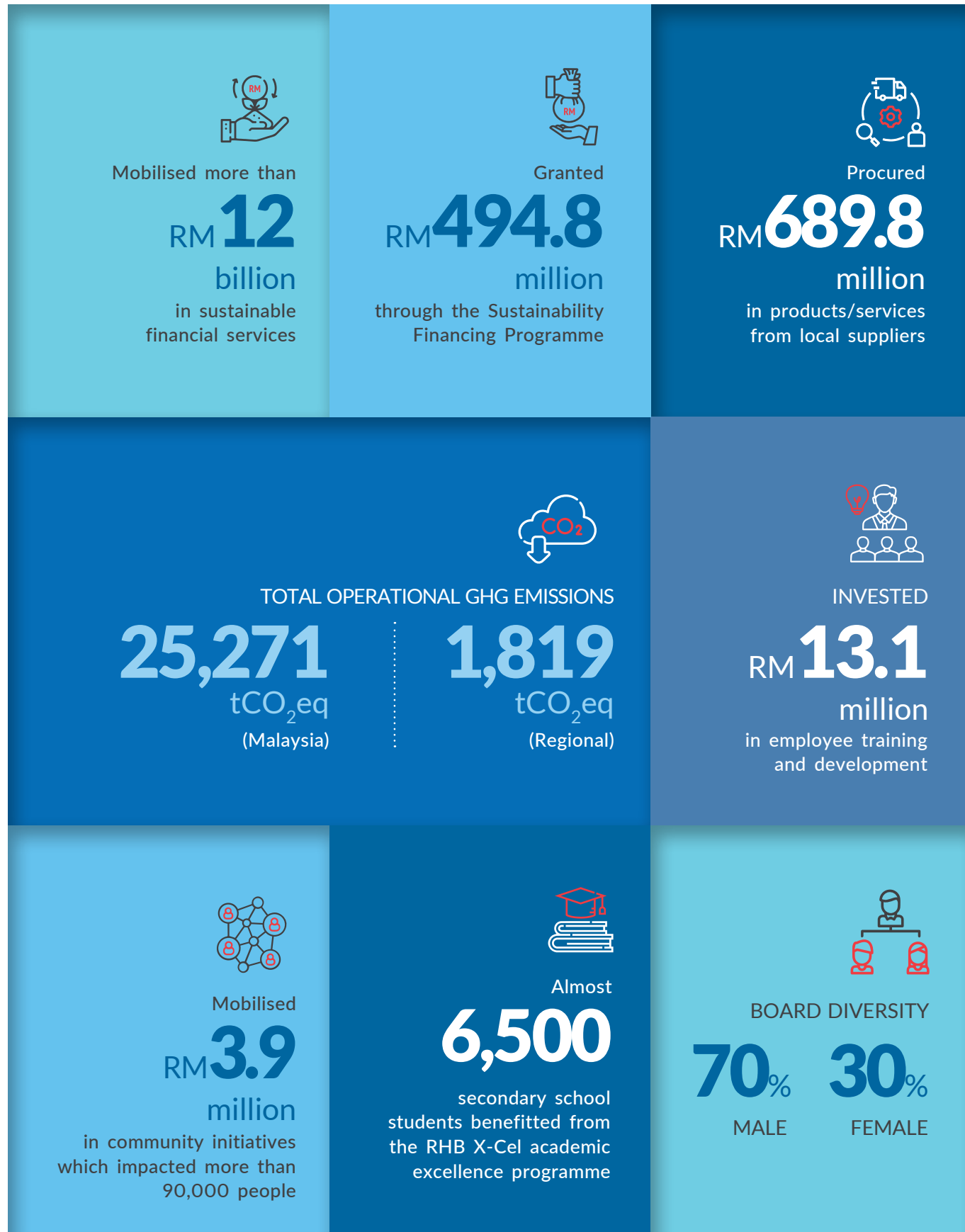
PERFORMANCE
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Attractive Investment Proposition

Financial Highlights



Sustainability Highlights



BRAND ROMISE, PURPOSE STATEMENT & OUR VALUES

ATTRACTIVE INVESTMENT PROPOSITION

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RHB

GROUP CORPORATE STRUCTURE

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Our Presence



MALAYSIA

Services Offered

- Community Banking Business, consisting of Retail and SME
- Wholesale Banking Business, consisting of Investment Banking, Corporate, Commercial, Treasury and Global Markets, Asset Management, Transaction Banking and Economics
- Shariah Business
- International Business
- Insurance Business



Employees

2022 – **12,601**
2021 – 12,555



Branches/Offices

2022 – **268**
2021 – 309



SINGAPORE

Services Offered

- Retail Banking
- Corporate & Investment Banking
- Treasury



Employees

2022 – **668**
2021 – 651



Branches/Offices

2022 – **9**
2021 – 9



CAMBODIA

Services Offered

- Retail Banking, Capital Markets and Securities Services



Employees

2022 – **378**
2021 – 308



Branches/Offices

2022 – **14**
2021 – 14



INDONESIA

Services Offered

- Capital Markets and Securities Services



Employees

2022 – **171**
2021 – 204



Branches/Offices

2022 – **14**
2021 – 15

MALAYSIA
Total Income 2022
RM7,344.2 mil
RM6,913.6 mil (2021)

SINGAPORE
Total Income 2022
SGD197.5 mil
SGD174.6 mil (2021)

CAMBODIA
Total Income 2022
USD32.0 mil
USD31.3 mil (2021)

INDONESIA
Total Income 2022
IDR214.5 bil
IDR209.1 bil (2021)

THAILAND
Total Income 2022
THB810.0 mil
THB902.7 mil (2021)



THAILAND



Services Offered

- Retail Banking, Capital Markets and Securities Services
- Treasury and Corporate Banking



Employees

2022 – **188**
2021 – 195



Branches/Offices

2022 – **9**
2021 – 10

VIETNAM
Total Income 2022
VND9.5 bil
VND8.2 bil (2021)



VIETNAM



Services Offered

- Securities Services
- Representative Office



Employees

2022 – **27**
2021 – 26



Branch/Office

2022 – **1**
2021 – 1



BRUNEI



Services Offered

- Retail Banking Services



Employees

2022 – **30**
2021 – 28



Branch/Office

2022 – **1**
2021 – 1



LAO PDR



Services Offered

- Retail Banking Services



Employees

2022 – **71**
2021 – 69



Branches/Offices

2022 – **3**
2021 – 3

LAO PDR
Total Income 2022
LAK41.8 bil
LAK36.8 bil (2021)

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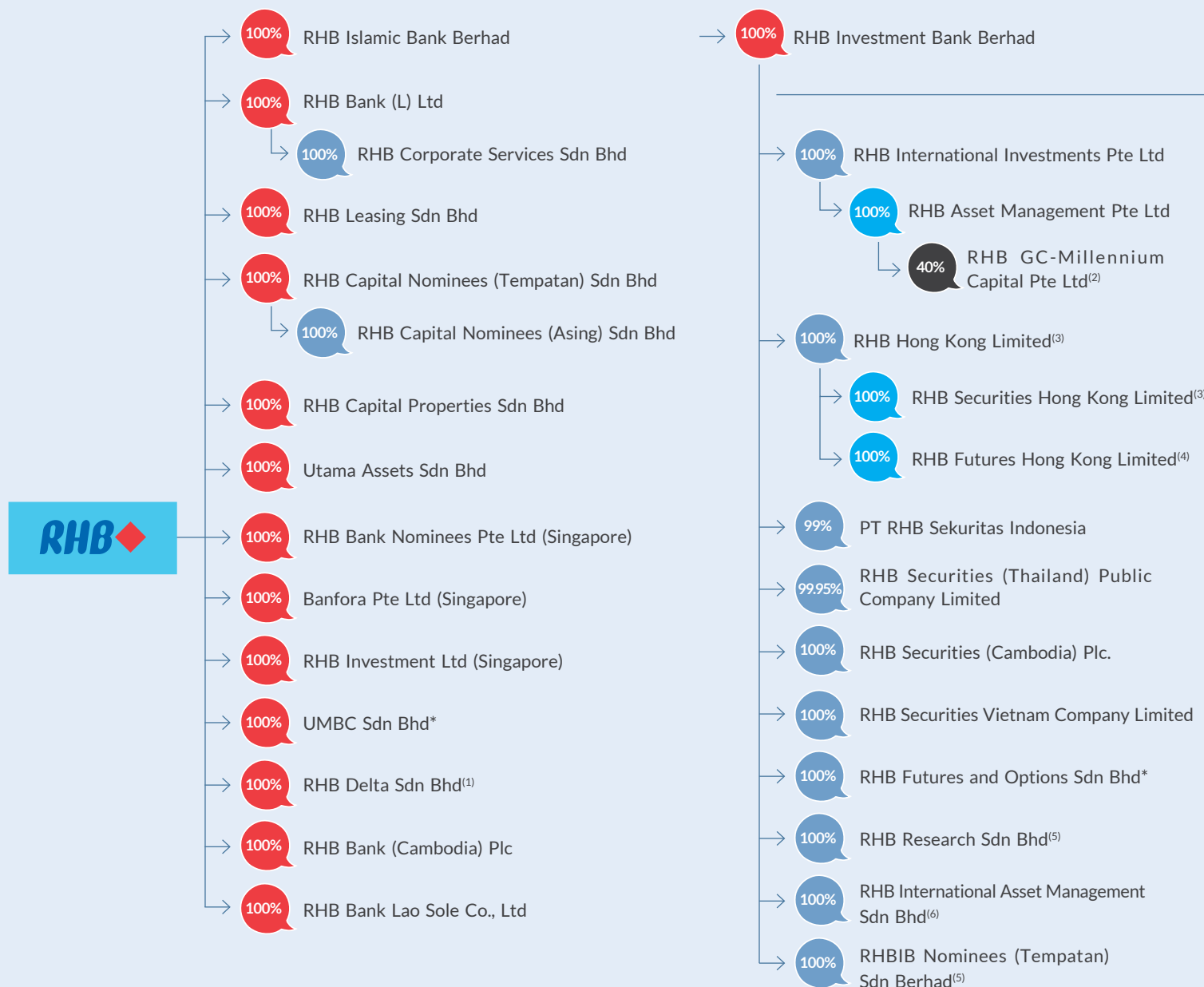
WHAT WE DO

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In addition to our strong presence in Malaysia, RHB has a regional footprint that extends across seven other countries in ASEAN.

Group Corporate Structure

28 February 2023



Notes:

* Dormant company

¹ The company commenced member's voluntary winding-up on 16 February 2011.

² Jointly controlled entity.

³ The company commenced member's voluntary winding-up on 31 December 2022.

⁴ The company commenced member's voluntary winding-up on 14 December 2022.

⁵ The company commenced member's voluntary winding-up on 30 June 2017.

⁶ The company commenced member's voluntary winding-up on 27 December 2021.

⁷ Direct shareholdings of 20.00% each held by:

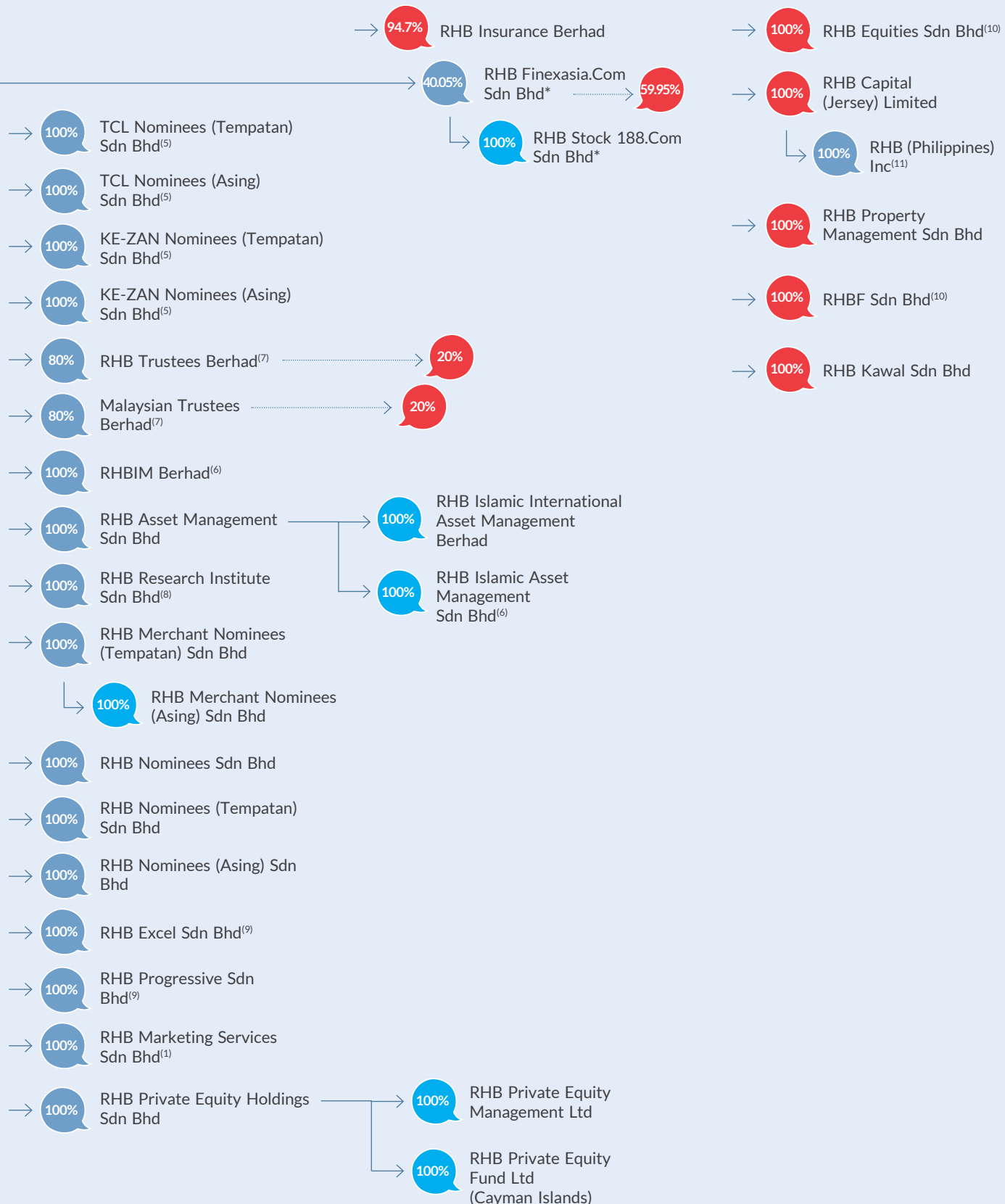
- (i) RHB Investment Bank Berhad;
- (ii) RHB Nominees (Tempatan) Sdn Bhd;
- (iii) RHB Nominees (Asing) Sdn Bhd;
- (iv) RHB Futures and Options Sdn Bhd; and
- (v) RHB Bank Berhad.

⁸ The company commenced member's voluntary winding-up on 30 September 2020.

⁹ The company commenced member's voluntary winding-up on 28 March 2012.

¹⁰ The company commenced member's voluntary winding-up on 3 August 2020.

¹¹ The company commenced the application for voluntary liquidation and dissolution on 25 June 2020.



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What We Do

WHO WE ARE

Group Community Banking ("GCB") comprises the Retail Banking and SME Banking segments. We serve over 3.9 million individual customers and more than 200,000 businesses, providing both conventional and Shariah-compliant products and services to individual consumers and SMEs. Retail Banking provides consumer banking solutions ranging from Wealth Management, Bancassurance, Mortgages, Auto Financing and ASB Financing to Personal Financing, Credit Cards, Payments and Deposits, while SME Banking provides financing solutions to SMEs and family-owned enterprises. We are committed to serving our customers with excellence and to make banking more convenient and seamless by leveraging digitalisation to deliver innovative, market-relevant products.

WHO WE ARE

Group Wholesale Banking ("GWB") comprises the key business segments of Group Investment Banking, Group Corporate Banking, Commercial Banking, Group Treasury and Global Markets, Group Asset Management, Transaction Banking and supported by our Research and Economics teams. GWB provides comprehensive and coordinated services across a wide spectrum of products and solutions to cater to the needs and requirements of our clients both in Malaysia and in the region. We are able to help our clients' progress as we tap the collective expertise and potential for synergies across our business segments, which is also crucial to opening up new opportunities and strengthening our business in the markets where we have presence.

WHO WE ARE

Group International Business ("GIB") manages our overseas Commercial Banking operations. Our portfolio and solutions span five countries namely Singapore, Cambodia, Thailand, Laos, and Brunei, supported closely by expertise from our Malaysian headquarters. GIB works toward the Group's aspiration to build an integrated overseas business that leverages localised networks to serve the needs of our diverse customers and clients through our established presence where solutions such as loans, deposits, wealth management, trade financing, regions' premier banking, Banca and SME lending are provided such that we continue to improve, stay relevant and competitive to our valued clients.

WHO WE ARE

RHB Islamic Bank is the Group's Islamic Banking arm, providing Shariah-compliant banking and financial services through Group Community Banking and Group Wholesale Banking. RHB Islamic also provides Shariah advisory based on the Shariah Advisory Council's requirements and policies as well as the integration of Value Based Intermediation into the Group's business.

WHO WE ARE

RHB Insurance provides general insurance for our retail and corporate customers. We offer a comprehensive range of general insurance and other products for better protection and peace of mind of our customers.

GROUP COMMUNITY BANKING

Strengths and Differentiators

- A leader in business banking, focusing on Small and Medium Enterprises ("SME") with end-to-end digital onboarding capability for transactional and lending products across various channels
- Differentiated and disruptive client value propositions ("CVPs") across both Retail & SME client segments

GROUP WHOLESALE BANKING

Strengths and Differentiators

- Market leader in corporate loans and financing, transaction banking, fixed income distribution and underwriting, equity underwriting, merger and acquisition, call warrants and asset management
- Personalised wholesale banking experience built on deep understanding and relationships with clients as well as the capability to provide customer-centric and tailored bespoke solutions
- Differentiated digital solution such as digital onboarding capability, Reflex system with API connectivity, end-to-end digitised supply chain financing and RHB Live FX with real-time FX rates

GROUP INTERNATIONAL BUSINESS

Strengths and Differentiators

- Comprehensive financial solutions supported by a localised and hyper-focused approach to target segments
- Access to regional network spanning five countries in the ASEAN region

GROUP SHARIAH BUSINESS

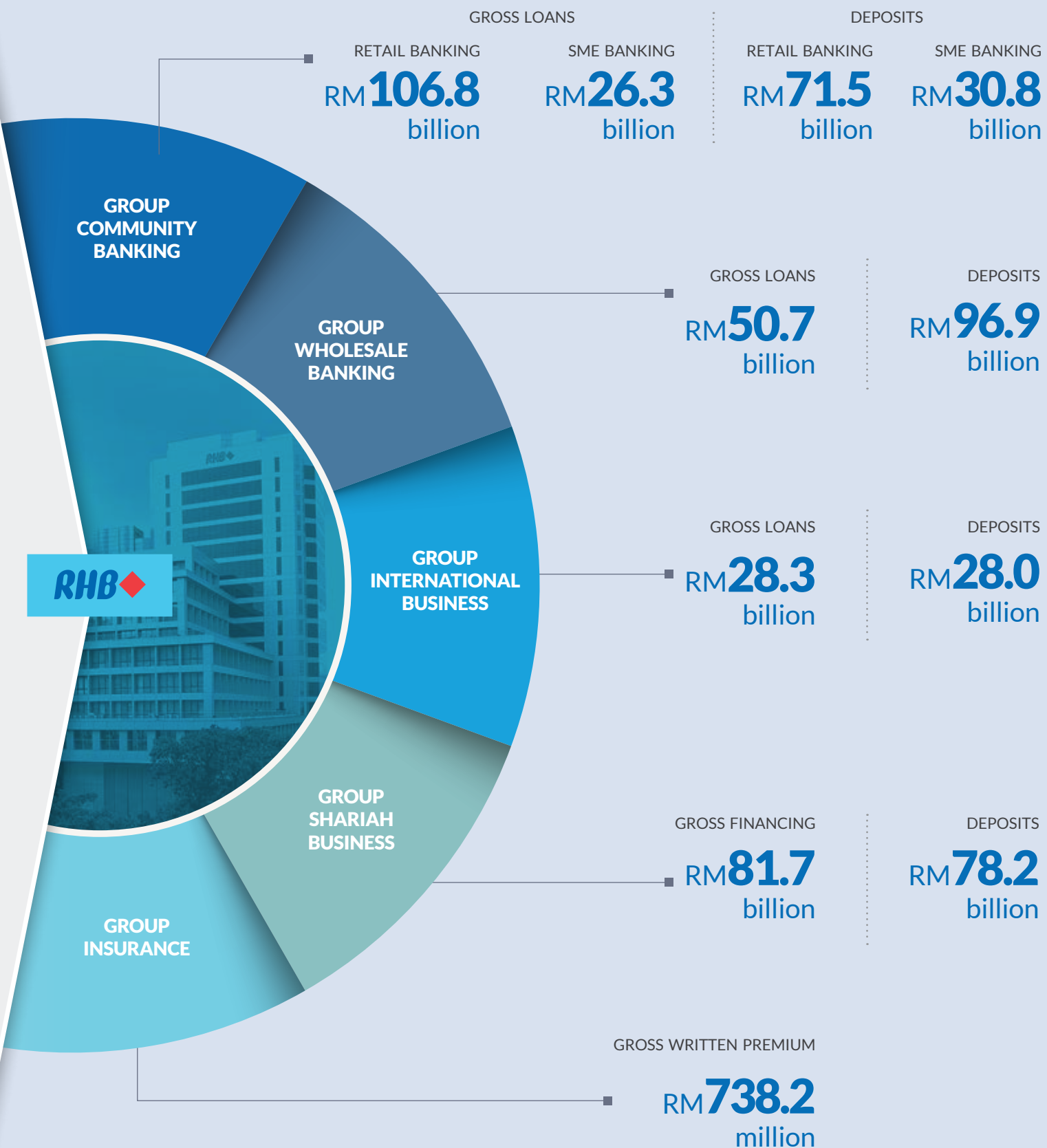
Strengths and Differentiators

- Comprehensive Shariah-ESG funds and Investment solutions

GROUP INSURANCE

Strengths and Differentiators

- Easy and convenient access to service and support through a network of 15 nationwide branches, as well as 751 Pos Malaysia branches with more than 2,200 authorised agents
- Strong rapport with strategic partners for comprehensive financial solutions



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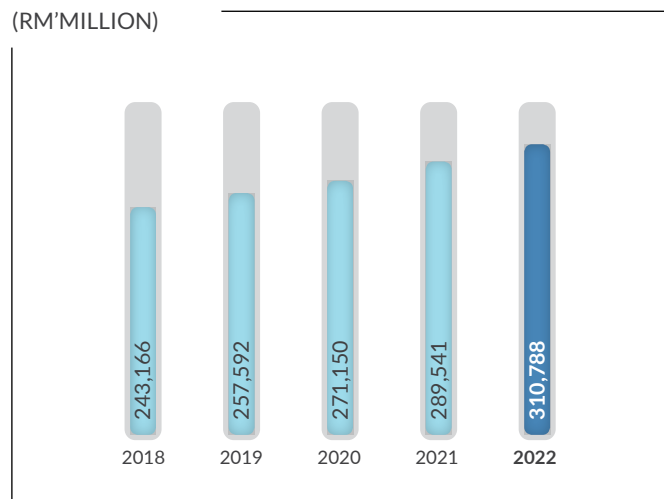
5-Year Financial Summary

	2018	2019	2020	2021	2022
OPERATING RESULTS (RM'Million)					
Operating profit before allowances	3,448	3,670	3,799	4,266	4,592
Profit before taxation	3,119	3,394	2,644	3,529	4,171
Net profit attributable to equity holders of the Bank	2,305	2,482	2,033	2,618	2,708
KEY BALANCE SHEET DATA (RM'Million)					
Total assets	243,166	257,592	271,150	289,541	310,788
Gross loans, advances and financing	168,879	176,175	186,114	198,512	212,200
Total liabilities	219,770	231,782	244,093	261,511	282,042
Deposits from customers	178,856	190,555	203,471	218,733	227,160
Shareholders' equity	23,358	25,775	27,024	27,998	28,715
Commitments and contingencies	172,941	150,428	157,480	157,777	206,796
SHARE INFORMATION					
Gross dividend per share (sen)	20.50	31.00	17.65	40.00	40.00
Net assets per share (RM)	5.8	6.4	6.7	6.8	6.8
Net tangible assets per share (RM)	5.0	5.6	5.9	5.9	6.0
Basic earnings per share (sen)	57.5	61.9	50.7	64.7	64.7
Share price (RM)	5.29	5.78	5.45	5.37	5.79
Market capitalisation (RM'million)	21,213	23,178	21,855	22,247	24,592
FINANCIAL RATIOS (%)					
Profitability Ratios					
Net return on average equity	10.3	10.3	7.7	9.6	9.7
Net return on average assets	1.0	1.0	0.8	0.9	0.9
Cost-to-income ratio	49.3	48.0	47.1	45.2	44.7
Asset Quality					
Gross loans to deposits ratio	94.4	92.5	91.5	90.8	93.4
Gross impaired loans ratio	2.06	1.97	1.71	1.49	1.55
Dividend					
Dividend yield	3.9	5.4	3.2	7.4	6.9
Dividend payout ratio	35.7	50.1	34.8	62.9	62.5

5-Year Financial Highlights

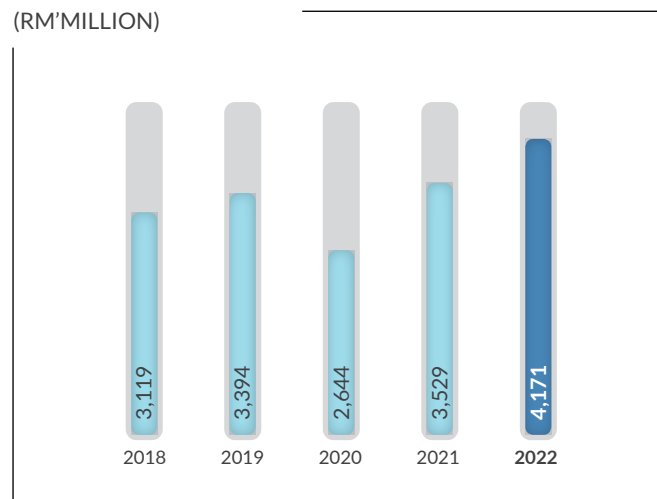
TOTAL ASSETS

(RM'MILLION)



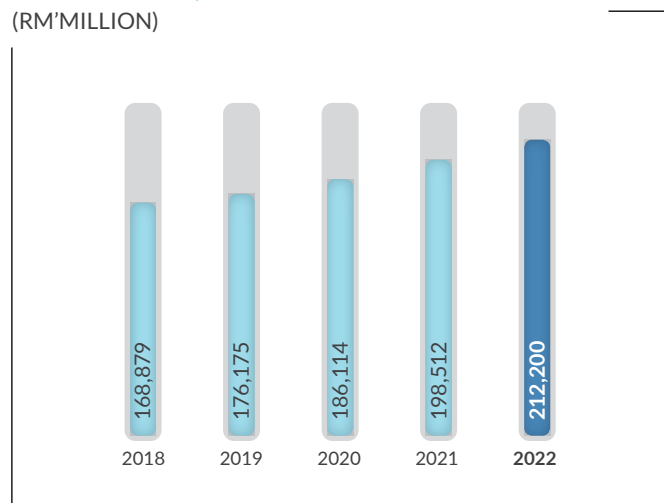
PROFIT BEFORE TAX

(RM'MILLION)



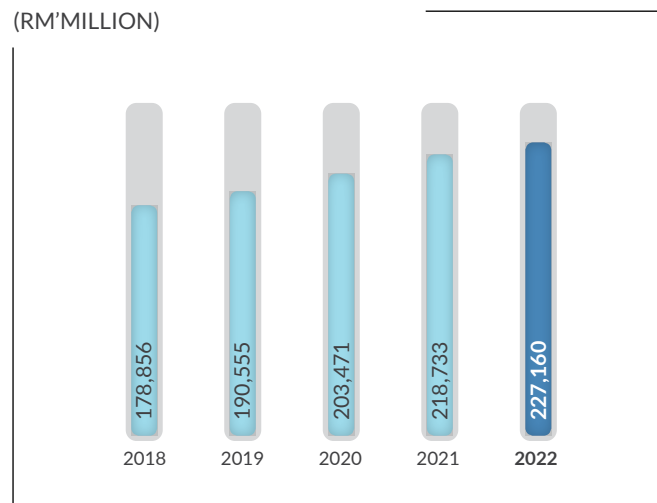
GROSS LOANS, ADVANCES AND FINANCING

(RM'MILLION)



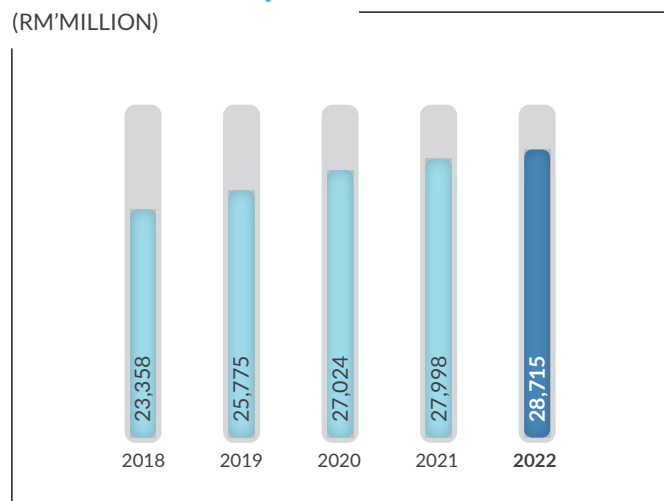
DEPOSITS FROM CUSTOMERS

(RM'MILLION)



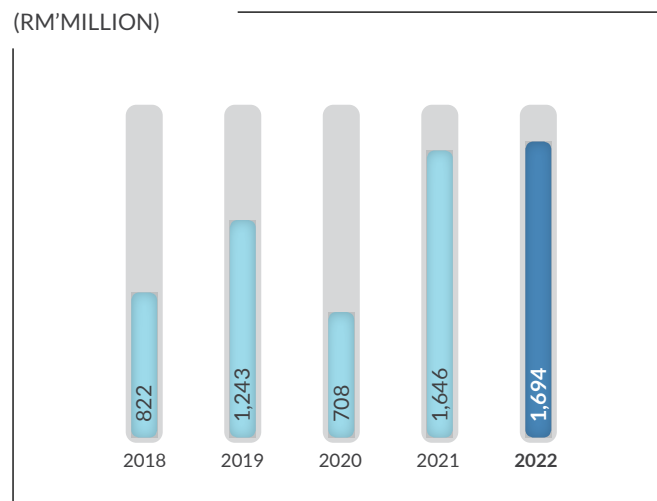
SHAREHOLDERS' EQUITY

(RM'MILLION)



NET DIVIDENDS

(RM'MILLION)



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A high-angle, nighttime photograph of a city, likely Phnom Penh, Cambodia. The foreground and middle ground are filled with a dense urban landscape of various buildings, including residential blocks and commercial structures, many of which are illuminated with warm yellow and orange lights. A prominent, modern skyscraper with a distinctive curved top is visible on the left side of the horizon. The background shows a vast expanse of the city under a deep blue twilight sky with scattered clouds. The overall atmosphere is one of a bustling, modern metropolis at night.

About

RHB Bank (Cambodia) Plc.



Overview



RHB Bank (Cambodia) PLC. (“the Bank”), was established on 9 July 2008, and registered with the Ministry of Commerce with the registration number of 00001812 and granted a banking license by the National Bank of Cambodia (“NBC” or “the Central Bank”) on 3 October 2008.

On 31 January 2020, the Bank changed its name to RHB Bank (Cambodia) Plc. to synchronize the name with other international subsidiaries in line with RHB Group. The Bank is a wholly owned subsidiary of RHB Bank Berhad, a public limited liability company incorporated in Malaysia, and the ultimate holding company is RHB Banking Group pursuant to the Group Corporate Structure effective from 13 June 2016.

The Bank is a commercial bank and operates under the Cambodian Law on Commercial Enterprises and the regulations of the National Bank of Cambodia (“the Central Bank”).

The registered office of the Bank is RHB Corporate Head Office, Level 1, M, 2 and 9, Street 110 corner street 93, Phnom Penh, Cambodia.



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Where We Operate

OUR REGIONAL PRESENCE AND PERFORMANCE

308
employees

11
branches



CORPORATE HEAD OFFICE

Level M & 9, OHK Tower,
Corner Street 110 & Street 93,
Phnom Penh, Cambodia.

Tel: (855) 23 992 833

Fax: (855) 23 991 822

Website: www.rhbgroup.com.kh

Facebook: facebook.com/RHBCambodia

Toll Free: 1800-20-8118

PHNOM PENH MAIN OFFICE

Level 1, OHK Tower, Corner Street 110 and
Street 93, Phnom Penh, Cambodia.

Tel: (855) 23 992 833

Fax: (855) 23 991 822

OUR BRANCH NETWORK



CITY MALL OLYMPIC BRANCH

Lot A3E0, Ground Floor, City Mall Olympic, Monireth Street, Phnom Penh, Cambodia.

Tel: (855) 23 993 568
Fax: (855) 23 993 565

STUENG MEANCHEY BRANCH

Monireth Street (St. 217) Corner of Chaksomram Road, Phnom Penh, Cambodia.

Tel: (855) 23 969 228
Fax: (855) 23 969 231

PET LOK SONG BRANCH

No. 1-3, Street 271, Phnom Penh, Cambodia.

Tel: (855) 23 969 368
Fax: (855) 23 969 370

KBAL THNAL BRANCH

No. 530A - 530B, Monivong Blvd. (Junction of Street 271), Phnom Penh, Cambodia.

Tel: (855) 23 993 598
Fax: (855) 23 993 593

TUOL KOUK BRANCH

No. 18C, Kim IL Sung (St. 289), Phnom Penh, Cambodia.

Tel: (855) 23 989 600
Fax: (855) 23 989 606

BOENG KENG KANG BRANCH

No. 167, Preah Norodom Blvd., Phnom Penh, Cambodia.

Tel: (855) 23 989 188
Fax: (855) 23 989 788

MAO TSE TUNG BRANCH

No. 281A, Mao Tse Tung Blvd., Phnom Penh, Cambodia.

Tel: (855) 23 989 881
Fax: (855) 23 989 885

KAMPONG CHAM BRANCH



No. 41, National Road No. 7, Kampong Cham Province, Cambodia.

Tel: (855) 42 942 811
Fax: (855) 42 942 899

BATTAMBANG BRANCH



No. 1-3-5-7, Street No. 3, Battambang Province, Cambodia.

Tel: (855) 53 952 811
Fax: (855) 53 952 96

SIEM REAP BRANCH



Addr: No. 12-14-16, National Road No. 6, Siem Reap Province, Cambodia.

Tel: (855) 63 969 811
Fax: (855) 63 969 816

PREAH SIHANOUK BRANCH



No. 129, Street 7 Makara, Preah Sihanouk Province, Cambodia.

Tel: (855) 34 934 811
Fax: (855) 34 934 816

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206.08
+3.48
1,549.82
+22.38
26,645.39
8,342.59
+46.27
12,845.32
+129.84
28,843.98
2,600.00
83,000.58
+354.24
37.80
+0.68
78.29
+1.85





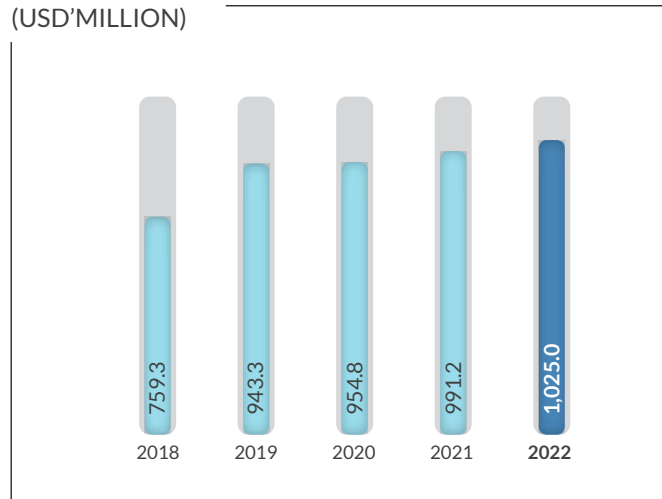
Performance *review*

Five-Year Financial Summary

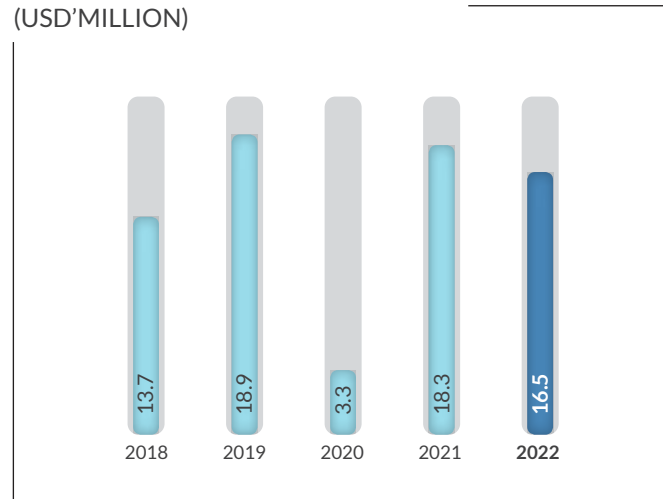
	2018	2019	2020	2021	2022
PROFITABILITY (USD'MILLION)					
Profit/(Loss) before tax expense	13.7	18.9	3.3	18.3	16.5
Profit/(Loss) after tax expense	10.9	15.0	2.7	13.9	13.2
FINANCIAL POSITION (USD'MILLION)					
Total assets	759.3	943.3	954.8	991.2	1,025.0
Loans and advances	428.6	506.2	564.4	659.5	738.9
Total liabilities	646.6	815.6	824.3	846.8	867.4
Deposits from customers	585.6	632.8	599.1	577.0	471.0
Total deposits	637.5	776.2	769.6	822.1	827.8
Paid-up capital	75.0	75.0	75.0	75.0	75.0
Shareholder's equity	112.7	127.7	130.4	144.4	157.6
FINANCIAL RATIO (%)					
Non-performing loans to total loans and advances	5.4	4.6	4.4	4.4	7.0
Net return on assets	1.5	1.8	0.3	1.4	1.3
Net return on equity	10.4	12.5	2.1	10.2	8.8
Loans/Customer Deposit Ratio	73.2	80.0	94.2	114.3	156.9
Loans/Deposit Ratio	67.2	65.2	73.3	80.2	89.3

Summary of Five-Year Financial Highlights

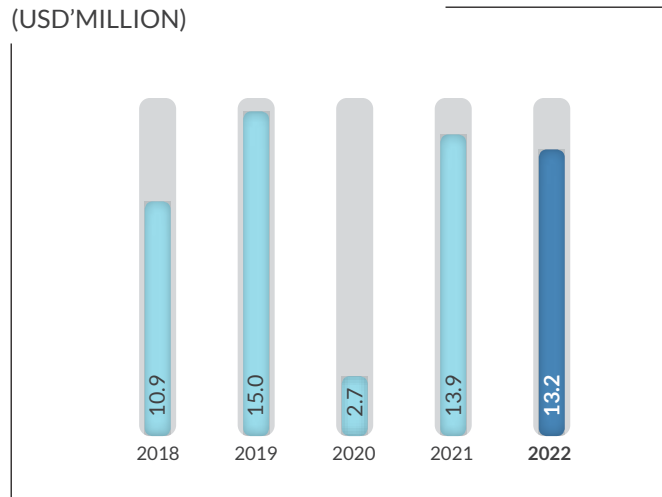
TOTAL ASSETS
(USD'MILLION)



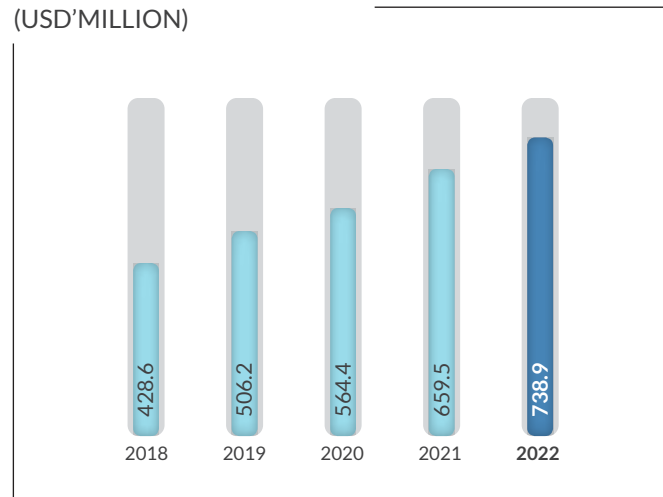
PROFIT/LOSS BEFORE TAXATION
(USD'MILLION)



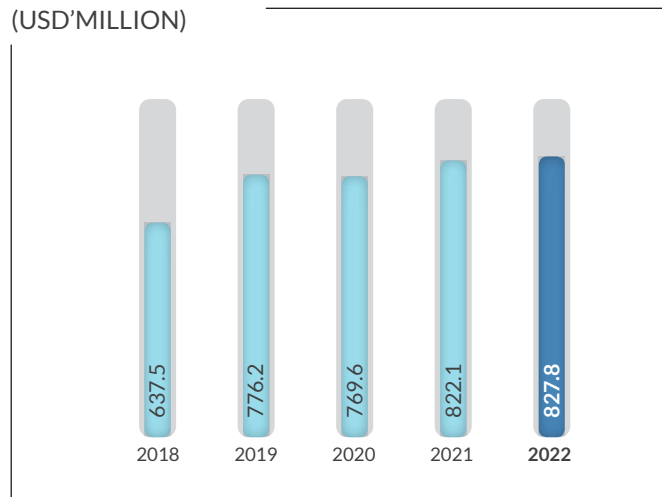
PROFIT/LOSS AFTER TAXATION
(USD'MILLION)



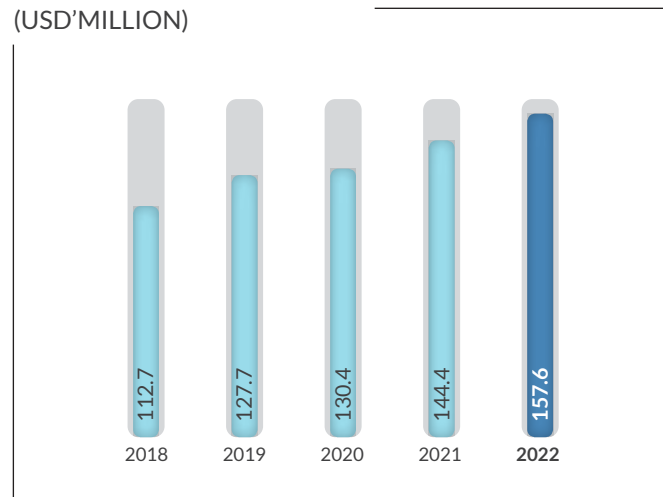
LOANS AND ADVANCES
(USD'MILLION)



TOTAL DEPOSITS
(USD'MILLION)



SHAREHOLDERS' EQUITY
(USD'MILLION)



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Grow
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Products & Services



DEPOSITS

SAVINGS ACCOUNT

We help you grow your family's finances.

Which comes with 24-hour banking convenience. RHB savings account opens the way to save for your dream home, your car, your child's education or even a computer.

FIXED DEPOSITS

Simple way to build your savings.

RHB Fixed Deposits Account, with many value added features, is an effective investment product.

CURRENT ACCOUNT

Cash management at your finger tips.

RHB Current Account is a powerful cash management tool as it can help you save trips to the bank to pay those bills and expenses.

ESCROW ACCOUNT

A trusted partner to complete your transactions.

RHB Escrow Account will assure your interest is protected with us when you are conducting a major deal.



REMITTANCE

TELEGRAPHIC MONEY TRANSFER

Transfer and receive your money with ease.

RHB Remittance helps you move your money around the world with speed and efficiency, including services through Western Union.

BANKER'S CHEQUE

A reliable payment instrument.

RHB Banker's Cheque is as good as Cash and you will have no problem making payment.

MONEY EXCHANGE

We offer competitive exchange rate for forex.

RHB Money Exchange buy or sell foreign currencies with the best competitive rate in town.



PERSONAL FINANCING

◆ HOME LOAN

We help you own your dream home..

RHB Home Loan, with many value-added features and flexible options, is a key to owning your dream home.



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BUSINESS AND CORPORATE FINANCING & SERVICES

◆ PROPERTY LOAN

We help you invest in the property you want.

RHB Property Loan, helps you own the property either for your own business use or for investment purposes.

◆ WORKING CAPITAL

Let us help you attain healthy cashflow.

RHB Working Capital, will enable you to achieve healthy cashflow for you to run your business with ease of mind.

◆ TRADE FINANCING

Comprehensive range of import & export financing facilities.

RHB Trade Financing facilities help in your import and export needs; ease the burden and worry of non-delivery of goods.

◆ CORPORATE & EQUITY

Your business needs are our priority.

From listing your company to business merger and acquisition, you can be rest assured that you can count on us.

Delivering *solutions*







The first financial literacy mobile app



Scan QR Code Now
to download & register
goWave by RHB App



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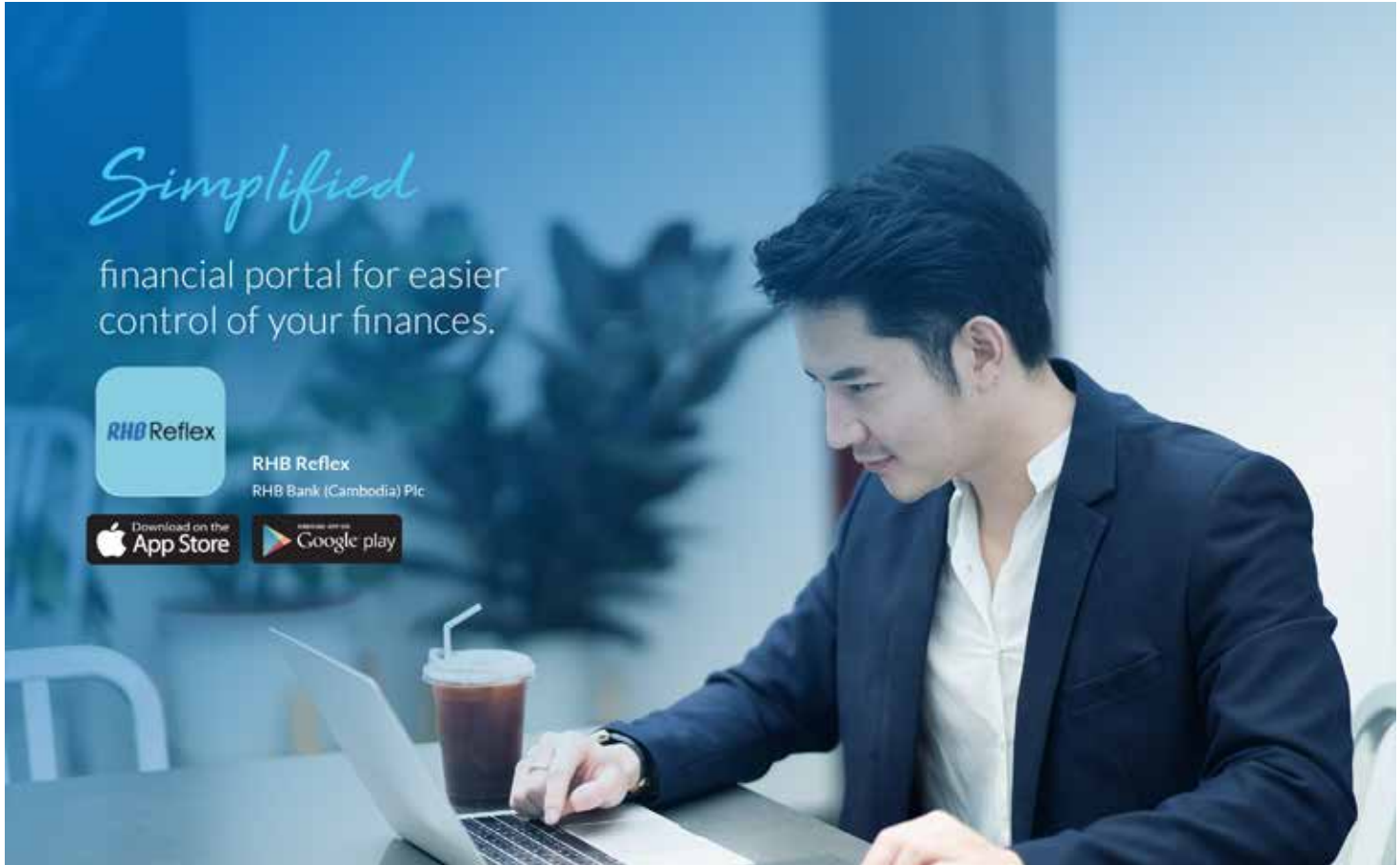
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Safe Deposit Box

We safe keep your
valuables in all
ways that *count.*

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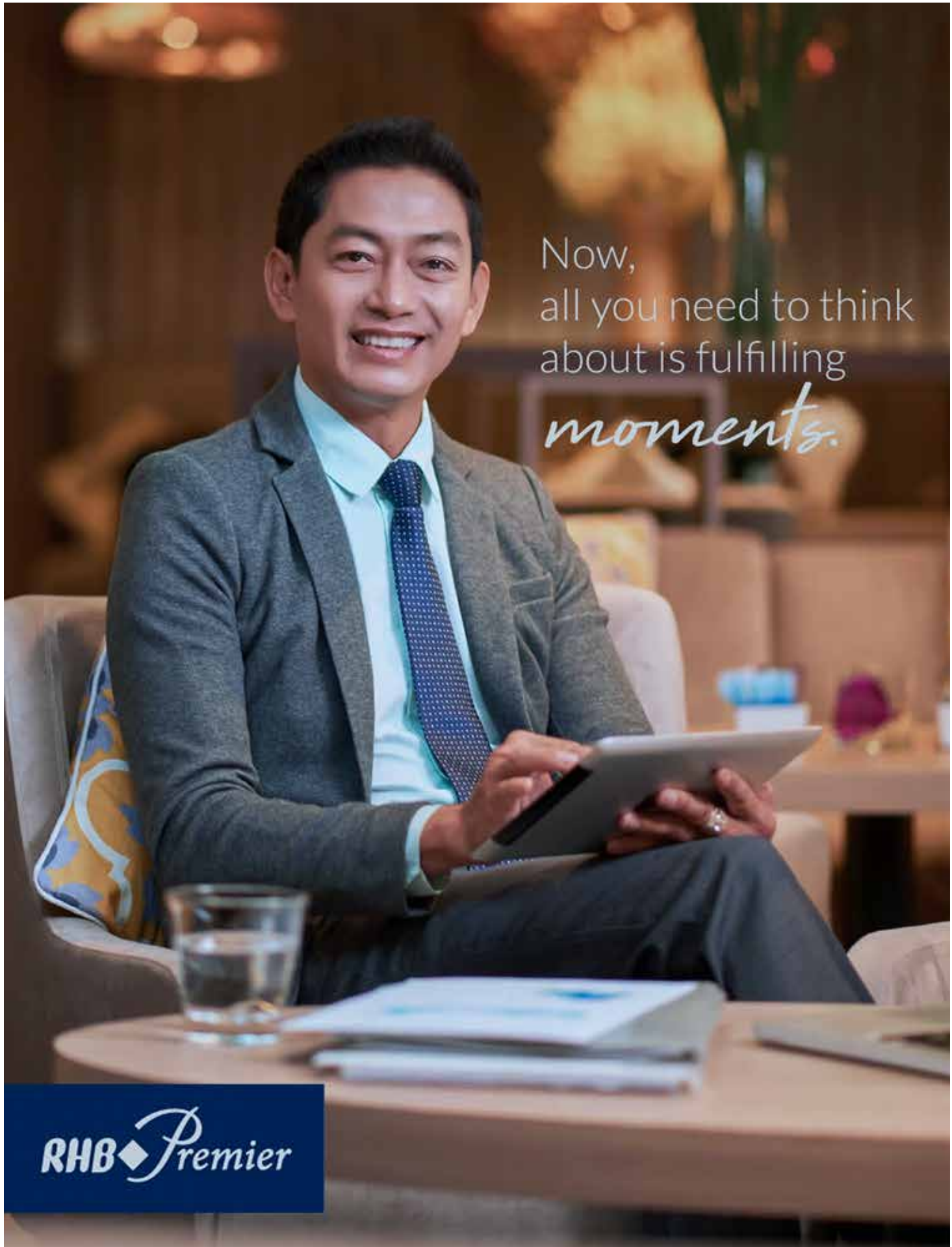
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ATM Network

PHNOM PENH



IN OFFICE AND BRANCHES

- ① Phnom Penh Main Office
- ② Pet Lok Song Branch
- ③ City Mall Olympic Branch
- ④ Tuol Kouk Branch
- ⑤ Stueng Meanchey Branch
- ⑥ Mao Tse Tung Branch
- ⑦ Boeng Keng Kang Branch
- ⑧ Kbal Thnal Branch



OFF - SITE ATM

- ① ATM Pochentong Restaurant
- ② ATM H Restaurant (Veng Sreng Road)
- ③ ATM TK-Avenue
- ④ ATM AEON MALL 1
- ⑤ ATM AEON MALL 2
- ⑥ ATM Himawari Hotel
- ⑦ ATM Meguair Car Care No. Road 1
- ⑧ ATM Tela Petrol Station Chroy Changvar
- ⑨ ATM Park Café Airport
- ⑩ ATM PSC
- ⑪ ATM Park Café Street 63
- ⑫ ATM Park Café Sovanna
- ⑬ ATM PTT Tep Phan
- ⑭ ATM Naga 1
- ⑮ ATM Naga 2
- ⑯ ATM Sky Tree Residence
- ⑰ ATM Caltex Street 132



PROVINCIAL



IN OFFICE AND BRANCHES



SIEM REAP



BATTAMBANG



PREAH SIHANOUK



KAMPONG CHAM



OFF - SITE ATM

- ① ATM Lucky Mall
- ② ATM Angkor Market

- ① ATM Jin Bei Hotel 1
- ② ATM Jin Bei Hotel 2

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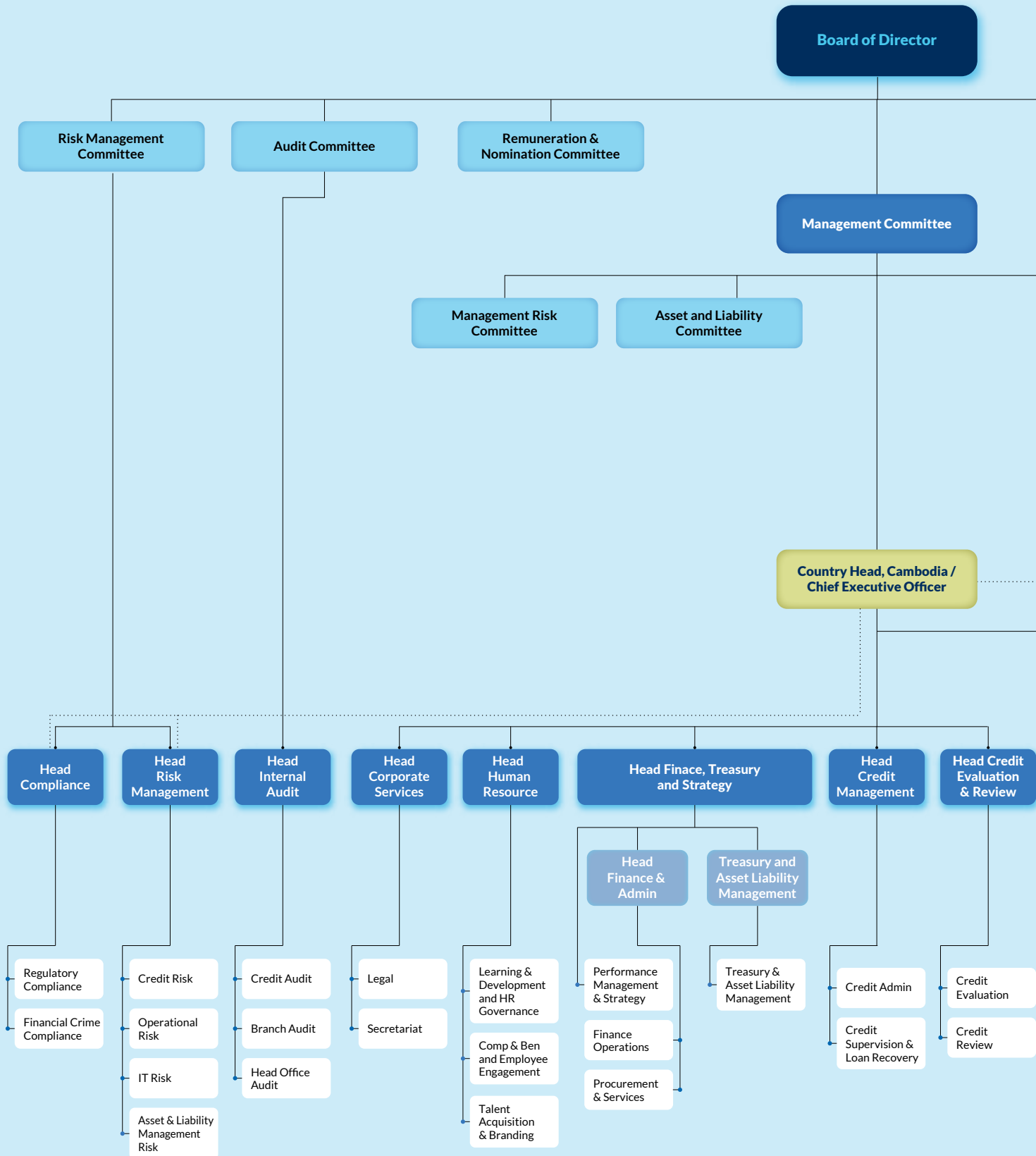
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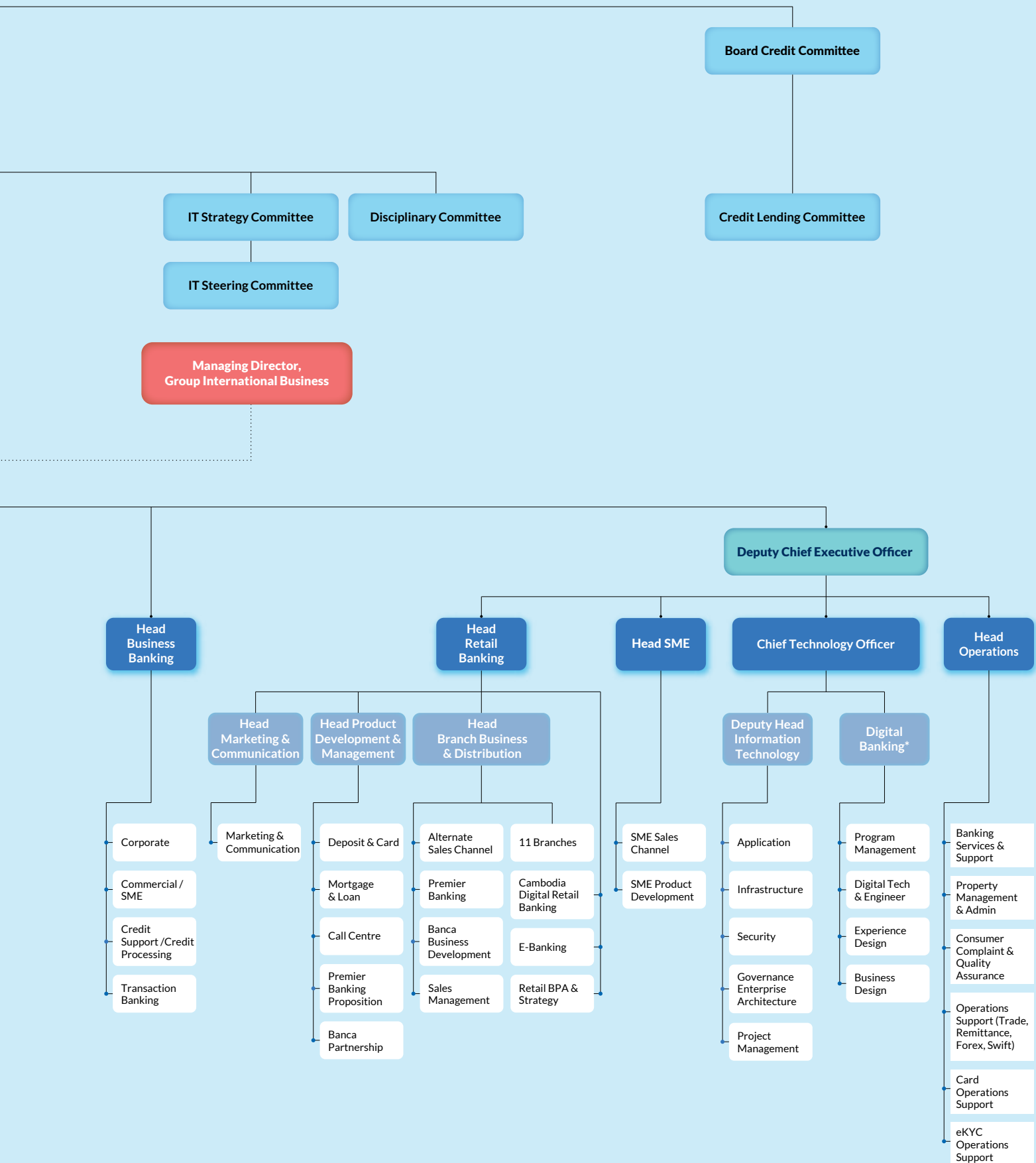




Organisation *structure*

Organisation Chart





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Chairman's Annual Statement



The year 2022 was another year of extraordinary events. As countries around the world reopened their international borders, we saw the recovery in Cambodia gaining momentum. This was driven mainly by the continued resilience in garment, travel goods, footwear sectors and recovery in the exports of agricultural commodities. Just as Cambodia's economy started to regain its footing, we were then confronted with external headwinds in the global macro environment, ranging from supply chain disruptions to inflationary pressure. In order to fight the decades-high inflation in the US, the US Fed aggressively tightened their monetary policy.



NET PROFIT

USD13.2 million



9.2%

Shareholder's Equity

Unfortunately, this has spilled-over effects on the cost of funds in Cambodia which pushed the deposit cost in this country to a level not seen for many years and thereby, squeezing bank margins.

In such times, it is good to be able to report that the bank remains financially and operationally resilient. We saw continued growth in our lending and progress against our strategy. Gross loans and advances grew at a robust 11.3% to USD751 million. However, net profit was marginally lower at USD13.2 million. This is largely attributable to higher funding costs in this rising interest rate environment. In addition, overhead was also higher due to our investment in people and IT to support our long term business expansion plans in Cambodia.

TRANSFORMING OUR CUSTOMER JOURNEY

2022 marked a significant milestone for RHB as we launched the RHB Way Service Culture, a transformation programme established to drive our ambitions to be a leader in Service Excellence through people, process, technology, and products. This is the next phase for RHB where we will elevate the customer experience and deepen our customer-centric culture.

A clear example of how we have successfully leveraged digital innovation to enhance the banking journey of our customers is through the launch of goWave by RHB, which is a full-fledged mobile banking app complete with KHQR, eFD placement and Online Account Opening function (OAO) amongst other things. The OAO function allows users to open a bank account with RHB Bank through the goWave by RHB app without having to step into a branch.

Last year, we also implemented “Bakong”, a real-time cash management transfer service initiated by the National Bank of Cambodia (NBC). With KHQR integration in Cambodia, customers can quickly scan and pay more than 230,000 merchants nationwide and generate QR to receive funds.

Customer-centricity being our core focus in developing solutions that deliver exceptional customer experience has driven our digital transformation initiatives to facilitate a seamless end-to-end customer experience. The steady investments we have made over the years have created value not only for our customers, but for all our stakeholders.

SUSTAINABLE GROWTH

The bank is fully in support of Cambodia’s commitment and transition to a more sustainable future. Since 2018, RHB has been actively integrating sustainability and climate considerations into its business and decision-making process. The bank is now in the Phase 2 of its sustainability journey with the launch of our Sustainability Strategy and Roadmap, which cuts across three key pillars, namely Sustainable & Responsible Financial Services, Embedding Good Practices and Enriching & Empowering Communities.

To that end, we partnered with Credit Guarantee Corporation of Cambodia (“CGCC”) to provide Credit Guarantee under the Women Entrepreneurs Guarantee Scheme (“WEGS”) to support financing for women-owned businesses. We have also developed

the goWave app that is able to increase the financial literacy of Cambodia’s young adults by providing useful bite-sized articles, video capsules and financial tools spread across the digital space. The app provides them with education, tools and solutions needed for them to make a better financial decision throughout their adulthood.

OUTLOOK

While uncertainties remain, macroeconomic conditions are improving. The services sector, especially the travel and tourism industries, breathed a sigh of relief when China eventually reopened its borders. This together with Cambodia’s strategy of “living with Covid-19” introduced last year brought great relief especially to the travel and tourism industry. Total international arrivals have steadily improved and we expect some level of normalcy to return this year. There has also been an uptick in investments which can be attributed to Cambodia’s free trade agreements (FTAs) as well as government initiatives to grow the domestic production capacity. However, the Ukraine conflict, tightening of US monetary policy and climate change will continue to put significant downward pressure on global economic growth.

While the landscape remains uncertain, I am confident that RHB’s strategy will take us through the challenges and opportunities in the years to come. RHB is committed to prioritise the needs of our customers, many of whom are still in the post pandemic journey of recovery.

BOARD CHANGES

In September 2022 we said farewell to Mr Syed Ahmad Taufik Albar, who resigned as a Non-Independent Non-Executive Director of the Bank. I would like to record my thanks to Mr Syed for his commitment, diligence and immense contribution. I am pleased to welcome Ms Wendy Ting Wei Ling to the Board of RHB. We are confident that her diverse experience and exposure will add value to the Board’s strategic decision-making.

ACKNOWLEDGEMENTS

As I have always mentioned before, I am humbled by the dedication and commitment of our people. Their purpose, outstanding energy and creativity that they have shown in supporting our customers and communities have been the backbone of the success of this organization all these years. Last but not least, I would like to take this opportunity to express my sincere gratitude to the National Bank of Cambodia for their continued guidance and the Government’s commendable efforts in steering the country’s economy back on the road to recovery.

Together We Progress



Chin Yoong Kheong
Chairman

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Chief Executive Officer's Annual Statement



As we reflect on the past year, it has been a period of significant change and challenges in our operating landscape. With borders restrictions lifted and economies reopened in year 2022, international travel began to return and external demand improved. Cambodia's real growth continued to be strengthened, underpinned by a broad-based economic recovery, at first led by the export oriented manufacturing sector and then followed by service and agriculture sectors. However, in early 2022, we also witnessed the start of the ongoing conflict in the West and the resultant energy security crisis and a sustained rise in interest rates across the globe.



TOTAL ASSETS

USD 1,025 Million



LCR RATIO

120%



11%

Gross Loans

Despite these changes, I am proud to report that our team has remained flexible, innovative, and committed to delivering on our strategic objectives. We have continued to focus on our core values of customer service, quality, and sustainability while adapting to new market conditions.

As we navigate this evolving landscape, we remain confident in our ability to capitalize on emerging trends and position ourselves for long-term growth. We are investing in technology, talent, and partnerships to continue to differentiate ourselves in the industry and offer the best possible solutions to our customers.

OUR PERFORMANCE

We have made great strides toward achieving our strategic goals and providing value to our shareholders. During the year, the bank achieved total loans growth of 11%. Pre-tax profit however dropped by 9.8% from a year ago to USD16.5m mainly due to higher interest expense from rising cost of funds and higher overheads.

Our customer deposits were lower YoY at USD471m due to the current high interest rate environment where customers have options to choose from the numerous high-rate fixed deposits offered by other institutions. We have to strike a delicate balance between offering excessively high rates to acquire deposits and keeping costs low to maintain profitability, which we have managed to achieve through proactive management of our funding portfolio. This is evident from our healthy Liquidity Coverage Ratio (LCR) of 120%, which is well above the regulatory requirement of 100%. The strong LCR will provide the bank with continued flexibility to pursue growth opportunities and buffer for uncertainties.

Overheads grew by 23% y-o-y as we continue to invest in our people and new capability building initiatives to drive our franchise growth in Cambodia and strengthen our competitive position.

Gross impaired loans (GIL) ratio was higher at 7% following the expiry of a large number of Covid-19 related repayment assistances compounded by slower than expected recovery in the tourism and hospitality industry. To improve the situation, we have undertaken several initiatives such as strengthening our credit risk management processes, intensifying loan recovery and diversifying our loan portfolio to reduce concentration risk. With the robust tourism recovery and strength of the services sector together with our focused efforts, I look forward to a much improved GIL position in the next reporting.

Notwithstanding the higher GIL, we are pleased to report that all of our impaired loans are fully collateralized. This is reflected in the positive credit charge ratio of 0.20% for the year 2022, indicating that our credit risk management policies have been effective in mitigating potential losses from impaired loans.

DIFFERENTIATED CUSTOMER EXPERIENCE

We recognize the importance of embracing digital transformation in order to deliver the best possible experience and convenience to our customers. By leveraging cutting-edge technologies, we are able to offer our customers a range of innovative digital banking services that are secure, efficient and convenient. Last year, the bank launched a number of customer-centric products including our award winning goWave by RHB app, which is the new mobile banking application.

The bank's focus on incorporating technology into its operations has enabled the bank to reduce the turnaround time for new mortgage and SME loans to a 48-hour approval timeframe. We are also the first bank to launch the most secure CSS EMV Chip card in Cambodia to combat counterfeit attempts and to give comfort to our customers.

As a testament to our commitment to leveraging cutting-edge technology and innovative strategies to enhance the overall customer experience, the bank was awarded the Most Innovative Retail Bank from International Finance Awards in the year 2022. This recognition inspires us to continue pushing the boundaries of innovation and to remain in the forefront of delivering exceptional experience to our customers.

In this coming year, we are set to roll out the SME Programme Lending to meet the need of our customers for SME tailored loans. Our award winning Reflex system will be further enhanced with new features, including cloud accounting in our collaboration with a service provider.

OUR PEOPLE

At RHB, our employees are our biggest asset and we believe in creating a positive and inclusive work culture that fosters growth, innovation and teamwork. As a testament to the hard work and dedication of our entire team who have worked tirelessly to make our organization a great place to work, the bank was awarded HR Asia Best Companies to Work For in Asia for the second year running.

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In addition, we are also extremely proud and humbled to receive the HR Asia Diversity, Equity & Inclusion Awards 2022. We have always believed that diversity is not only a moral imperative but also a business prerogative. We will continue to build a diverse and inclusive workplace that values and respects the unique perspectives, experiences and backgrounds of all our employees, where everyone feels empowered to bring their whole selves to work.

The people-oriented culture that RHB has created has not only helped us attract top talent but also resulted in low staff turnover rates. In 2022, we managed to reduce our attrition rate to 15% from 19% the year before; lending credence to the various staff well-being initiatives that the bank has undertaken for our staff. By prioritizing the well-being and professional development of our employees, we have been able to build a community of dedicated and engaged team members who are committed to our mission and values.

We also recognize the importance of investing in digital skills in order to build a workforce that is equipped to succeed in the digital age. Whether it's through online training programs, mentorship opportunities or hands-on experience with cutting-edge tools and platforms, we are supporting our employees in their pursuit of digital excellence. This will position RHB for success in the future while also creating meaningful career pathways for our talented and dedicated workforce.

GROWING SUSTAINABLY

Ensuring a strong compliance and risk culture is vital for any organization to maintain its reputation, meet regulatory requirements, and mitigate risks. At RHB, we recognize the importance of fostering a culture that prioritizes compliance and risk management at all levels.

To achieve this, we are committed to providing ongoing employee training and development programs, regular communication of compliance policies and procedures, and the implementation of robust risk management frameworks.

We encourage all employees to raise any compliance concerns or potential risks they may identify, and we ensure that there are appropriate channels in place for employees to report such issues without fear of retribution.

We also conduct regular assessments of our compliance and risk management processes to continually improve them and ensure that we are meeting regulatory requirements.

At the same time, we hold ourselves accountable for compliance and risk management standards by rigorously monitoring and assessing our own performance against industry benchmarks and best practices.

By promoting a strong compliance and risk culture within our organization, we can better manage risk, protect our reputation, and ultimately build long-term success for our business and stakeholders.

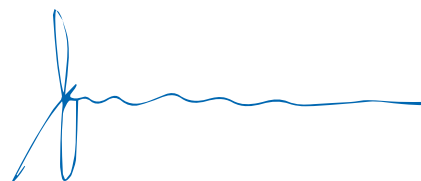
LOOKING AHEAD

As the world continues along the path of recovery and move to COVID-19 endemicity, countries are now bracing for a possible slowdown in the global economy owing to monetary tightening. Persistent inflation pressures coupled with financial sector stress experienced in the US and Europe, are invariably adding uncertainty into an already complex economic landscape. While there are challenges ahead, Cambodia's market outlook remains positive, with recovery of tourism and China's reopening providing fresh impetus. The World Bank's latest projections for Cambodia indicate that the country's economy is expected to continue its moderate pace of growth in 2023, with GDP projected to increase by around 5.5%. There is a further upside potential if the tourism sector perform even better than the current projections.

APPRECIATION

On behalf of RHB Bank (Cambodia) Plc., I wish to express my sincere gratitude to all our employees for the hard work and dedication you have shown in your role at our company. The success we have had as a company would not have been possible without your tireless efforts and unwavering commitment to our goals.

We are grateful to the regulators NBC, for the continuous support and guidance provided to the Bank. Last but not least, to the Chairman and members of the Board, my deep gratitude for your insightful advice, support and leadership in guiding us toward success.



Wong Kee Poh
Chief Executive Officer



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Board of directors



LEFT TO RIGHT

- 1- DATO' ADISSADIKIN ALI, Non-Independent Non-Executive Director & Shareholder's representative
- 2- MR. WONG KEE POH, Chief Executive Officer/ Non-Independent Executive Director
- 3- MR. CHIN YOONG KHEONG, Independent Non-Executive Chairman
- 4- MS. WENDY TING WEI LING, Non-Independent, Non-Executive Director
- 5- MS. SAMVUTHEARY MAO, Independent Non-Executive Director



Profiles of the Board of Directors



CHIN YOONG KHEONG

Independent Non-Executive Chairman

MALAYSIAN

Mr. Chin Yoong Kheong ("Mr. Chin") was appointed as Independent Non-Executive Chairman of RHB Bank (Cambodia) Plc. (RHBBCP) on 22 July 2019.

Mr. Chin is a Chairman of Board Risk Committee and Board Credit Committee, a Member of the Board Audit Committee and Board Remuneration & Nomination Committee.

Mr. Chin was appointed as an Independent Non-Executive Director of RHB Investment Bank on 1 August 2016. Subsequently, on 30 September 2016, he was appointed as the Senior Independent Non-Executive Director. He also serves as the Chairman of RHB Investment Bank's Board Risk Committee.

Mr. Chin holds a Bachelor of Arts with Honours in Economics from the University of Leeds and a Fellow of the Institute of Chartered Accountants in England and Wales. He is also a member of the Malaysian Institute of Certified Public Accountants and

Malaysian Institute of Accountants. Mr. Chin has retired as a partner of KPMG, one of the leading accounting firms on 31 December 2013, after having served the firm for more than 34 years in the United Kingdom, Vietnam and Malaysia. Mr. Chin's vast experience covers business solutions in areas such as strategy, human resources, performance improvement to the public and infrastructure sector, consumer and industrial markets, and financial services industry. Throughout his long career with KPMG, Mr. Chin's experience was in the audit function before specializing in taxation for 14 years. He was responsible for setting up the KPMG practice in Vietnam and subsequently headed KPMG's consulting practice for more than 7 years.

Mr. Chin's other directorships includes RHB Asset Management Sdn Bhd, RHB Islamic International Asset Management Berhad, RHB Bank Lao Sole Co., Ltd, RHB Securities (Cambodia) Plc and Ayer Holdings Berhad, a company listed on the Bursa Malaysia.



DATO' ADISSADIKIN ALI

Non-Independent Non-Executive Director & Shareholder's representative

MALAYSIAN

Dato' Adissadikin Ali ("Dato' Adissadikin") was appointed as the Non-Independent Non-Executive Director of RHB Bank (Cambodia) Plc. (RHBBCP) on 1 November 2019.

Dato' Adissadikin was appointed as the Managing Director/ Chief Executive Officer ("MD/ CEO") of RHB Islamic Bank on 1 August 2016. Dato' Adissadikin's responsibilities include leading, managing and growing the Islamic Banking and Shariah Business within the Group.

Dato' Adissadikin has more than 20 years of experience in financial services industry having held senior positions in Bank Islam Malaysia and AlKhair International Islamic Bank Berhad. Prior to joining RHB, he was the Managing Director and Chief Operating Officer at Export-Import Bank Malaysia Berhad.

He holds an MBA (Finance), University of Malaya and a Bachelor's Degree in Business (Banking and Finance), Monash University, Australia. Amongst his other qualifications are Diploma in Investment Analysis, University Teknologi MARA ("UiTM"), Malaysia and an Advanced Management Program ("AMP"), Harvard Business School, Boston, USA. He is also a Chartered Banker, Asian Institute of Chartered Bankers, ("AICB"), Chartered Banker, Chartered Banker Institute, UK and Chartered Professional in Islamic Finance, Chartered Institute of Islamic Finance Professionals, Malaysia.

Dato' Adissadikin's other directorship include RHB Securities (Cambodia) Plc. Dato' Adissadikin holds external membership in the Board of Islamic Banking and Finance Institute Malaysia ("IBFIM") and a Council Member, Association of Islamic Banking Institutions Malaysia ("AIBIM").

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WENDY TING WEI LING

Non-Independent, Non-Executive Director

MALAYSIAN

Ms. Wendy Ting Wei Ling (“Ms. Wendy”) was appointed as a Non-Independent Non-Executive Director of RHB Bank (Cambodia) Plc. (RHBBCP) on 19 September 2022. She is also a Member of Board Risk Committee, Board Audit Committee, Board Remuneration & Nomination Committee and Board Credit Committee.

Wendy was appointed as Managing Director, Group International Business & Corporate Banking on 16 May 2022. In addition to her existing role in managing the Group Corporate Banking portfolio, she will now also oversee and drive the Group’s regional business and operations, which includes Singapore, Thailand, Laos and Brunei.

Wendy currently serves as the Head of the Group’s Corporate Banking division with over 19 years of industry experience in corporate lending, leverage buyouts, syndication as well as capital market-related activities.

Wendy presently manages the 3rd largest loan assets amongst the domestic Banks under the Conventional portfolio apart from maintaining market share as the 2nd largest Islamic/Syariah

compliant assets. Her responsibilities also include overseeing and originating corporate lending activities from the Group’s overseas units within the Asean Region (ex Japan). Aside from growing assets, she is also committed to look at building meaningful relationships with the Corporates (predominantly public listed entities) such that the relationship is mutually beneficial to both the financial institution as well as clients.

As part of the Banking Group’s efforts to provide a holistic banking experience to our valued clients, she brings with her a profound understanding of corporate cultures as well as legislations across various sectors/industries as well as regions to drive cross border collaborations within the Group’s network.

Prior to joining RHB, she was the Vice President, Client Coverage and thereafter Vice President, Corporate Banking Division for Maybank Berhad.

Wendy graduated from National University of Malaysia with a Bachelor of Business Administration degree and a Certified Credit Professional from The Council of the Institute of Bankers Malaysia. She also graduated from Executive Development Program, Chicago Booth, Executive Education.



SAMVUTHEARY MAO

Independent Non-Executive Director

CAMBODIAN

Ms. Samvutheary Mao (“Ms. Samvutheary”) was appointed as Independent Non- Executive Director of RHB Bank (Cambodia) Plc. (RHBBCP) on 6 May 2019.

Ms. Samvutheary also serves as a Chairman of Board Audit Committee and Board Remuneration & Nomination Committee and a Member of Board Risk Committee and Board Credit Committee.

Ms. Samvutheary is the Founding Partner and Managing Director of HML, a local law firm. She specializes in banking, commercial transaction, land transaction, employment, telecommunication, hotel and resort, mediation, litigation and has good networking including with government officers. More than 20 years of experience with a PhD. Degree in Political Science and Master of law, she is regarded as an eminent attorney in Cambodia with exceptional knowledge

and experience as a corporate and litigation attorney. Ms. Samvutheary is also accredited as Legal Trademark Agent from the Ministry of Commerce and membership application of the Securities and Exchange Regulator of Cambodia (SERC). Ms. Samvutheary has represented clients in complex cases both for private and public entities. She had successfully represented various banks in recovery of large US dollar loans, and was appointed as a senior lawyer to various commercial banks. In addition, she had represented a Cambodian entertainment company for its Initial Public Offering (IPO) valued at USD369 million for its listing on the Hong Kong Stock Exchange and was the first Cambodian Company to issue offshore bonds raising USD300 million.

Ms. Samvutheary’s other directorships include RHB Lao Sole Co., Ltd. and RHB Securities (Cambodia)Plc.

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WONG KEE POH

Chief Executive Officer/ Non-Independent Executive Director

MALAYSIAN

Mr Wong Kee Poh (“Mr. Wong”) was appointed as Chief Executive Officer (CEO) with effect from 1 September 2020; and Non-Independent Executive Director of RHB Bank (Cambodia) Plc. on 28 October 2020.

He has a wealth of experience backed by more than 36 years of leadership role in the banking industry. He has held senior management positions to spearhead growth in Business Banking as well as Retail & Consumer Banking in well-established financial institutions in Malaysia.

His working experience encompasses a wide spectrum of banking exposure at branches, Head Office and Regional levels; covering corporate, commercial and consumer banking, trade finance, product development, credit management, sales & marketing as well as regional business development.

Prior to his appointment, Mr. Wong was seconded to RHB Bank Thailand as Acting Country Head in October 2014 before being appointed as the Chief Executive Officer from May 2015 to August 2020. He was Deputy Country Head for RHB Bank (Cambodia) Plc. from January 2013 up to his secondment to RHB Bank Thailand in October 2014.

He chairs the key management committees within the Bank including Management Committee, Assets & Liabilities Committee, Credit Lending Committee, Management Risk Committee, and IT Strategy Committee.

He holds a bachelor’s degree in Economics from University Malaya and Masters in Business Administration from Canada; and was recipient of the Chairman’s Award for graduating summa cum laude. He is an alumni of the INSEAD Senior Leadership Development Program having attended in 2014.

Mr. Wong’s other directorship include RHB Securities (Cambodia) Plc.

Board of Directors & Board Committees

BOARD OF DIRECTORS (BOD)

Mr. Chin Yoong Kheong
Independent Non-Executive
Director/ Chairman

Ms. Wendy Ting Wei Ling
Non-Independent
Non-Executive Director
Appointed on 19 September 2022

Ms. Samvutheary Mao
Independent Non-Executive
Director

Dato' Adissadikin Ali
Non-Independent
Non-Executive Director
Resigned on 12 April 2023

Mr. Wong Kee Poh
Non-Independent Executive
Director

BOARD LEVEL COMMITTEE

Board Audit Committee (BAC)

Ms. Samvutheary Mao
Chairman

Ms. Wendy Ting Wei Ling
Member

Mr. Chin Yoong Kheong
Member

Board Risk Committee (BRC)

Mr. Chin Yoong Kheong
Chairman

Ms. Wendy Ting Wei Ling
Member

Ms. Samvutheary Mao
Member

Board Remuneration and Nomination Committee (BNRC)

Ms. Samvutheary Mao
Chairman

Ms. Wendy Ting Wei Ling
Member

Mr. Chin Yoong Kheong
Member

Board Credit Committee (BCC)

Mr. Chin Yoong Kheong
Chairman

Ms. Wendy Ting Wei Ling
Member

Ms. Samvutheary Mao
Member

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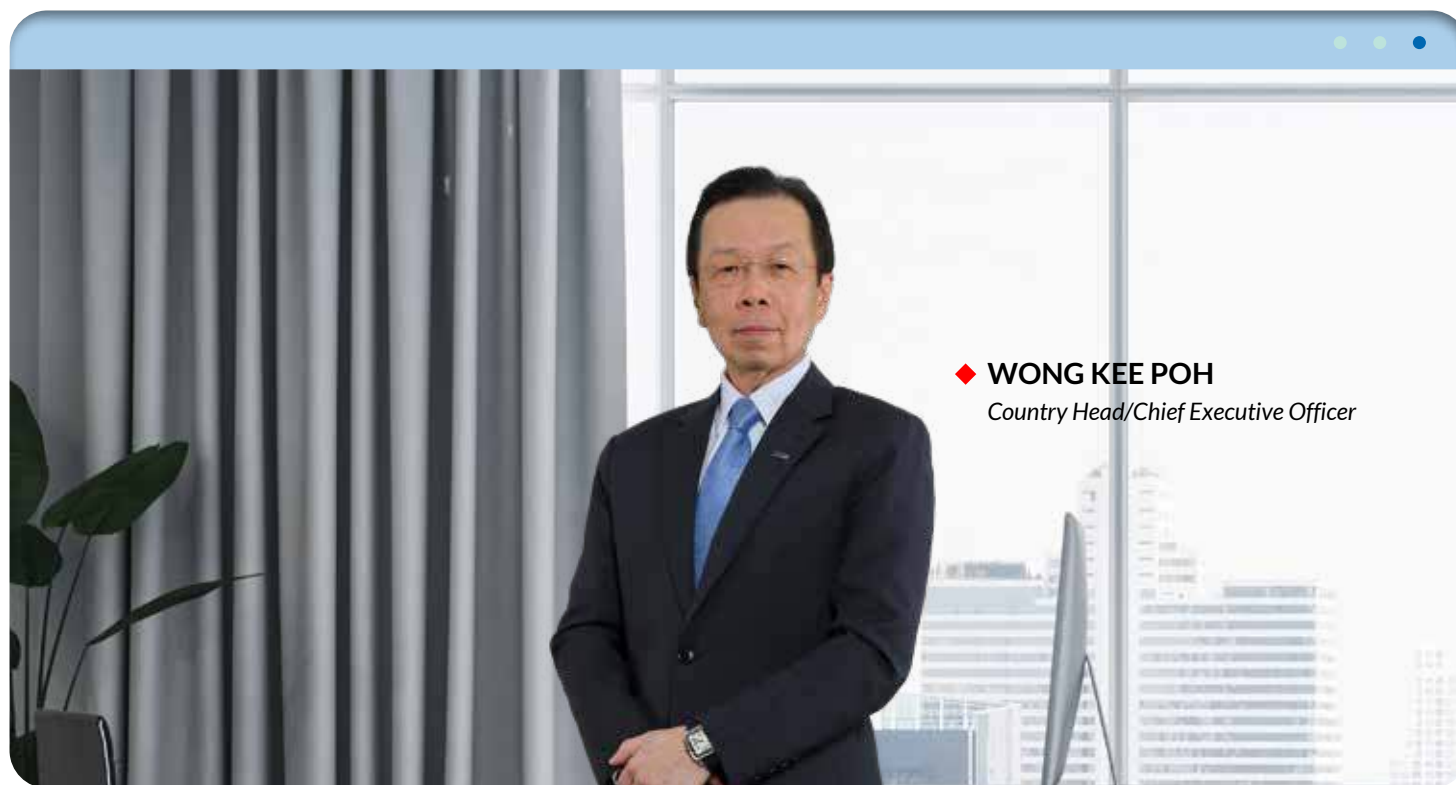
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Management Team





Profiles of the Management Team



◆ **WONG KEE POH**
Country Head/Chief Executive Officer

Mr. Wong Kee Poh (“Mr. Wong”) was appointed as Chief Executive Officer (CEO) with effect from 1 September 2020; and Non-Independent Executive Director of RHB Bank (Cambodia) Plc. on 28 October 2020.

He has a wealth of experience backed by more than 36 years of leadership role in the banking industry. He has held senior management positions to spearhead growth in Business Banking as well as Retail & Consumer Banking in well-established financial institutions in Malaysia.

His working experience encompasses a wide spectrum of banking exposure at branches, Head Office and Regional levels; covering corporate, commercial and consumer banking, trade finance, product development, credit management, sales & marketing as well as regional business development.

Prior to his appointment, Mr. Wong was seconded to RHB Bank Thailand as Acting Country Head in October 2014 before being appointed as the Chief Executive Officer from May 2015 to August 2020. He was Deputy Country Head for RHB Bank (Cambodia) Plc. from January 2013 up to his secondment to RHB Bank Thailand in October 2014.

He chairs the key management committees within the Bank including Management Committee, Assets & Liabilities Committee, Management Risk Committee, Credit Lending Committee and IT Strategy Committee.

He holds a bachelor’s degree in Economics from University Malaya and Masters in Business Administration from Canada; and was recipient of the Chairman’s Award for graduating summa cum laude. He has also attended the INSEAD Senior Leadership Development Program in 2014.

Mr. Wong’s other directorship include RHB Securities (Cambodia) Plc.



◆ **ALEX LIM ENG KANG**
Deputy Chief Executive Officer

Mr. Alex Lim Eng Kang (“Mr. Alex”) was appointed as Deputy Chief Executive Officer (DCEO) with effect from 1 April 2022. Mr. Alex has more than 31 years’ experience in the banking and financial industry.

His vast experience in the Banking and Financial industry was proven with his track record during his working career in RHB Banking Group and other financial institutions in Malaysia. Over the last 18 years in RHB Banking group, he held various leadership position such as Head of Group Retail Distribution responsible for overseeing 208 branches within RHB Banking Group in Malaysia; Regional Director,

Northern Region; Head, Regional SME; Area Manager and Head, Regional Commercial Banking.

Before joining RHB Banking Group, Alex was holding various senior positions with local and foreign financial institutions in Malaysia.

Mr. Alex graduated from University of Nebraska, Lincoln in 1993. He holds a Bachelor Degree in Business Administration and attended the INSEAD Senior Leadership Development Program in 2018.

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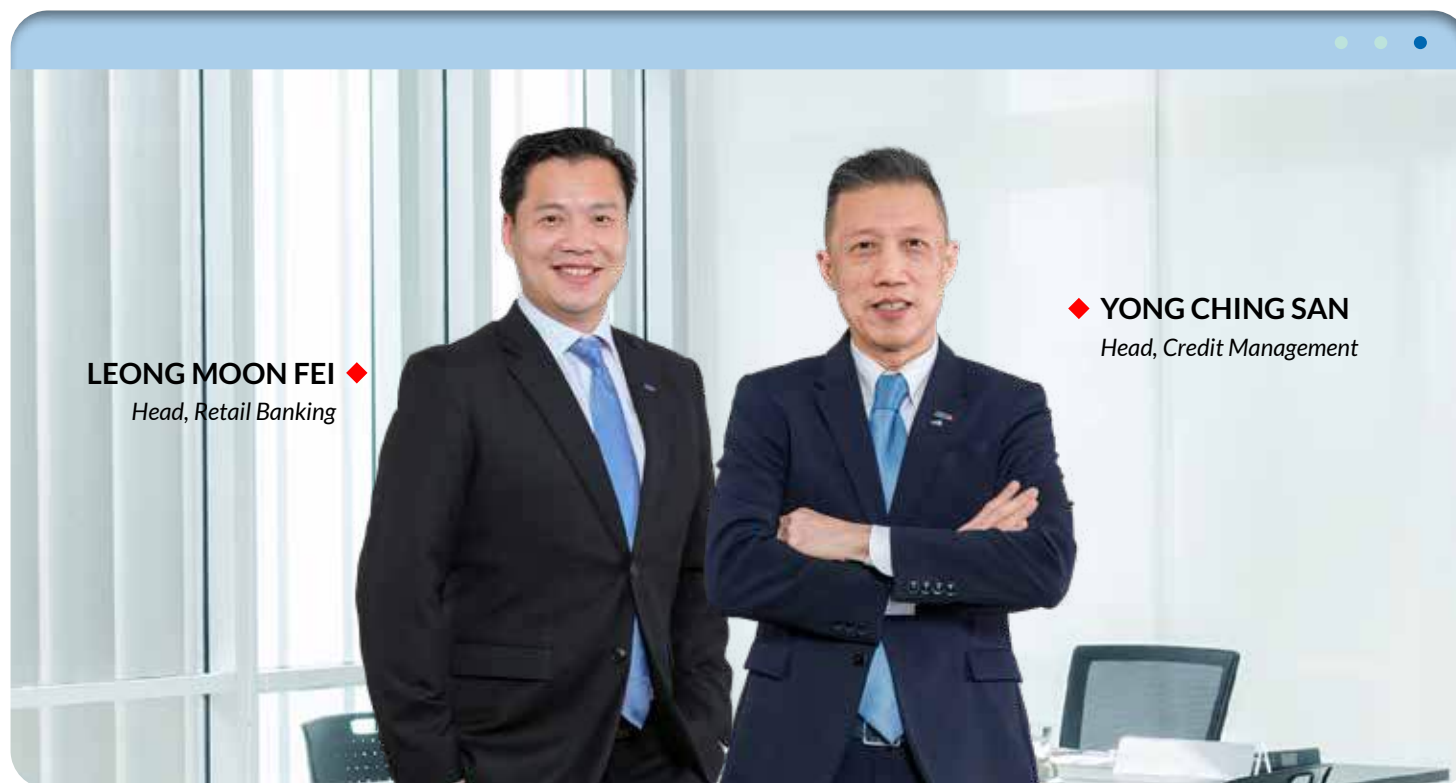
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Profiles of the Management Team



LEONG MOON FEI ♦
Head, Retail Banking

♦ **YONG CHING SAN**
Head, Credit Management

Mr. Leong Moon Fei (“Mr. Leong”) was appointed as Head, Retail Banking at RHB Bank (Cambodia) PLC in March 2020. He joined RHB Banking Group since October 2010. Mr. Leong leads the various business functions in the bank, including Product Development and Management, Branch Business & Distribution, Marketing & Communication, E-Banking and Customer Call Centre. He has more than 20 years of experience in the banking and financial sectors with leading Foreign and Local Banks in Malaysia.

He has extensive knowledge and experience in Retail Banking Strategy, Segment Management (including Premier Banking), Product Management, Sales Management, and Channel Management (Digital Banking, Branch Business, and Distribution Channels).

He graduated from the Chartered Institute of Marketing (CIM) in the United Kingdom in 2002. He was also a Chartered Marketer of CIM and attended the INSEAD Senior Leadership Development Program in 2018. Recently he has successfully completed the Certified Commercial Lending Professional (CCLP) program from Moody's Analytics.

Mr. Yong Ching San (“Mr. Yong”) joined RHB Bank (Cambodia) Plc. since November 2010 and is currently the Head of Credit Management.

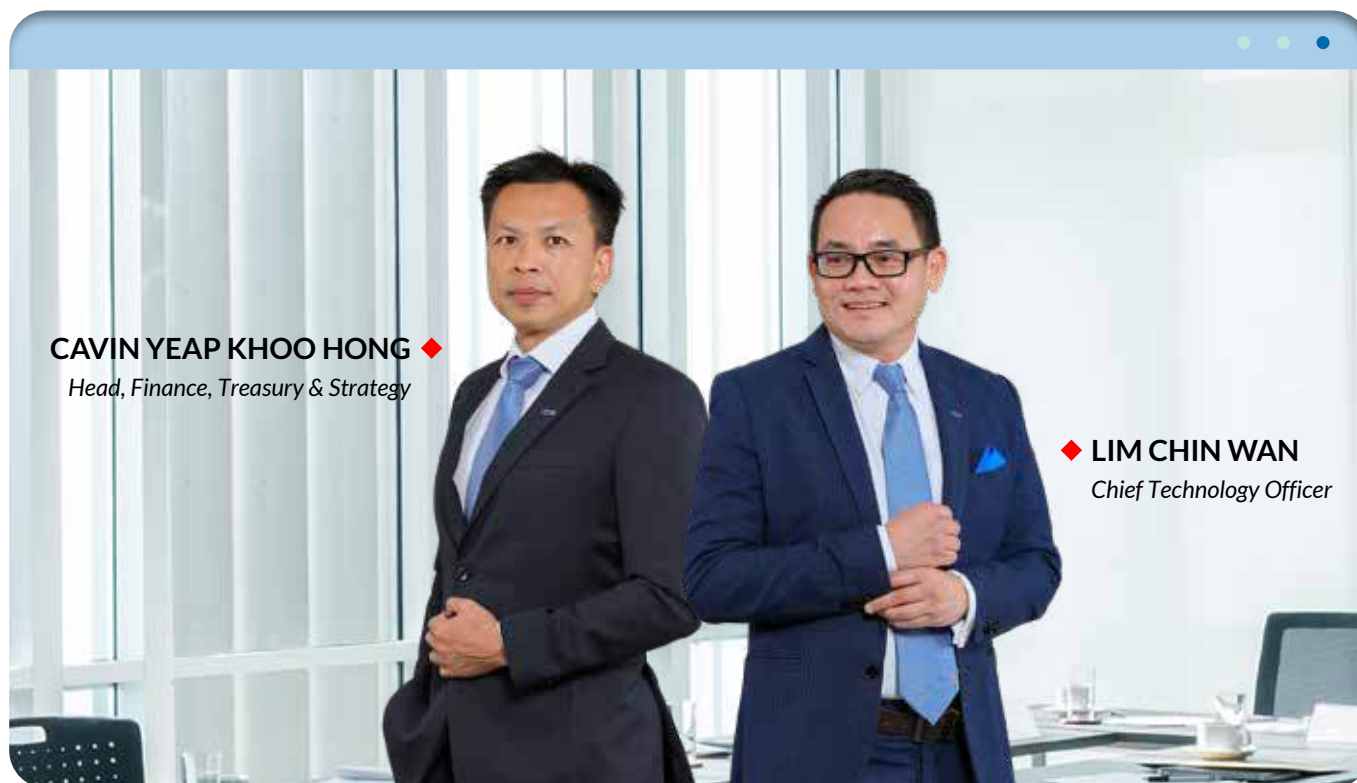
He has a total of 40 years of experience in local and international sector with wide exposure in areas of Credit Management. Mr. Yong's local knowledge having worked more than 14 years in Cambodia adds credence to his ability to add value to the role undertaken.

He was part of the pioneering core team during the establishment of the bank in Cambodia.

He also possesses vast experience and skills in providing plans and strategy for RHB Bank (Cambodia) PLC Credit Management and at the same time ensuring the governance and compliance of SLA process are being adhered to at all times.

A highlight in his banking career was his participation in the International Monetary Fund Audit Supervision field work in Cambodia in 2010.

He attended the INSEAD Senior Leadership Programme in Malaysia and possesses an Executive Master in Business Management and a honorary certificate in Global Leadership and Banking.



CAVIN YEAP KHOO HONG ◆

Head, Finance, Treasury & Strategy

◆ **LIM CHIN WAN**

Chief Technology Officer

Mr. Cavin Yeap Khoo Hong (“Mr. Cavin”) was appointed as the Head of Finance, Treasury & Strategy on 1 December 2020. Cavin leads the various finance functions in the Bank, including budgeting, reporting, capital and balance sheet management, taxation and procurement. Cavin has more than 21 years of diverse experience in corporate accounting and management consulting which include service in a foreign banking group and a multinational consulting company.

Prior to joining RHB Bank (Cambodia) Plc, he was the Head of Business Planning & Analytics, Group Retail Banking and also the Acting Head for Customer Strategy, Group Retail Banking.

He joined RHB Group from a foreign bank in Malaysia where he served in various roles including Head of Retail Bank Finance and Head of Finance of e2 Power Sdn Bhd, which is a subsidiary of the foreign bank Group. He started his career with Ernst & Young, United Kingdom.

He graduated with 1st Class Honours Degree in Economics from the University of Manchester, United Kingdom. He is a Fellow of the Institute of the Chartered Accountants in England & Wales (ICAEW).

Mr. Lim Chin Wan (“Mr. Chin Wan”) currently serves as Chief Technology Officer of RHB Bank Cambodia.

Mr. Chin Wan challenges, informs, and leads his team on many of the key areas in banking technology, in order to stimulate ‘out-of-the-box’ thinking to help the bank generate new visions, strategies, products, and services.

He possess sound knowledge in banking technology, and being the current CTO of RHB Bank (Cambodia) Plc. Mr. Chin Wan’s 20 years of diverse IT career has held him in good stead to drive the Bank’s digital and IT agenda.

Mr. Chin Wan’s technology experience spans over 20 years in the domains of strategy, operations, technology esp. digital and mobile platforms for banks. He was the CTO of a large local bank before joining RHB Bank’s team. He holds a Bachelor of Science in Computer Science from Campbell University and has been on various speaker panel in the banking conference around the region.

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SOK LENG ♦
Head, Business Banking

♦ **MOHAMMAD ROSYIED
BIN AB RAHMAN**
Head, Risk Management

Mr. Sok Leng (“Mr. Leng”) joined the Bank as Head of Business Banking since September 2018. He is responsible to formulate and implement the business development, marketing strategy and action plans to meet the bank’s business banking goals, objectives and operation policies.

Prior to that, he’s had experience at frontline Sales including as Relationship Manager and Head of Business with two foreign banks based in Cambodia for more than 14 years. He graduated with a Bachelor of Business Administration (BBA) majoring in Business Management in 2005 and obtained a Master in Business Administration (MBA) majoring in Finance and Banking at Build Bright University in 2010. He completed a Credit Skills Assessment (CSA) - Certified OMEGA from Global best credit and lending practice in 2014.

Mr. Rosyied Rahman (“Mr. Rosyied”) was appointed as Head of Risk Management in 2020 and tasked to manage both RHB Bank (Cambodia) Plc. and RHB Securities Plc.

He was previously with Group Operational Risk Management, RHB Bank Berhad (Head office) in Malaysia and has more than a decade of banking experience with both Malaysian and foreign banks throughout his career.

He is a certified Professional Banker by Asian Institute of Chartered Banker, an ACCA holder as well as a graduate in Bachelor Applied Accounting (Hon) from Oxford Brookes University.

His vision on risk management is to embed a heightened level of risk culture and awareness within the organization, ensuring together we progress responsibly.



CHHIM SARETH ♦
Head, Operations

TANG SIEW HON ♦
*Head, Credit Evaluation
& Review*

Mr. Chhim Sareth (“Mr. Sareth”) initially joined RHB Bank (Cambodia) Plc. in July 2009 as Head of Internal Audit. He was appointed the position as Head of Operations since July 2019. He has 14 years of working experience in banking and 4 years as an external auditor with KPMG Cambodia.

He has vast exposure and experience in compliance, audit and operations. He graduated from National Institute of Management with a Bachelor of Finance & Accounting degree in 2003 and completed a Master of Commerce in Finance from the International Institute of Cambodia in 2006.

He is accredited with Fundamental Level of ACCA in 2009 and also achieved his Certified Internal Auditor (CIA) Certification from Institute of Internal Audit, United Kingdom in 2019 and is a member of Cambodia Institute of Internal Audit.

Mr. Tang Siew Hon (“Mr. Tang”) joined RHB Bank (Cambodia) Plc. since January 2014 and is currently the Head of Credit Evaluation & Review. He has a total of 15 years of experience in banking mainly in commercial & retail banking having served at both branch and head office levels in Branch Credit Operations & Credit Management.

He graduated from University Teknologi Malaysia with a Bachelor of Science in 2008. He also obtained his Certified Credit Professional accreditation from Asian Institute of Chartered Bankers (AICB) in 2012 and Certificate in Commercial Credit by Moody’s Analytics in 2018.

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Profiles of the Management Team



NORZARINA BINTI AHMAD ◆

Head, Human Resource

◆ **SOY SOKLINA**

Head, Corporate Services

Ms. Norzarina (Zaza) serves as Head, Human Resource of RHB Bank (Cambodia) Plc. .

She was previously with Group Human Resource, RHB Bank Berhad (Head Office) in Malaysia, holding a few positions with group HR in Attract & Join, HR Business Partner and Squad Lead, Employee Experience & Chapter Lead, HR Communication. Before stepping up her career in Banking, she was a Senior Engineer at Toyota Malaysia and an Engineering Consultant.

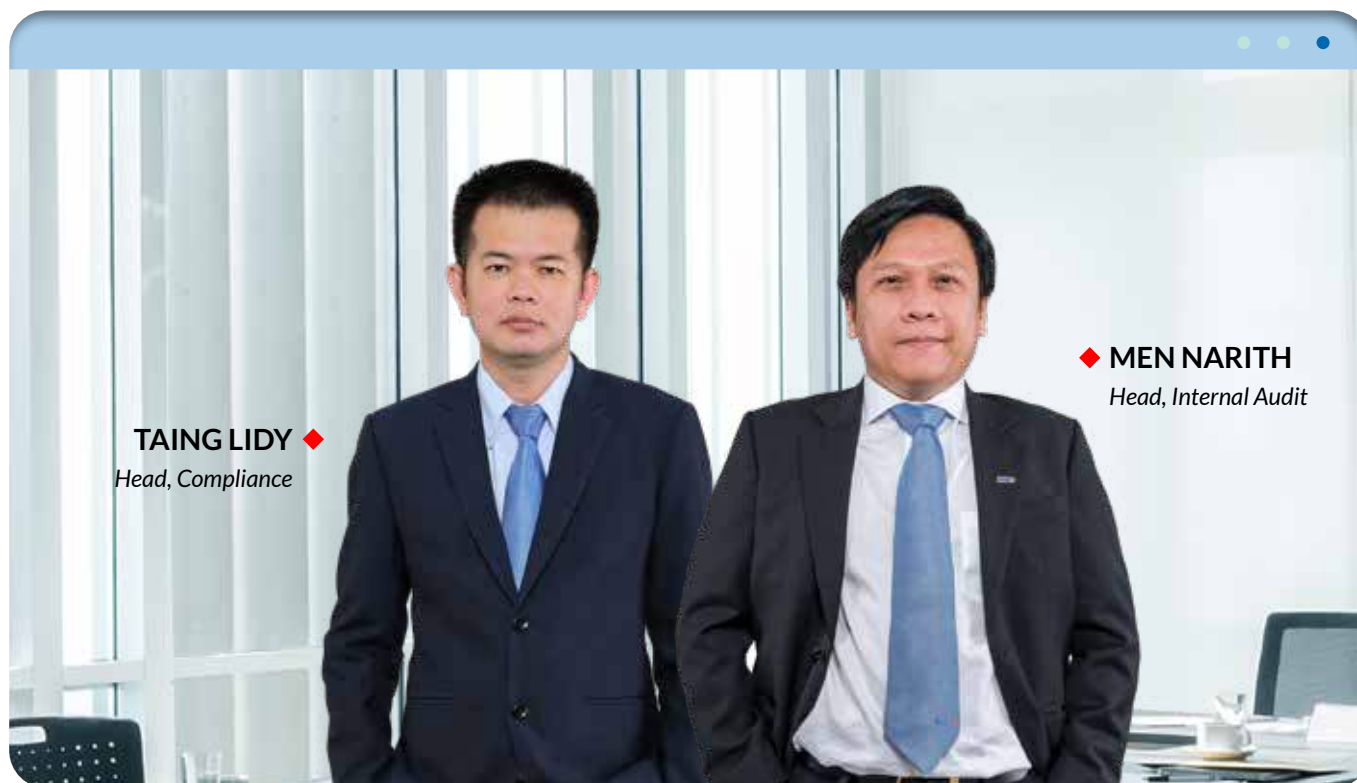
She constantly challenges Human Resource practices and norms by introducing 'out of the box' initiatives to enhance employee experience that covers end-to-end employee journey, as well as productivity. She is also a fan of 'Kaizen' (continuous improvement) in driving efficiency within the Human Resource department that she heads.

She holds a Bachelors Degree in Mechatronics Engineering from International Islamic University Malaysia.

Ms. Soy Soklina ("Ms. Soklina") joined RHB Bank (Cambodia) Plc. since December 2021 as Head, Corporate Services. She holds a Bachelor's Degree in Law from Royal University of Law and Economic, Phnom Penh, Cambodia and Master Degree in Finance and Banking from Norton University, Phnom Penh, Cambodia.

Ms. Soklina comes with 9 years of extensive experience from various industries including Legal, Audit, Insurance and Other Financial Institutions. She is well versed in Banking Compliance, Local Regulatory, Policies and Corporate Governance.

Prior to joining RHB Bank (Cambodia) Plc., she has experience working with leading Financial Institutions and an Audit Firm in Cambodia.



TAING LIDY ♦
Head, Compliance

♦ **MEN NARITH**
Head, Internal Audit

Mr. Taing Lidy (“Mr. Lidy”) joined RHB Bank (Cambodia) Plc in January 2019 as the Head of Compliance. He has more than 19 years of banking experience covering credit operation, internal audit, risk management and compliance with local and foreign banks. He has vast banking experience especially in financial crime and regulatory compliance.

Mr. Lidy obtained a bachelor’s degree in Accounting from National Institute of Management in 2003. He furthered his studies at the International Compliance Training (ICT) in 2013 and obtained an ICA International Advanced Certificate in AML and later moved on to complete the Regulatory Compliance Certification from Institute of Banking and Finance in 2019.

Mr. Men Narith (“Mr. Narith”) joined RHB Bank (Cambodia) Plc in August 2019 as the Head of Internal Audit. He has more than 17 years’ prior experience in the auditing field with a leading bank in Cambodia and one of the big four international accounting firm (KPMG Cambodia). He has a wide range of exposure and experience in auditing for various industries, particularly in the financial sector.

Mr. Narith graduated from Royal University of Phnom Penh with a Bachelor of Science in Mathematics in 1999 and then completed the Fundamental Level of the ACCA in 2009. He is accredited with Credit Skills Accreditation from Omega Performance Corporation in 2014. He also achieved his Certified Management Accountants Certification from Institute of Certified Management Accountants, Australia and Professional Banker Certification from Asian Institute of Chartered Bankers in 2018.

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Management Level Committee

Management Committee (MANCO)

Mr. Wong Kee Poh
 Mr. Alex Lim Eng Kang
 Mr. Cavin Yeap Khoo Hong
 Mr. Sok Leng
 Mr. Leong Moon Fei
 Mr. Chhim Sareth
 Ms. Norzarina Binti Ahmad
 Mr. Tang Siew Hon
 Mr. Yong Ching San
 Mr. Lim Chin Wan

Management Risk Committee (MRC)

Mr. Wong Kee Poh
 Mr. Alex Lim Eng Kang
 Mr. Cavin Yeap Khoo Hong
 Mr. Sok Leng
 Mr. Leong Moon Fei
 Mr. Chhim Sareth
 Mr. Yong Ching San
 Mr. Lim Chin Wan
 Mr. Mohammad Rosyied Bin Ab Rahman

Assets and Liabilities Committee (ALCO)

Mr. Wong Kee Poh
 Mr. Alex Lim Eng Kang
 Mr. Cavin Yeap Khoo Hong
 Mr. Sok Leng
 Mr. Leong Moon Fei
 Mr. Mohammad Rosyied Bin Ab Rahman

Credit Lending Committee (CLC)

Mr. Wong Kee Poh
 Mr. Yong Ching San
 Mr. Tang Siew Hon
 Mr. Sok Leng
 Mr. Cavin Yeap Khoo Hong
 Mr. Nhim Borey

IT Strategy Committee (ITSC)

Mr. Wong Kee Poh
 Mr. Alex Lim Eng Kang
 Mr. Lim Chin Wan
 Mr. Cavin Yeap Khoo Hong
 Mr. Chhim Sareth
 Mr. Sok Leng
 Mr. Leong Moon Fei
 Ms. Norzarina Binti Ahmad



Our accomplishment *review*

Business Banking

In 2022, the Cambodia economy rebounded with 5.1% economic growth post-Covid-19 but several challenges remain, such as supply chain disruptions due to lockdown measures in China and the ongoing Russia-Ukraine war, causing a hike in prices of goods, especially in fuel and raw materials and impacting on travel and tourism.



A screenshot of the RHB Reflex website. The header shows the URL 'reflex.rhbgroup.com/rhbcam/corporate/login.jsp'. Below the 'RHB Reflex' logo, a 'NOTICES & ALERT' banner states: 'Reflex is available 7 days a week, from 12.15AM to 12.00AM'. The main content area features a 'Reflex Mobile App' section with the text 'Business banking on the move with the RHB Reflex Mobile App.' and download links for Google Play, the App Store, and AppGallery. At the bottom, there is a section for 'NEW e-Generated Trade Draft Service'.



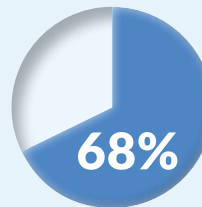
Business Banking Department has continued supporting the business customers, providing them banking service especially via our on-line business banking payment platform known as “Reflex”, and continued granting new or additional loans to the customers to sustain and grow their business activities.

As for the overall performance, Business Banking was one of the core contributor to the Bank's performance in 2022.

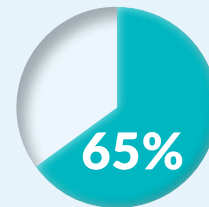


We managed to grow the Corporate and SME loans by 7.8%, despite economic headwinds, elevated inflation and external geopolitical concerns.

The Business Banking's portfolio for loans and deposits stood at 68% and 65% respectively of the total Bank's portfolio.



Portfolio for Loans



Portfolio for Deposits



សាជីវកម្មធានាឥណទានកម្ពុជា
Credit Guarantee Corporation of Cambodia



Total loan amount

USD5.67mil

RHB Bank (Cambodia) Plc. has also continued to be one of the top contributor in granting the loans guaranteed by Credit Guarantee Corporation of Cambodia (CGCC) Plc. for a total loan amount of USD5.67mil from our partnership with CGCC started on 16th June 2021 until year end 2022.

Under the agreement, RHB Bank (Cambodia) Plc. will provide loans and guaranteed by CGCC to support the SME, commercial and corporate customers in Cambodia for business expansion, investment and working capital.



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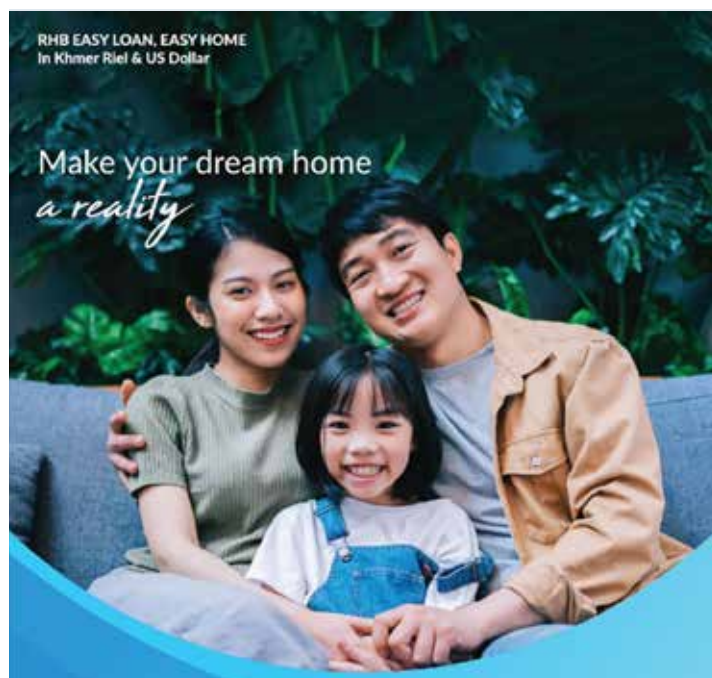
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Retail Banking



INTRODUCTION

At RHB Bank Cambodia, Retail Banking is an essential part of our banking operations, serving individuals with a wide range of financial products and services. Our focus on customer satisfaction and innovative products has enabled us to maintain our position as a prominent retail bank in the competitive Cambodian market. As a firm believer of the **“Customer First”** way of working, this has been shown with the multiple launches of products and services as well as partnerships.



OVERALL PERFORMANCE:

Despite the challenging economic environment, our retail banking division has delivered strong financial results in the past year. We have maintained a healthy balance sheet, with solid capital and liquidity positions. Our focus on cost management has also enabled us to improve our efficiency ratios and deliver sustainable growth. Retail Banking PBT for FY 2022 was USD5.8m vs USD5.7m FY 2021, while our Loan growth stood at USD245m for FY 2022 or 16% growth compared to FY 2021; and deposit grew 2% compared to the previous year.



CUSTOMER EXPERIENCE

Customer experience is at the heart of everything we do. We believe in providing our customers with exceptional service that is tailored to meet their needs.

Highlights for 2022 are:

- Launch of the Bank 24/7 Call Center
- Launch of Telegram channel to cascade the information of products and services
- RHB Cambodia Facebook page surpassed the 100K follower's milestone
- Won 2 Awards from International Finance Magazine for:
 - Most Innovative Retail Banking
 - Most Innovative Financial Literacy App



PRODUCTS AND SERVICES

We offer a range of products and services that are designed to meet the diverse needs of our customers. These include current and Premier Banking, Safe Deposit Box, Life Insurance (referral model), Savings Accounts, Debit Cards, Home Loans, goWave by RHB and Bakong to name a few. We continuously review and enhance our product offerings to ensure that we remain competitive in the market and meet the changing needs of our customers.

Highlights for 2022 are:

- Launch of Banca referral partnership with Dai-ichi Life Cambodia for Life Insurance
- Launch of the RHB VISA and MasterCard Debit Cards
- Launch of the RHB CSS EVM ATM Chip Card with enhanced security
- Launch of multiple Mortgages and Deposits campaigns
- Launch of a variety of Premier Banking propositions to our Premier Banking Customers



INNOVATION

Innovation is a key driver and we are constantly exploring new technologies and solutions to improve our products and services. Our digital platform is one example of our commitment to innovation, providing customers with a seamless and secure way to manage their finances.

Highlights for 2022 are:

- Launch of goWave by RHB Lite App which is our Financial Literacy App
- Launch of goWave by RHB Mobile App which is our Financial Literacy and Banking Service App under one platform
- Launch of Bakong which is a peer-to-peer fund transfer service available to retail customer of local banks, financial institutions, and payment services providers in Cambodia.
- Simplification of our Credit Application Loan Originating System (LOS) for 48 hour turn-around-time (TAT) for housing loans.



Our retail banking division has achieved significant progress in the past year, delivering strong financial results and enhancing our products and services. We remain committed to providing exceptional customer service, driving innovation, and supporting the communities we serve. We believe that our customer-centric approach, combined with our focus on innovation and community outreach, will enable us to maintain our position as a leading retail bank in the market.

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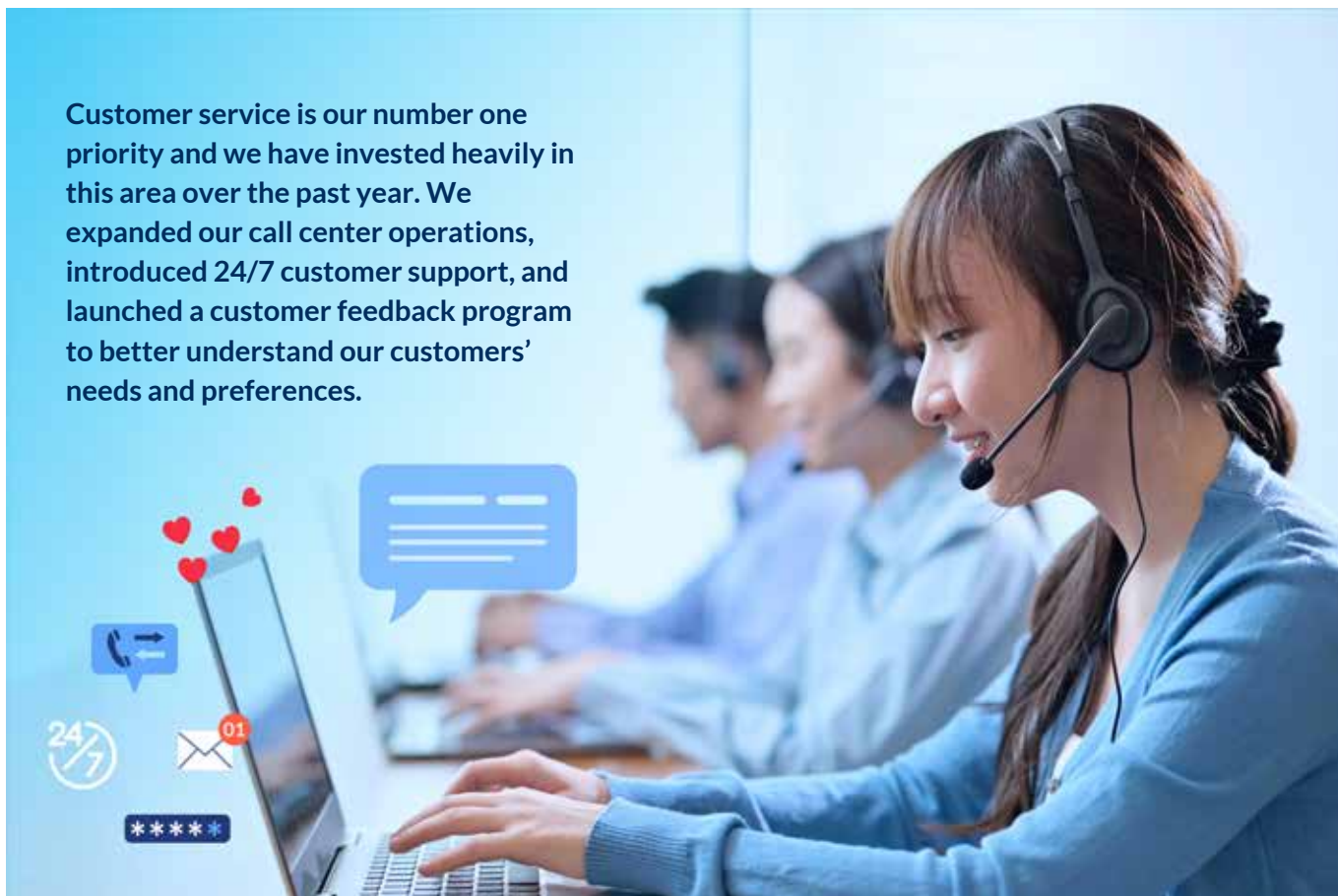
INTRODUCTION

RHB Bank Cambodia's operations department has had a successful year in 2022 marked by significant improvements in efficiency, quality and customer service. The team has worked tirelessly to streamline our operations, improve our products and services, and deliver value to our customers and stakeholders.

One of our major achievements in 2022 was the successful implementation of a new core banking system that significantly improved operational efficiency. This system has automated many of our processes, allowing us to provide faster turnaround times, greater accuracy, and improved reporting capabilities. We have also been able to launch new products and services such as Online Banking, new platform Mobile Banking with Bakong, Online Account Opening (OAO), Mastercard Debit Cards, Visa Debit Cards and CSS Chip EMV Cards which have been well received by our customers. We have also made great strides in improving the quality of our products and services. Our team has implemented rigorous quality control measures in all aspects of our operations, resulting in fewer errors and higher customer satisfaction. We have also enhanced our employee training programs to ensure our employees have the skills and knowledge they need to perform quality work.



Enjoy a complete lifestyle with RHB credit cards featuring unrivalled cash backs, online transactions, cash withdrawal, POS and many more!



As a result, customer retention rates have improved and overall customer satisfaction has increased. Additionally, RHB Way is part of TWP 24 and RHB Cambodia has in November 2022 successfully launched RHB Way programme consisting of initiatives such as RHB Way Service Leadership Programme for all middle and high management and Team Talk Wednesday (TTW) to all Frontliners and Call Center in order to create highly engaged workforce to drive service, operational excellence and shared best practices.

As part of our international operations strategy, we continuously work to increase our international partnership and presence. In 2022, we established AUD and EUR account with The Bank of New York Mellon, New York and Frankfurt respectively, to provide additional channels for our customers to remit or receive funds from abroad. On Trade Finance, we are continuously strengthening our positions to provide customers with more secure and reliable solutions.

Finally, we remain committed to responsible business practices, including health and safety. Despite the challenges posed by the COVID-19 pandemic, we have implemented strict safety protocols to protect our employees and customers while maintaining business continuity. We also continue to support our communities through a variety of corporate social responsibility initiatives, including education and environmental programs.

In summary, RHB Bank Cambodia's operations department has had a successful year, achieving its goals of improving efficiency, quality and customer service. We are committed to continuous improvement and innovation to ensure that we provide our customers and stakeholders with the best possible products and services.



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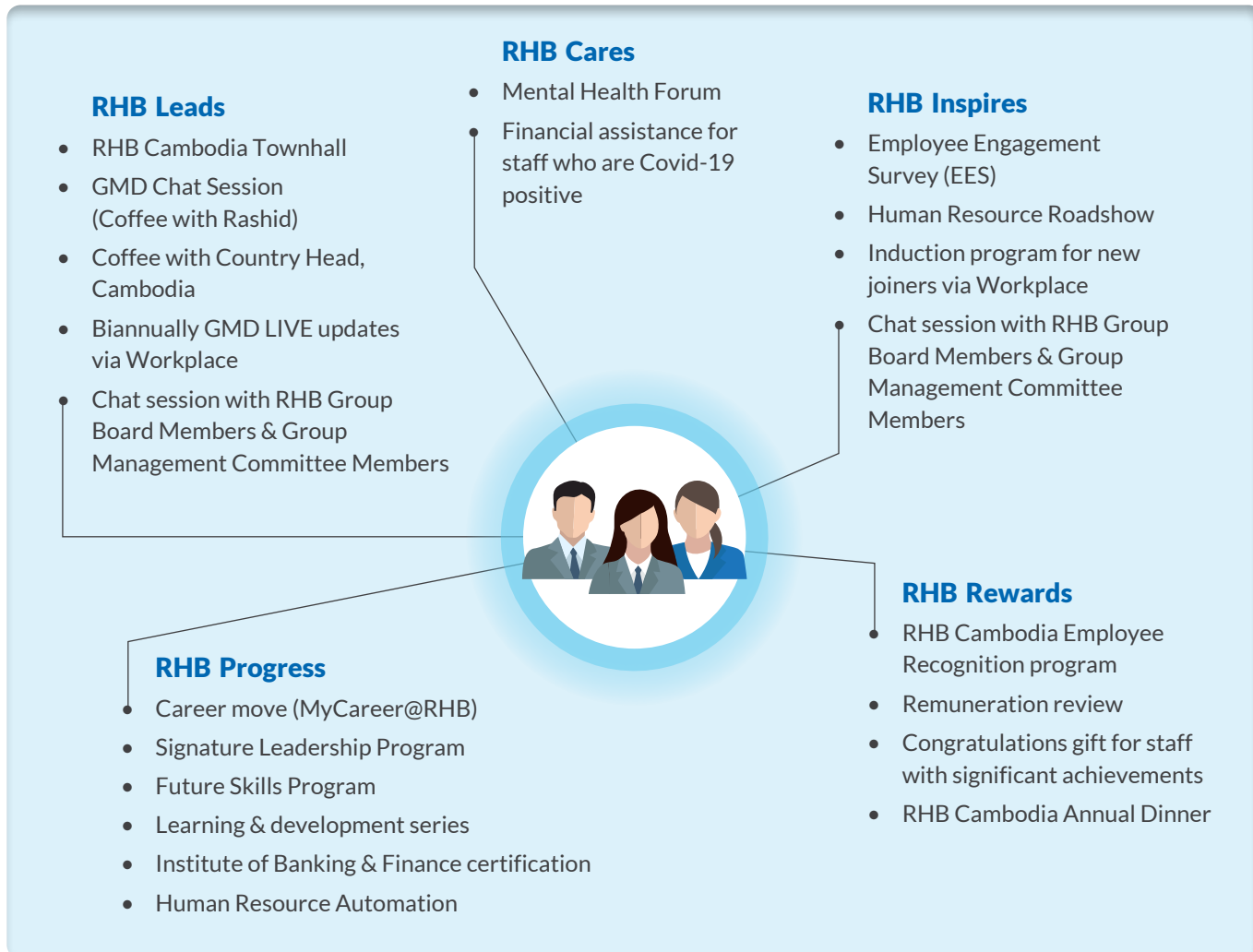
Human Resource



At RHB Bank Cambodia, it is our priority to ensure that our people have the opportunity to develop and grow their career across the organisation. Employees that are not given the opportunity to advance their career experience demotivation, which leads to poor talent attraction and retention. Our ability to attract and retain top talents require targeted strategies that maximise their potential at RHB Bank Cambodia. To ensure long-term growth for our business, we manage our diverse workforce by optimising talent management and employee engagement. Talent management is also important to build a leadership pipeline that can ensure continuity for the future of the business.

In our efforts to create a team that is aligned with the Bank's vision and aspirations, we strive to maintain a unique Employee Value Proposition ("EVP") that is competitive against the market.

Our Employee Value Proposition consists of five areas that ensure a certain level of treatment, assistance, and community resources that our employees enjoy as a valued member of the Bank.



VALUE CREATION IN 2022

RHB Bank Cambodia Workforce	2020	2021	2022
Total number of employees	264	307	370
Total number of hires	35	68	117
Total attrition rate (%)	19.0%	18.7%	15.4%

OTHER VALUES CREATED

- Provided structured development programmes to help employees build their competencies, career mobility and movement to help with career progression and exploration of other roles within RHB Bank Cambodia
- Promoted career mobility through an internal talent marketplace “MyCareer@RHB” where employees can all apply for vacancies within the company. Career moves are encouraged and can take place either cross-function or cross-business
- Offered referral programmes where internal staff are encouraged to refer others to RHB Bank Cambodia and are compensated for it
- Provided structured leadership programmes for succession planning
- 100% of our employees receive regular and scheduled performance appraisals
- Continuous effort in automation to enhance employee’s productivity

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Digital Banking & Information Technology

GOING DIGITAL WITH BAKONG

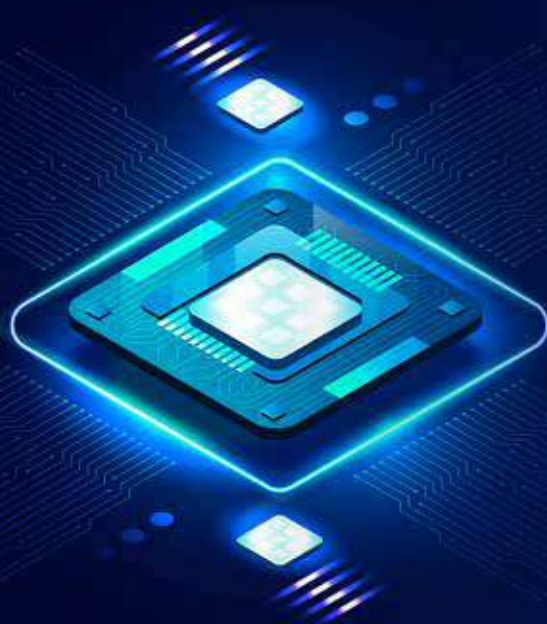
Following years of uncertainty—and a global pandemic that has proven to be one of the most challenging events in history—we forged on, prepared to tackle what lay ahead. And as we continued to extract the possible from the impossible, the year 2022 taught us, above all, that digital transformation, no matter how big or small, can change the world.

In 2022, we upgraded our goWave by RHB from a lite app to a full fledged mobile banking app complete with the Online Account Opening function (OAO). The OAO function allows users to open a bank account with RHB Bank just by using the goWave by RHB app.

goWave by RHB was also inducted as a member of NBC's Bakong payment system. RHB Bank was the first bank to implement a docker swarm when deploying the Bakong Payment Gateway. This allows goWave's Bakong to have high availability which was later adopted by NBC.



ENHANCED SECURITY WITH CSS EMV CHIP ATM CARD



One of the main benefits of EMV chip technology is protecting cardholders' card information. These chips create a one-time-use code when inserted into an EMV-enabled ATM; using that code to process a withdrawal instead of the card number printed on the card.

RHB Bank is proud to be one of the first banks to comply with this EMV standard mandated by NBC. The implementation of the EMV Chip ATM Card is a recognition of our IT team's hard work & contribution; and RHB Bank's continuous commitment to innovation and security for our customers.

A primary benefit of EMV chip technology is preventing counterfeit fraud. Once commonplace, counterfeit fraud — in which a cardholder's information is collected, stored, and reprinted on a different card — has declined sharply since EMV chip technology began to appear.



RHB Bank implemented its HRMS in 2022. The HRMS (Human Resource Management System) is an all-in-one, centralized type of HR software that enables the management of several HR functions.

The competitive modern banking environment demands every procedure and process needed to be gotten right the first time – and for far less than it cost in the past. This can only be achieved through software systems whose intelligent implementation leads to a digitalization of the traditional HR department.

Ultimately, the aim of the HRMS is to improve the productivity and efficiency of a business through efficient management of HR processes, primarily by consolidating data and automating manual and repetitive tasks.

RHB Bank's HRMS will be web-based and mobile-based. This will allow RHB Bank employees to access their employment information from anywhere, 24/7. The HRMS project was completed with full support from the HR Department and RHB Bank management.

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Environmental, Social and Governance (ESG)

The Bank recognizes the importance of Environmental, Social, and Governance (ESG) factors in its business operations. As a responsible corporate citizen, the Bank is committed to promoting the sustainable development of the communities we serve. The adoption of these principles in Cambodia is still at a nascent stage. Here in the Bank, we have broken down the main focus into 3 pillars in line with RHB Group for the year 2022.

SUSTAINABLE & RESPONSIBLE FINANCE

EMBEDDING GOOD PRACTICES

ENRICHING & EMPOWERING COMMUNITIES



**SUSTAINABLE
& RESPONSIBLE
FINANCE**

Integrating the ESG considerations into our business strategies and decision-making processes while nurturing customers and communities toward achieving sustainable growth

- A Business Loan for Women with Credit Guarantee Corporation of Cambodia (CGCC) to support financing for women-owned businesses/entrepreneurs was launched in 2022. Total disbursement under Women Entrepreneur Guarantee Scheme was USD400K as at year end.
- goWave by RHB Lite App which features literacy content in the app was launched in 2022. The Mobile App allows the customers to access financial contents such as posting and videos. This is in line with the National Bank of Cambodia (NBC) financial inclusion agenda to the public. Won International Finance award for Most Innovative Financial Literacy App 2022.



EMBEDDING GOOD PRACTICES

Foster responsible practices and nurture a sustainable culture within our organization with various exercises and initiatives.

- Moody's Certifications for current credit competency test and mapping are adopted from the Group and tailored to the Cambodia Banking sector workforce. A total of 16 staffs completed the course of Commercial Loan to Business (CLB) and received the certification from Moody's.
- Yearly RHB Cambodia Recognition Award to staff who demonstrated RHB Culture Components which is the willingness to put the organization's needs over personal achievement by fostering teamwork, empowerment, and knowledge sharing. Results Oriented. Demonstrate commitment and drive in delivering quality work output, and treat all matters with urgency. A total of 16 employees were awarded in this recognition program.
- Future Skills Program is a new learning and development initiative aimed at upskilling Staff. The program allows the employee to stay competitive in the job market, adapt to new technology, and overall enhance their employability. A total of 16 employees participated in the program.
- Face to Face Training on Anti-Bribery & Corruption for Regional Staff and yearly AMLA training that is tailored to the Cambodian Banking Sector. The Bank take a serious stance when it comes to the transparency of all their dealings related with the regulators and customers in Cambodia.



ENRICHING & EMPOWERING COMMUNITIES

Foster responsible practices and nurture a sustainable culture within our organisation

- Helping the less fortunate Muslim families and collaborating with Hospital Beyond Boundaries charity drive for poor Muslim Families. A total of 40 underprivileged families from Kep Province received USD 100 worth of food each to celebrate Hari Raya and 400 people from Stung Treng Province received USD 1,740 for the purchase of meat for Hari Raya Qurban.
- In conjunction with the 159th year Anniversary of World Red Cross and Red Crescent of Cambodia, the Bank donated monetary assistance for their humanitarian activities. Their tireless work in providing humanitarian aid and support to those in need is truly inspiring, and we are honored to be able to contribute to their efforts.
- RHB Touch Hearts initiative was rolled out on 20th August 2022 at Helping Hand Cambodia as part of the RHB Group regional project launched on the same day. The initiative was to donate 20 Personal Computers (Desktop) for children's education mainly on financial literacy which is in line with the National Bank of Cambodia (NBC) directive for financial inclusion in the Kingdom.

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Director's Report

The Board of Directors (the Directors) hereby submits their report and the audited financial statements of RHB Bank (Cambodia) Plc. (the Bank) for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in a broad range of commercial banking activities in Cambodia.

RESULTS OF OPERATION AND DIVIDEND

The results of financial performance for the year ended 31 December 2022 are set out in the statement of profit or loss and other comprehensive income on page 141.

There were no dividends declared or paid during the year.

SHARE CAPITAL

There were no changes in the share capital of the Bank during the year.

BAD AND DOUBTFUL LOANS AND ADVANCES

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

At the date of this report and based on the best of knowledge, the directors are not aware of any circumstances which would render the amount written off for bad loans and advances or the amount of the allowance for impairment losses in the 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 which

were unlikely to be realised in the ordinary course of business, at their value as shown in the accounting records of the Bank, have been written down to an amount which they might be expected to realise.

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

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

Other than disclosed in Note 34 (d), 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 financial 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.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF UNUSUAL NATURE

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

THE BOARD OF DIRECTORS

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

Mr. Chin Yoong Kheong,	Chairman (Independent Non-Executive Director)
Dato' Adissadikin bin Ali	Member (Non-Independent Non-Executive Director and Shareholder's representative)
Ms. Mao Samvutheary,	Member (Independent Non-Executive Director)
Mr. Wong Kee Poh	Member (Non-Independent Executive Director)
Ms. Wendy Ting Wei Ling	Member (Non-Independent Non-Executive Director) – appointed on 1 August 2022
Mr. Syed Ahmad Taufik Albar	Member (Non-Independent Non-Executive Director) – resigned on 1 August 2022

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

In preparing these financial statements, the directors are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with the disclosure requirements of CIFRS or, if there have been any departures in the interest of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal controls;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and
- effectively control and direct the Bank in all material decisions affecting its operations and performance and ascertain that such have been properly reflected in the financial statements.

The directors confirm that the Bank has complied with the above requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

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

Signed in accordance with a resolution of the Board of Directors.



Mr. Chin Yoong Kheong
Chairman

Phnom Penh, Kingdom of Cambodia
24 March 2023

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Independent Auditor's Report

To the shareholders
of RHB Bank (Cambodia) Plc.

OUR OPINION

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

WHAT WE HAVE AUDITED

The Bank's financial statements comprise:

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

BASIS FOR OPINION

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

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

INDEPENDENCE

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

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with CIFRS, and for such internal control as directors determine are 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, directors are 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 directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For PricewaterhouseCoopers (Cambodia) Ltd.



By Touch Sovannara
Partner

Phnom Penh, Kingdom of Cambodia
27 March 2023

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Internal Control Report

INTRODUCTION

This Annual Internal Control Report is prepared pursuant to the provision of Article 25 of the Prakas B-7-010-172 Prokor on Internal Control of Bank and Financial Institutions issued by National Bank of Cambodia.

The statement below has been prepared in accordance with the Guideline for Completing the Annual Report on the Organisation and Effectiveness of the Internal Control, which outlines the key features of the risk management and internal control system of RHB Bank (Cambodia) Plc during the year under review.

Board Responsibility

The Board is committed to its overall responsibility in establishing a sound risk management and internal control system in the Bank. The Board's responsibility includes reviewing the adequacy and effectiveness of the risk management and internal control system in safeguarding shareholders' interest and the Bank's assets. While total elimination of risks is not possible, the system has been designed to manage the Bank's risk appetite within the established risk tolerance set by the Board and Management to support the achievement of the Bank's business objectives. The system can therefore only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

In acknowledging that having a sound risk management and internal control system is imperative, the Board has established a governance structure that ensures effective oversight of risks and internal

controls in the Bank at all levels. To this end, the Board is assisted by the Board Risk Committee ("BRC") and Board Audit Committee ("BAC") which have been delegated with primary oversight responsibilities on the Bank's risk management and internal control system. The Board remains responsible for the governance of risk and for all the actions of the Board Committees with regard to the execution of the delegated oversight responsibilities.

Management Responsibility

The Management is responsible for the overall implementation of the Bank's policies and processes to identify, evaluate, measure, monitor and report on risks as well as the effectiveness of the internal control systems, taking appropriate and timely remedial actions as required. Its roles include:

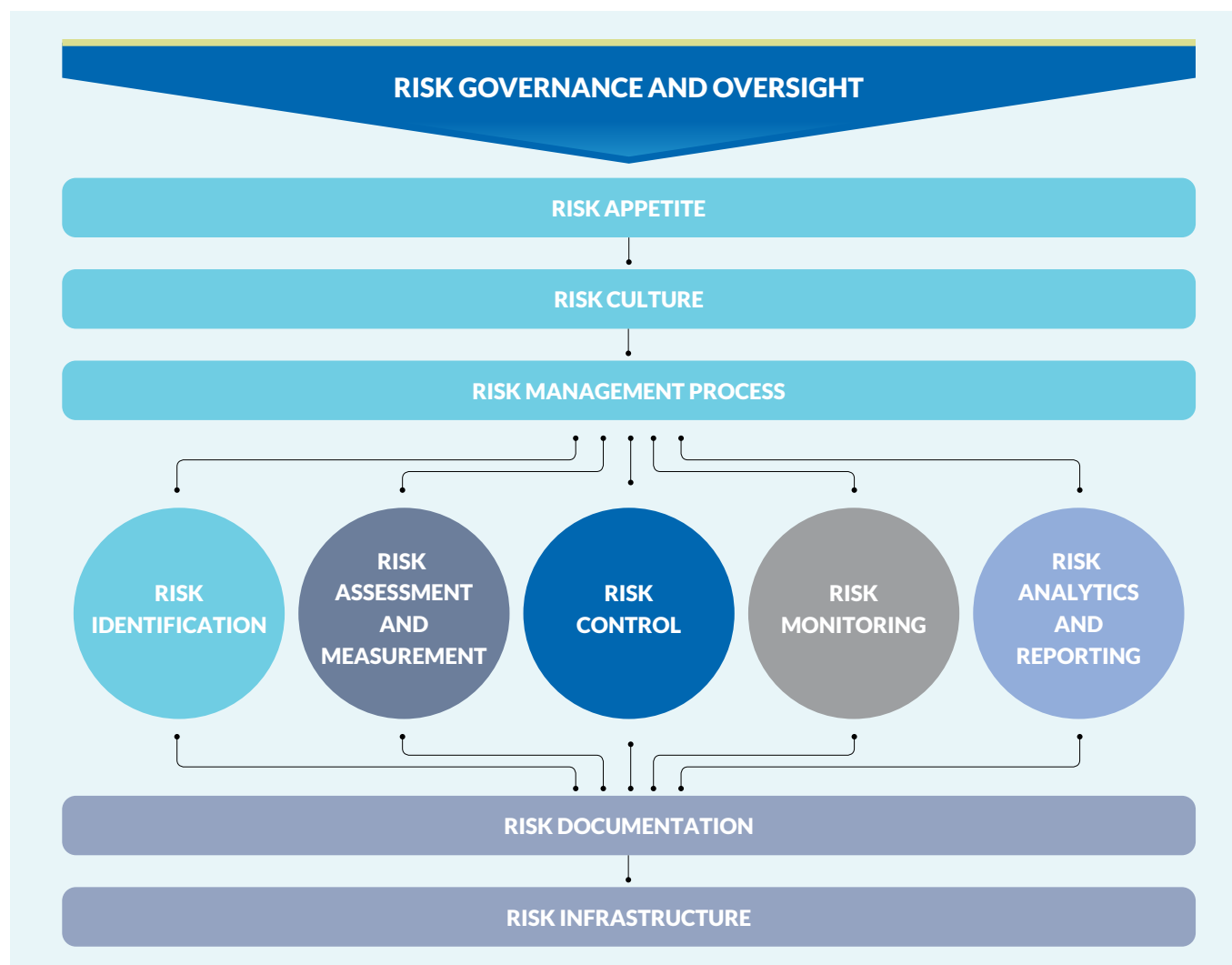
- Identifying and evaluating the risks relevant to the Bank's business and achievement of its business objectives and strategies;
- Designing and implementing the risk management framework in accordance with the Bank's strategies and risk appetite, and monitoring its effectiveness;
- Reporting in a timely manner to the Board on any changes to the risks or emerging risk and the appropriate actions taken.

Accordingly, the Management has provided assurance to the Board that the Bank's risk management and internal control system are operating adequately and effectively with the necessary processes having been implemented.

ORGANISATION OF INTERNAL CONTROL SYSTEM

◆ RISK MANAGEMENT FRAMEWORK

The Bank has in place a risk management framework approved by the Board for identifying, measuring, monitoring and reporting of significant risks faced by the Bank in the achievement of the Bank's business objectives and strategies. The Bank's risk management framework ensures that there is an effective on-going process to identify, evaluate and manage risks across the Bank and is represented in the following diagram:



Risk Governance and Oversight

The Board of Directors sits at the apex of the risk governance structure and is ultimately responsible for the Bank's risk management strategy, appetite, framework and oversight of risk management activities.

In order to manage the business and risks of the Bank, Bank committees are established to ensure consistency in practices. BRC provides oversight and assists the Board to review the Bank's overall risk management philosophy, frameworks,

policies and models, and risk issues relevant and unique to its business.

The responsibility for the supervision of the day-to-day management of enterprise risk and capital matters is delegated to the Management Risk Committee ("MRC") comprising senior management of the Bank which reports to the BRC. The MRC is responsible for oversight of risk management matters relating to Bank's business and functions whilst the Bank Asset and Liability Committee ("ALCO") oversees liquidity risk and balance sheet management.

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Internal Control Report

ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

Risk Appetite

Risk appetite for the Bank is defined as the amount and the type of risks that the Bank is willing to accept in pursuit of its strategic and business objectives. Risk tolerance on the other hand, is the acceptable level of variation relative to the achievement of the Bank's strategic and business objectives. It is measured in the same units as the related objectives. It translates risk appetite into operational metrics, and it can be defined at any level of the Bank.

The defined risk appetite and risk tolerance are periodically reviewed by the Management and the Board in line with the Bank's business strategies and operating environment. Such review includes identifying and setting new risk appetite metrics for the Bank wide or removal of risk appetite metrics that are no longer applicable as well as updates on the risk appetite thresholds to be in line with the Bank's business strategy and risk posture.

The main business and operations inherent risks that were considered in the risk appetite review include regulatory compliance risk, credit risk, market and liquidity risk, operational risk, technology and cyber risk.

Risk Culture

Risk management is integral to all aspects of the Bank's business and operations and is the responsibility of all employees across the Bank. In line with regulatory requirements and industry best practices, the Bank subscribes to the principle that "Risk and Compliance is Everyone's Responsibility" and hence, risk management is a core responsibility of the respective businesses and operating units. This has been articulated and documented in the Bank Risk Management Framework.

Guided by the said principle, the Bank has implemented on-going Risk Culture and Awareness programme which comprises training and awareness campaigns, throughout the Bank to promote a healthy risk culture. A strong risk culture minimises the Bank's exposure to financial and non-financial risks including reputational impact, over time.

In addition, the Bank has implemented the Business Risk & Compliance Officer ("BRCO") programme that aims to cultivate proactive risk and compliance management and to establish a robust risk culture.

The implementation of the BRCO programme is in line with the 'Three Lines of Defence' model practised globally. There is clear

accountability of risk ownership across the Bank. The model is depicted in the diagram below:



Risk Management Process

The risk management process identifies, assesses and measures, controls, monitors and reports/analyses risk. This ensures that risk exposures are adequately managed and the expected return compensates for the risk taken.

- **Identification:** The identification and analysis of the existing and potential risks is a continuing process, in order to facilitate and proactive and timely identification of risk within the Bank's business operations. This ensures that risks can be managed and controlled within the risk appetite of the Bank, where necessary.
- **Assessment and Measurement:** Risks are measured, assessed and aggregated using comprehensive qualitative and quantitative risk measurement methodologies, and the process also serves as an important tool as it provides an assessment of capital adequacy and solvency.

ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

- **Controlling:** Risks identified during the risk identification process must be adequately managed and mitigated to control the risk of loss. This is also to ensure risk exposures are managed within the Bank's risk appetite.
- **Monitoring:** Effective monitoring process ensures that the Bank is aware of the condition of its exposures vis-à-vis its approved appetite and to facilitate early identification of potential problem on a timely basis by using continuous and on-going monitoring of risk exposures and risk control/mitigation measures.
- **Analytics and Reporting:** Risk analysis and reports prepared at the entity level as well as business level are regularly escalated to the senior management and relevant Boards to ensure that the risks identified remain within the established appetite and to support an informed decision-making process.

In addition, risk management seeks to ensure that risk decisions are consistent with strategic business objectives and within the risk appetite.

Risk Documentation

The Bank recognises that effective implementation of the risk management system and process must be supported by a robust set of risk documentation and infrastructure. Towards this end, the Bank has established frameworks, policies and other relevant control documents to ensure clearly defined practices and processes are implemented consistently across the Bank.

Risk Infrastructure

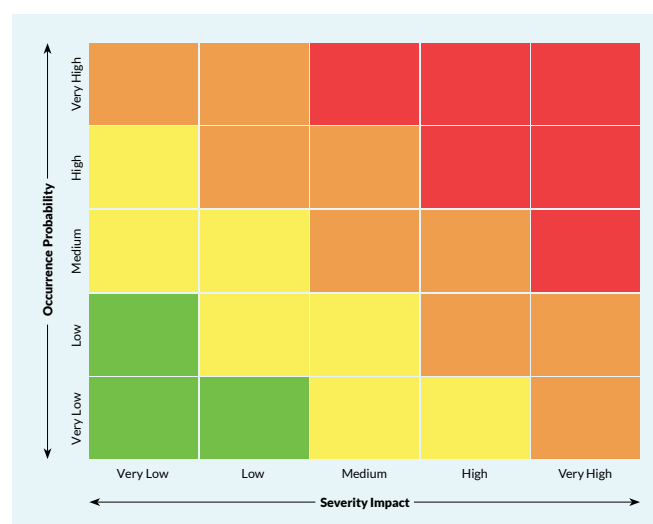
The Bank has organised its resources and talents into dedicated risk management functions, and invested into the technology, including data management, to support the Bank's risk management activities.

Risk Assessment

The Bank has an established and comprehensive process for risk identification at every stage of the risk taking activities, namely transactional, product and even at the entities level. Risks are also identified through Operational Risk Loss Event reporting and Portfolio thematic analysis. As part of the Bank's periodic material risk assessment, the Bank reviews the types and components of material risks, determines its quantum of materiality and refinement of processes taking into

consideration the feedback received, including the independent reviews.

Material risk assessment is measured from the dimension of occurrence probability and severity impact. In addition, risk assessment also considers amongst others, the effectiveness of controls in place, and the impact to financial and non-financial indicators such as reputational risk. These are translated into a heat map matrix to derive the materiality of the risk as shown in the table below:



The use of the above matrix is a simple mechanism to increase visibility of risks and assist in decision making. The Bank considers residual risks which fall within the Red zones are 'Material', which may have severe impact on the Bank's financially and/ or non-financially. Significant efforts will be taken to manage and mitigate these risks events.

◆ INTERNAL CONTROL SYSTEM

The Bank's system of internal control is designed to manage and reduce risks that will hinder the Bank from achieving its goals and objectives. It encompasses the policies, procedures, processes, organisational structures and other control aspects that are implemented for assuring the achievement of the Bank's objectives in operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and internal policies.

The key processes established by the Board that provide effective governance and oversight of internal control systems include:

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Internal Control Report

ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

CONTROL ENVIRONMENT AND CONTROL ACTIVITIES

Organisation Structure

The Bank has a formal organisational structure with clearly defined lines of accountability and responsibility, authority limits and reporting. The organisational structure provides the basic framework in ensuring that the Bank's business and operations operate smoothly as well as depicting the span of control in ensuring effective supervision of day-to-day business conduct and accountability.

Sustainability Management

The Board of Directors has oversight of the Bank's sustainability practices towards ensuring appropriate Environmental, Social and Governance ("ESG") factors are embedded within the Bank's business strategies, operations as well risk management process. In carrying out the said responsibility, the Board is also responsible to ensure that the Bank's Sustainability practices are aligned with the Bank's long term strategic direction.

The Bank Sustainability Framework sets out its approach in managing material matters, mitigating negative impacts and contributing towards sustainable development. The Framework consist 3 thematic sustainability pillars, i.e. Sustainable and Responsible Banking, Embedding Good Practices and Enriching and Empowering Communities. Within each pillar, we have identified key focus areas that are important to the business and operations as well as to its stakeholders.

Policies and Guidelines

Policies, guidelines and processes governing the Bank's businesses and operations are documented and communicated bank-wide as well as made available to employees through the Bank's intranet portal for ease of reference and compliance. These policies, guidelines and processes are reviewed and updated by the business and functional units through a structured review and approval process to cater to changes in laws and regulations as well as changes to the business and operational environment.

Authority Limits

The Board has approved the Bank Approving Authority Matrix ("AAM") which defines the approving authority with its approving limits for the various levels of Management in the Bank. Accordingly, the Management is empowered to discharge their responsibilities and be accountable for their decisions and actions. The Bank AAM

is reviewed periodically and updated in line with changes in the organisation structure, business environment or operational needs.

Information Technology ("IT") Security

The Bank regards IT security as a very high priority to ensure the confidentiality, integrity and availability of the Bank's information assets and IT infrastructure.

IT security in the Bank is achieved through the implementation of a risk based control approach covering people, process and technology. IT Security policies, standards, guidelines and procedures are well established and supported by proper organisational structures with competent resources. Defence in depth strategy is used where multiple layers of IT Security controls are enforced throughout the IT infrastructure and system. But equally important to the technology and process controls is the continuous programme to raise the level of security awareness of staff of all levels, Board members as well as third party technology service providers.

Budgeting Process

A robust budgeting process is established requiring all key operating departments in the Bank to prepare budgets and business plans annually for approval by the Board. The Bank's budget and business plans as well as strategic initiatives, taking into account the established risk appetite, go through a challenge session with Management prior to deliberation at the Board where the Bank budget is presented.

Human Capital Management

One of the key constituents of any internal control system is its people and that our system of risk management and internal control is dependent on the responsibility, integrity and sound judgement that employees apply to their work. Hence, the Bank has in place policies and procedures that govern recruitment, appointment, performance management and rewards as well as matters relating to discipline, termination and dismissal.

For sustainable growth, the Bank places emphasis on human capital development, talent management and succession planning. To enhance employee competencies, structured and technical training as well as management and leadership workshops are provided to them based on their identified needs during the annual performance assessment. For talent management, initiatives such as Leadership Development Programme, Individual Development Plan and mentoring are implemented to develop identified talents in the Bank to facilitate the continuous supply of high potentials and suitable successors for future leadership roles.

ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

Code of Ethics and Conduct

The Bank Code of Ethics and Conduct (“the Code”) is established to ensure a high standard of ethical and professional conduct is upheld by all employees in performing their duties and responsibilities. It is a requirement that all employees of the Bank understand and observe the Code. New recruits are briefed on the Code and are required to sign the Employment Contract upon joining the Bank.

The Bank has also established the Gifts and Hospitality Guideline to promote integrity and transparency for giving and receiving gifts. The Guideline complements the Code and are designed to help the Bank and its employees understand the respective parties’ obligations in upholding corporate integrity and transparency about gifting.

Anti-Bribery and Corruption Policy

The Bank has zero tolerance on bribery and corruption in line with its core shared values and the Bank Code of Ethics and Conduct for employees. The Bank is committed to conducting its business in accordance with all applicable laws and regulations. The Bank Anti-Bribery and Corruption Policy set out the guiding principles to support the Bank’s business operations and assist the employees in upholding corporate integrity and the Bank’s reputation.

Anti-Money Laundering and Counter Financing of Terrorism Policy

The Bank Anti-Money Laundering and Counter Financing of Terrorism (“AML/CFT”) Policy is drawn up in accordance with Cambodia’s Law on Anti-Money Laundering and Combating the Financing of Terrorism. It sets out the high level standards towards building a stronger and robust AML/CFT compliance regime within the Bank, facilitates consistency in managing the AML/CFT compliance risk across the Bank, and sets out the Bank’s policy statements in respect of the general principles and key measures to which the Bank adheres to.

Pursuant to the Bank AML/CFT Policy, the entity and/or employees within the Bank are required to adopt Risk Based Approach (“RBA”) to customer acceptance and implement the AML/CFT Compliance Programme framework. This includes customer due diligence (“CDD”) requirements, monitoring of customer activities/transactions, reporting of suspicious transactions, record keeping, AML/CFT training, protection of customer information, and enforcement actions for non-compliance to the requirements.

The Bank AML/CFT Policy also outlines the roles and responsibilities as well as establishes clear accountability of the Board, Senior Management and all employees within the Bank.

The Board has an oversight responsibility for establishing the AML/CFT policies/guidelines and minimum standards while the Senior Management is accountable for the implementation and management of AML/CFT compliance programmes in accordance with the policies and guidelines as approved by the Board.

INFORMATION AND COMMUNICATION

Performance Review

Regular and comprehensive information is provided by Management to monitor its performance against the strategic business plan and the annual budget approved by the Board. This information covers all key financial and operational indicators as well as key strategic initiatives undertaken by the Bank during the year.

The Board and Management Committee (“MANCO”) receive and review financial reports on the Bank’s monthly and quarterly financial performance against approved targets and the reasons for any significant variances as well as and measures that are being put in place to meet such targets.

The heads of the core businesses and functions in the Bank present their respective management reports to the MANCO at its monthly meeting, covering areas such as financial performance, key activity results and new business proposal or process for information of and deliberation by the MANCO.

Whistleblowing Policy

A Whistleblowing Policy (“WBP”) was established by the Bank with last updated in October 2019. The WBP provides proper mechanism and sets a minimum standard to be adhered by the Bank in dealing with disclosure of questionable actions or wrong doings by personnel within the Bank.

Incident Management Reporting

To complement the Bank’s system of internal control, a comprehensive incident management reporting system has been implemented to ensure proper escalation and management of incidents according to the level of severity. The incident management reporting system also ensures that all incidences with material risk and losses are escalated promptly to Senior Management and the Board with necessary steps taken to mitigate any potential risks that may arise. Periodic monitoring and updating on the progress of the incidents until resolution enables the decision makers to

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undertake informed decision-making and be kept up to date on situations as well as manage risks effectively.

MONITORING

Board Committees

The Board has in place, Board Committees that are set up to support the Board in its oversight function. The Board Committees include the BRC, BAC, Board Remuneration & Nomination Committee and Board Credit Committee. These Board Committees have been delegated with specific duties to review and consider all matters within their scope of responsibility as defined in their respective terms of reference.

Management Committee

The MANCO comprises the Chief Executive Officer/Executive Director as the Chairman and the key Senior Management of the Bank. The MANCO provides the leadership and direction in the implementation of strategies and policies approved by the Board and meets monthly to discuss and deliberate strategic matters that impact the Bank's operations.

Compliance

Compliance is the collective responsibility of the Board, Senior Management and every employee of the Bank. The compliance function forms an integral part of the Bank's risk management and internal control framework. In view that a strong compliance culture reflects a corporate culture of high integrity and ethics, everyone is expected to promote self-regulation and be accountable for their own activities while maintaining ethical principles and behaviour.

In addition to day-to-day monitoring, Bank Compliance's commitment towards instilling a strong compliance culture across the Bank is demonstrated through the establishment of a robust compliance monitoring framework which includes, amongst others, implementation of comprehensive compliance policies, frequent compliance reviews, regular engagement sessions with business/functional units and branches, annual compliance risk assessment to identify high risk areas and conduct of regular training/awareness sessions across the Bank to ensure that all employees are well informed of the latest regulatory requirements and expectations.

◆ BOARD AUDIT COMMITTEE

The BAC is directly accountable to the Boards and the Board will continue to be accountable for all matters relating to the Bank.

Term of Reference of the Board Audit Committee

Objective

1. Provide independent oversight of the Bank on the financial reporting and internal control system, and ensuring checks and balances for entities within the Bank.
2. Review the quality of the audits conducted by internal and external auditors.
3. Provide a line of communication between Board and external auditors.
4. Reinforce the independence of the external auditors and thereby help assure that they will have free rein in the audit process.
5. Provide emphasis on the internal audit function by increasing the objectivity and independence of the internal auditors and provide a forum for discussion that is, among others, independent of the Management.
6. Enhance the perceptions held by stakeholders (including shareholders, regulators, creditors and employees) of the credibility and objectivity of financial reports by ensuring information provided to the public is clear, accurate and reliable.
7. The Committee shall be assisted by the Management, who is responsible for establishing and maintaining the controls, procedures, process advice and recommendation.

Authority

The BAC, formerly known as Audit Committee, shall, within its terms of reference, have the authority to:

1. Investigate any matter within its terms of reference, to obtain the resources which it needs, and to have full and unrestricted access to relevant information. It is also authorized to seek any information it requires from any employee of the Bank and all employees are directed to co-operate with any request made by the BAC.
2. Sign-off the Annual Internal Report and/or any reports as required by regulators and applicable laws.
3. Direct communication channels with the external and internal auditors.
4. Be accorded the resources including full and unrestricted access to any information which are required to perform its duties.
5. Form or establish the management/ sub-committee(s) if deemed necessary and fit.

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6. Obtain independent professional or other advice and to invite outsiders with relevant experience and expertise to attend meetings, if it considers this necessary.
7. Invite the internal/external auditors, the Executive Director/Group Executive Director, any other directors or members of the Management and employees of the Group to be in attendance during meetings to assist in its deliberations.
8. Delegate any of its responsibilities to any person or committee(s) that is deemed fit. (i.e. Delegate investigative duties to independent external firms to maintain independence for investigations that involve Board members).
9. Approve the audit plan and budget plan (training and mission) for the Internal Audit Department
10. Convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Bank, and with other external parties, whenever deemed necessary.
11. Investigate any activity within its terms of reference, and
12. The Chairman of BAC should engage on a continuous basis with senior management, such as the Chief Executive Officer, the Deputy Chief Executive Officer, Head of Operations, Head of Finance, Treasury & Strategy and Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the Bank.

Duties and Responsibilities

The BAC is directly accountable to the Boards and the Board will continue to be accountable for all matters relating to the Bank.

The following are the duties and responsibilities of the BAC:

1. Internal Audit function:

- i. To oversee the functions of the Internal Audit Department and ensure compliance with the relevant legal and regulatory requirements including fair and transparent and timely reporting of the Bank's financial statements.
- ii. To ensure that the Internal Audit Department is

distinct and has the appropriate status within the overall organizational structure for the internal auditors to effectively accomplish their audit objectives.

- iii. To review the effectiveness of internal controls and risk management processes, including the scope of the internal audit program and the appropriateness of the risk assessment methodology employed to determine the frequency and scope of audits.
- iv. Review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- v. To review and approve the internal audit plan and to review the results of the internal audit program or investigation undertaken and whether appropriate action is taken by Management on the recommendations of the internal auditors.
- vi. To ensure that the reporting relationships of the internal audit staff do not impede the exercise of independent judgment by the internal auditors. In particular, the reports of internal auditors should not be subject to the clearance of the Chief Executive Officer/Executive Director or any executive directors.
- vii. To ensure that all findings and recommendations are reviewed and resolved effectively and in a timely manner.
- viii. To conduct periodic controls that is independent from permanent controls on a periodic basis and report on its findings to the Chairman of the BAC.
- ix. To ensure that Internal Audit Department is adequately staffed and receives necessary training to perform audit work. There shall be a program of continuing education and training to enable the internal auditors to keep abreast of business trends and latest developments at both the institution and industry levels, as well as to enhance technical skills required to effectively support the audit function.
- x. To appraise the performance of the Head of Internal Audit and to review the appraisals of senior staff members of the internal audit function. The Head of Internal Audit shall report directly to the Chairman of the BAC.
- xi. To approve any appointment, set compensation, evaluate performance, transfer or termination of the Head of Internal Audit and senior staff members of the internal audit function and review any resignations of Head of Internal Audit and internal audit staff

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members and provide resigning staff an opportunity to submit reasons for resigning, where necessary.

- xii. To ensure any change with regards to the position of the Head of Internal Audit is communicated with the National Bank of Cambodia.

2. External Audit

- i. To review the non-audit services rendered by the external auditors together with the related fees for recommendation to the Board for approval.
- ii. To recommend to the Board on the appointment and the annual re-appointment of the external auditors and assessing their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit as well as removal of the auditors.
- iii. To assess objectivity, performance and independence of external auditor (e.g. by reviewing and assessing the various relationships between the external auditor and the Bank or any other entity).
- iv. To review with the external auditors whether the employees of the Bank have given them appropriate assistance in discharging their duties.
- v. To review with the external auditors, the nature and scope of their audit plan (including any changes to the scope of the audit plan), their evaluation of the system of internal controls and their management letter and discuss any matter that the external auditors may wish to raise in the absence of Management, where necessary.
- vi. To regularly review the audit findings and ensure that issues are being managed and rectified appropriately and in a timely manner.
- vii. To discuss and review with the external auditors any proposal from them to resign as auditors.
- viii. To review the non-audit services rendered by the external auditors together with the related fees for recommendation to the respective Boards for approval in accordance with the Policy and the Cambodian applicable regulations on Non-Audit Fees payable to the external auditors to ensure non-audit services does not interfere with the exercise of independent judgment of the auditors.
- ix. To review the co-ordination of audit approach where more than one audit firm of external auditors is involved.

- x. To meet with the external auditors without the presence of the Management or any executive Board members and upon the request of the external auditors, the Chairman of the BAC shall convene a meeting to consider any matter which the external auditors believe should be brought to the attention of the respective Boards or shareholders.

3. Financial Reporting

To review the year-end financial statements of the Bank for recommendation to the Board for approval, focusing particularly on:

- i. Changes in or implementation of major accounting policy changes.
- ii. Significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed.
- iii. The relevance of accounting methods used to prepare the individual and consolidated accounts (if any).
- iv. Compliance with accounting standards and other legal requirements.

4. Related Party Transactions

To review any related party transaction and conflict of interest's situation that may arise within the Bank and RHB Banking Group, including any transaction, procedure or course of conduct that raises questions of management integrity. Members are expected to avoid any situation that may give rise to a conflict with the Bank's interest.

5. Other Matters:

- i. To perform any other function as authorized by the Board.
- ii. To ensure independent review of risk management and capital management processes relating to the Internal Capital Adequacy Assessment Process (ICAAP) for their integrity, objectivity and consistent application, is conducted.
- iii. To review inspection and examination reports issued by any regulatory authority and to ensure prompt and appropriate actions are taken in respect of any findings.
- iv. To review the minutes of meetings and be satisfied that all matters arising therefrom are being appropriately addressed by management.

ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

Reporting

Whilst the Committee reports to the Board, regular audit reports are to be tabled to Group Board Audit Committee as part of the oversight, if deemed necessary.

Composition of BAC

1. Membership

- i. The committee members shall be appointed by the Board from amongst the Directors of the Bank.
- ii. The Committee shall consist of a minimum of three (3) members with at least two (2) of whom (including the Chairman of the committee) shall be an independent with experience in finance and accounting, and an independent director with background in law and banking.
- iii. If a member retires or resigns from the Committee with the result that the number of members reduces to below three (3), the Board may appoint a new member of the Committee as soon as able to find a qualified successor.
- iv. No BAC member shall be employed in an executive position in the Bank, or otherwise have a relationship which in the opinion of the Board will interfere with the exercise of independent judgment in carrying out the functions of the BAC. In addition, members of the BAC shall not be directly responsible for, or part of any committee involved in, the management functions within the Bank.
- v. Collectively, the BAC shall have a wide range of necessary skills to undertake its duties and responsibilities and are expected to be familiar with the areas included in the scope of internal audit, including the area of risk management.

2. Chairman

- i. The Chairman of the BAC shall be appointed by the Board, among Committee member who is an Independent Non-Executive Director.
- ii. The Committee meetings shall be chaired by the Chairman of the Committee.
- iii. In the absence of the Chairman, an Acting Chairman shall be appointed by the members who are present. In the event of equal number of vote, the Chairman or the Acting Chairman (in the absence of chairman)

may exercise discretion in providing a casting vote during deliberation.

3. Tenure of BAC members

A Director who is appointed as a member of the BAC shall hold position for a period of up to Two (2) years which, upon the discretion of the Board, be extended for an additional period. The Board, may appoint or re-appoint members to the committee from time to time as it deems fit.

Meeting, Minutes and Secretariat

1. The Committee shall preferably meet on a quarterly basis, but in any event, no less than four (4) times per year, or whenever deemed necessary.
2. The quorum of the meetings shall be at least 50% of the total members (including Chairman), whichever is higher.
3. The Notice of the meeting shall be given in advance of the meeting date. The notice must include details of the venue, date and time of the meeting. The agenda and accompanying meeting papers should be sent in full to all members of committee in a timely manner before the intended date of a meeting of the committee.
4. The Committee is also allowed to carry out the resolution by way of circulation.
5. Resolution can be made by majority (50%+1) of the members which can be in the form verbal or non-verbal expression. A special resolution can be made through email or at a meeting.
6. Heads of the respective divisions and relevant management personnel (and others if deemed necessary) may be invited to attend the Committee meetings.
7. The Committee may meet together in any place within Cambodia or another country. The Committee may regulate their meetings as they think fit by means of any communication technology by which all persons participating in the meeting are able to hear and be heard by all other participants without the need for a member to be in the physical presence in the meeting. The member participating in any such meeting shall be counted in the quorum for such meeting. All resolutions agreed by the member in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the members duly convened and held.
8. Resolutions, proposals and matters tabled for approvals at any meeting of the Committee shall be decided by a simple majority of the members present.

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9. The Chairman shall nominate any person as Secretary and minutes of meetings shall be taken.
10. Minute of meeting shall be recorded, extract and put in writing by the secretary and submitted to the members as an agenda in the next meeting for approval and signing. The Minutes of meeting shall be signed and initialed by Chairman or Acting Chairman (in the absence of Chairman). The minutes of the meeting shall record the entire proceeding of the meeting including the information of any suggestions, comments and concerns of the members and/or invitees during the discussion and deliberation.
11. Minutes of each BAC meeting shall be kept and distributed to all members of the BAC. The minutes of the BAC meeting shall be presented at the Board Meeting and the Chairman or the Acting Chairman (In the absence of Chairman) of the BAC shall report on material issues which have been deliberated at BAC meeting to the Board.

Confidentiality of Information

All members of the BAC and its invitees shall treat any information disclosed in the Committee meetings to be privy and highly confidential. Materials shall be provided to those participating in the committee meeting by way out hard or softcopy in advance of the meeting.

Disclosure

The activities of the BAC should be disclosed in the annual report of the Bank as follows:

1. Membership of the BAC.
2. Number of the BAC meetings held as well as attendance of meetings by BAC members.
3. A summary of the work of the BAC in the discharge of its functions and duties for the financial year and how it has met its responsibilities.
4. A summary of the work of the internal audit function.

Composition and Attendance of Meetings

A total of four (4) BAC meetings were held during the financial year ended 31 December 2022. The BAC comprises the following members and the details of attendance of each member at the BAC meetings held during the year are as follows:

Composition of BAC	Number of Meetings Attended
Mao Samvutheary <i>Chairperson/Independent Non-Executive Director</i>	4/4
Chin Yoong Kheong <i>Member/Independent Non-Executive Director</i>	4/4
Wendy Ting Wei Ling <i>Member/Non-Independent Non-Executive Director</i> <i>Appointed as Member on 19 September 2022</i>	1/1
Syed Ahmad Taufik Albar <i>Member/Non-Independent Non-Executive Director</i> <i>Resigned as Member on 19 September 2022</i>	3/3

The BAC meetings were also attended by the Chief Executive Officer/Executive Director and the Head of Internal Audit while the attendance of other Senior Management is by invitation, depending on the matters deliberated by the BAC.

Where required, Management of the relevant functions were also invited to the BAC meeting to provide explanations on the control lapses and remediation plans arising from matters highlighted in the audit reports.

Key matters deliberated at the BAC meetings together with the BAC's recommendations and decisions are summarised and presented to the Board by the Chairperson or representative of the BAC. This allows the Board to be apprised of significant matters deliberated by the BAC and for the Board to provide direction, if necessary. Extracts of the minutes of the BAC meetings held were provided to the Board for their information.

ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

Summary of BAC Activities in 2022

The work carried out by the BAC in the discharge of its duties and responsibilities during the financial year are summarised as follows:

Financial Reporting

- a) Reviewed the annual audit financial statements of the Bank to ensure that the financial reporting and disclosure requirements are in compliance with accounting standards. The review process encompassed the following:
 - Reviewed changes in accounting policy and adoption of new or updated accounting standards, and its impact to the financial statements.
 - Reviewed the financial statements and sought explanations from the Senior Management including the Head of Finance, Treasury & Strategy on any significant changes between the current and corresponding period to assess their reasonableness.
- b) Discussed with the external auditors on the following matters identified during the statutory audit for the financial year ended 31 December 2021 as highlighted in their Communication with Board Audit Committee Report:
 - Significant audit and accounting matters including credit and impairment assessment;
 - Internal control recommendations;
 - Corrected and uncorrected misstatement; and
 - Audit report.

Internal Audit

- a) Reviewed and approved the annual audit plan for the financial year 2022 and 2023 to ensure adequacy of scope, coverage and resources as well as competency of internal auditors.
- b) Reviewed the audit activities undertaken by Internal Audit for the financial year covering the planned audit assignments and ad-hoc audit.
- c) Reviewed and approved the Balanced Scorecard for the Head of Internal Audit taking into consideration the relevant and importance of the key performance

indicators set for the year. Appraised the performance of the Head of Internal Audit and approved the performance rewards for the Head of Internal Audit in accordance with the matrix approved by the Board.

- d) Reviewed and deliberated on internal audit reports, audit recommendations, risk & impact and Management's responses to these recommendations as well as the root causes and timely remedial actions taken by Management to improve the system of internal controls and its processes on the areas highlighted.
- e) Reviewed the report issued by the regulatory authority and the Management's response as well as the remedial actions taken by Management in respect of the reported findings to ensure that all matters highlighted had been adequately and promptly addressed by Management.
- f) Reviewed and noted on the tracking of the rectification of internal audit findings to ensure that the findings are resolved effectively and in a timely manner.

External Audit

- a) Reviewed the 2022 audit plan of the external auditors for the Bank covering the audit strategy, risk assessment and areas of audit emphasis for the year.
- b) Reviewed with the external auditors, the results of their audit together with their recommendations and Management's response to their findings, and provided the BAC's views and directions on the areas of concern where necessary.
- c) Met with the external auditors on 11 February 2022 without the presence of Management to enable the external auditors to discuss matters with the BAC privately.
- d) Reviewed the external auditors' performance and independence before recommending them to the Board for reappointment as external auditors for the Bank.

Related Party Transactions

Reviewed related party transactions as disclosed in the financial statements and the adequacy of Bank's procedures in identifying, monitoring, reporting and reviewing related party transactions.

PERMANENT CONTROL

The risk-taking departments are responsible for the day-to-day management of risks inherent in their business activities. Risk Management is responsible for providing risk oversight

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for major risk categories, ensuring the core risk policies are consistent and overseeing the execution of various risk policies and related decision of the board.

Compliance is responsible for assessing and reviewing the compliance risk; establishing and reviewing regulatory compliance risk policies and guideline, methodologies, tools and template to ensure they remain current and appropriate; monitoring the compliance within the Bank and reporting findings to the Management/Board and maintaining independent oversight and reporting compliance with law, rules, policies & standards.

Permanent control functions have direct report line to BRC whose duties and responsibilities is to provide oversight to ensure that the Bank's business and operational activities, including new activities and products introduced are consistent with the risk appetite, short and long-term strategic goals as set by the Board. In running and growing its business, the Bank is committed to upholding good corporate governance principles, regulatory requirements and international best practices. To serve as important guides for the Bank as it continuously evolves to meet the growing demands for implementing compliance best practices throughout the Bank's businesses. The Bank frameworks, policies, guidelines and manuals regarding permanent control function have been established and regularly reviewed by the Bank.

PERIODIC CONTROL (INTERNAL AUDIT)

The Bank has an in-house Internal Audit ("IA") function, which is guided by its Internal Audit Charter approved by the Board and the Institute of Internal Auditors' latest International Professional Practices Framework. IA's main responsibility, being the third line of defence, is to provide an independent assessment on the adequacy and effectiveness of the Bank's risk management, internal control and governance processes implemented by the Management. The Head of Internal Audit reports functionally to the BAC and administratively to the Chief Executive Officer/ Executive Director to maintain the internal audit function's impartiality and objectivity. To further preserve the independence of the internal audit function, the Head of Internal Audit's appointment and performance appraisal, as well as the Internal Audit scope of work and resources, are approved by the BAC.

The internal audit universe covers all key activities of the Bank, including that of its branches, all the business and support functions within the Bank. IA adopts a risk-based approach in determining the auditable units and frequency of audits in line with the Bank's key risks, strategies and areas of focus, which are identified based on IA's risk assessment methodology.

The risk-based internal audit plan is approved by the BAC annually. Audit reports detailing the audit findings, root causes and impact, IA's comments and recommendations, and Management's response are tabled to BAC on a quarterly basis.

Internal Audit Charter

The Internal Audit Charter ("Audit Charter") defines the purpose, authority and responsibility of the internal audit function and is approved by the Board. The approved Audit Charter is published in the Bank's public shared drive, which can be viewed by all employees of the Bank.

The Audit Charter is reviewed by the Head of Internal Audit every two years or as and when necessary to assess whether the IA's purpose, authority and responsibility, as defined in the Audit Charter, continue to be adequate and relevant to enable the audit function to accomplish its objectives.

Internal Audit Resources

The Head of Internal Audit, in consultation with the BAC and the Chief Executive Officer/Executive Director, decides on the appropriate resources required for the IA taking into consideration the size and complexity of the operations of the Bank.

As at 31 December 2022, IA has 7 internal auditors with relevant academic/professional qualifications and experience to carry out the activities of the internal audit function. The costs incurred for maintaining the internal audit function for the financial year 2022 amounted to USD175,043.

Professional Proficiency

The Head of Internal Audit ensures that the internal auditors are suitably qualified and provided with the necessary trainings and continuous professional development for the purpose of enhancing their audit and relevant technical skills to perform their duties and responsibilities.

The internal auditors are further required to pursue the relevant certification programmes, such as those offered by the Institute of Internal Auditors ("IIA") and Institute of Banking & Finance in order for them to be proficient and competent in the relevant disciplines.

In 2022, the internal auditors attended the relevant technical as well as leadership and management programmes offered by the Bank, and external programmes.

PERIODIC CONTROL (INTERNAL AUDIT) (CONTINUED)

Internal Audit Quality Assurance Review

To ensure effectiveness of the internal audit function, the Group Chief Internal Auditor (“CIA”) has developed and maintained a quality assurance and improvement programme that covers all aspects of the internal audit activities within the Group. The quality assurance programme assesses the effectiveness of processes within the internal audit function and identifies opportunities for improvement through both internal and external assessments.

The internal assessment is performed according to the approved annual Quality Assurance Review (“QAR”) plan by a QAR team within Group Internal Audit (“GIA”). The Head of QAR function reports directly to the Group CIA to maintain its independence of the internal audit activities within GIA.

In addition to the internal assessment, external quality assessment is conducted every five years by qualified external assessor. The appointment of independent external assessor is subject to the Group’s established procurement process and endorsed by the BAC.

The external quality assessment covered a broad scope that includes conformance with the Definition of Internal Auditing, the Standards and the Code of Ethics, and the internal audit charter, audit plan, policies and procedures in line with the requirements of the International Standards for the Professional Practice of Internal Auditing of the IIA, regulatory guidelines and industry best practices. The results of review by the independent reviewer are documented in a report which is tabled to the BAC.

Summary of IA’s Activities

The main activities undertaken by IA during the financial year are summarised as follows:

- Prepared the annual risk-based audit plan for Bank which includes the audit objectives and scope, and manpower requirements for each planned auditable unit.
- Conducted audits as per the approved audit plan as well as ad hoc review, audit investigation requested by Management or the Board during the year.
- Areas Audited during the financial year included the Branches, Branch Business & Distribution, Operations, Risk Management, Compliance, Credit Management, IT Operations and Management, and Finance, Treasury & Strategy.
- Monitored and followed up on the timely rectification of any reported audit findings and the underlying causes highlighted by the internal auditors. The status of any outstanding audit findings is summarised and reported to the BAC on a quarterly basis.
- Reviewed new or updated framework, policies and guidelines as requested by Management to provide feedback on the adequacy of internal controls to address the relevant risks.
- Participated in new IT system or new product development activities to provide recommendations upfront on the relevant control features to be considered by Management.
- Attended Management meetings as permanent invitee on a consultative and advisory capacity to provide independent feedback where necessary on internal control related matters.
- Prepared the Annual Internal Control Report 2021 for submission to the National Bank of Cambodia and for inclusion in the Annual Report of RHB Bank (Cambodia) Plc upon approval by the BAC.

OUTSOURCED ACTIVITIES AND SERVICES

Outsourcing policy is to set out a consistent approach for managing and mitigating risks arising from outsourcing activity across the Bank, aligned with relevant regulatory standards. Outsourcing activities are defined as below.

- Outsourcing arrangement is defined as an arrangement in which Service Provider (“SP”) performs an activity on behalf of the Bank (i.e. Bank’s operations, process, function, etc.) on a continuing basis at predetermined fee, where the activity is normally or could be undertaken by the Bank.
- The activity that is being carried out by SP may involve transmission of the Bank’s proprietary or customer information, process, and/or the Bank’s internal process, methodology or technology being communicated to the SP.

The governance principles for outsourcing are includes:

- Retain the ultimate responsibility on the activities outsourced
- Undergo adequate assessment on the outsourced activities
- Govern the outsourcing arrangement via contract
- Develop contingency arrangements to ensure business continuity
- Ongoing monitoring and management of Service Provider
- Adequate measure in place to ensure preservation of information confidentiality of the Bank

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OUTSOURCED ACTIVITIES AND SERVICES (CONTINUED)

The Bank currently have outsourced the following activities to the respective Service Providers:

Service Provider	Details of the outsourced activity
RHB Bank Berhad	Data processing for RHB Bank (Cambodia) REFLEX customers.
Bottomline	Provider of the platform for SWIFT services.
AWS Cloud Services	Cloud Service provide to store applications.

COMPLIANCE

Compliance Function and Structure

Compliance Department is responsible for overseeing the Bank's Compliance Function. Compliance Department is led by Head of Compliance who shall be duly approved by the National Bank of Cambodia as the Bank Compliance Officer (CO) has direct functional reporting line to the BRC/Board and administratively to Group Regional Compliance and CEO on compliance matters, and shall not be involved in any business decision.

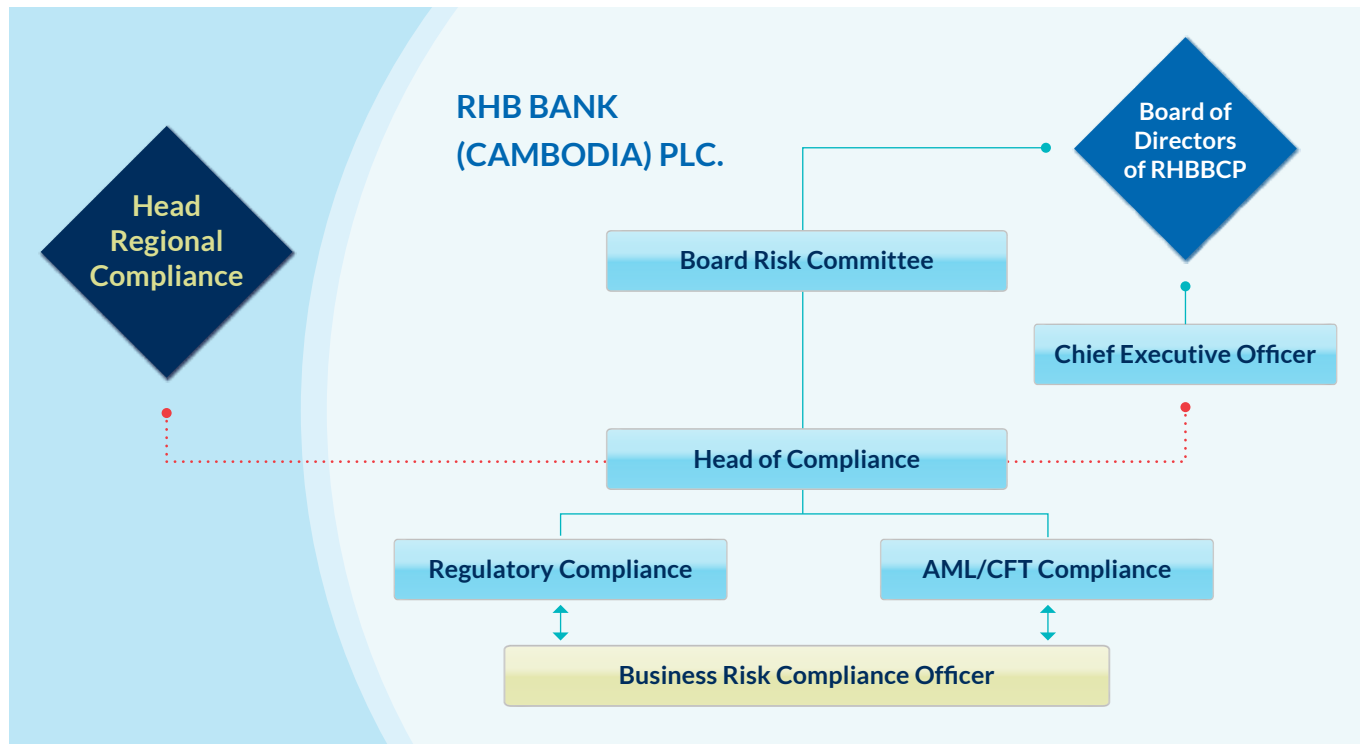
Monthly Compliance Report and Status of Outstanding Issue from regulator/external auditor are presented to the Management and BRC/Board by CO on monthly and quarterly basis, while Monthly Compliance Status Report (MCSR) is submitted to Group Compliance and CEO on a monthly basis.

The specific responsibilities of CO are:

- Develop, review & implement all compliance strategy & action plan to govern overall bank policy, process, procedure, manual, guideline and banking activities while support the business growth.
- Review all banking policies, manual, procedures & process. Report to management and propose improvement to ensure compliance.
- Ensure Bank's compliance with relevant Acts, Laws, directives and guidelines issued by the regulatory bodies, and the Bank's internal policies and procedures.
- Liaise with regulators (i.e. NBC, CAFIU) to ensure good relation and compile report to regulators as needed.
- Act as the reference point for the AML/CFT measure the Bank has established, including employee training and reporting of suspicious transactions.
- Regularly conduct compliance & AML risk assessment to assess the current state and identify area for enhancement in aligning the compliance & AML/CFT management practice with regulatory guidelines and leading industry practices.
- Identify compliance & AML/CFT risk associated with new products and services or variation to existing products and services.
- Conduct compliance visits, effect surveillance programmes and ensure that the Company's procedures are strictly adhered to.
- Identify any event of non-compliance / issues of breaches and recommend remedial actions to be taken to rectify the matter in an efficient and practical manner.
- Report to the committee upon identifying an event of non-compliance / issues of breaches.
- Compile documents and information required in response to queries from the regulators.
- Conduct briefing and training to new staff on compliance matters, regulatory requirements and the Company's internal policies and procedures and ensure adherence.
- Follow-up on audit findings and conduct investigation as and when required.
- Provide monthly update to Management Team, Committee, Board on regulatory.

COMPLIANCE (CONTINUED)

In 2022, the organization chart of compliance department has been revised and approved by BOD as follow:



Resource Provided

There are five (5) staffs recently responsible for compliance functions. On the job training and coaching has been used as methodology to enhance knowledge of compliance staff. Besides this, compliance staff has been trained internally and externally according to their needs.

The Branch Manager are nominated as Branch Compliance Officer to take care of the compliance tasks at their respective branch such as conducting KYC/CDD and reporting suspicious transaction to the Compliance Officer. The Compliance Officer must promptly evaluate and establish whether there are reasonable grounds for suspicion and promptly, within 24 hours, submit the suspicious transaction report to the Cambodia Financial Intelligence Unit. The Compliance Officer shall act independently review and ensure the confidentiality. As to facilitate the AML/CFT activities of the Bank and improve co-operation from customers, Compliance Department had conducted AML/CFT training, refresher and whistleblowing to staff during the year to ensure that they have sufficient competence in playing the roles for AML/CFT and are able to communicate to customers in better way. All new staff are required to take e-learning course on AML/CFT and pass the e-learning test within one month after servicing to the Bank.

Activities of Compliance Functions

Compliance Department is mainly responsible for both regulatory and AML/CFT function as follow:

1. Compliance with AML/CFT

The monitoring and reporting system of compliance control was conducted to gauge the Bank's position in terms of its AML/CFT standing – oversight, implementation, effectiveness and awareness applied throughout. A checklist is utilized as the main component in the review, for which it formed a standardized and uniformed approach for the exercise. The review covers:

- Monitoring High Net Worth Individual
- Customer Risk profile
- Name screening

The Annual KYC/CDD assessment and review over the banking relationship with correspondent and other banks are conducted to ensure that the Bank is not exposed to the threat of AML/CFT through the correspondent accounts.

To strengthen and improve the AML/CFT monitoring, the Bank has adopted the AML system developed by RHB Banking Group. The system went live on 20 September 2020 and added more functions in December 2022.

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COMPLIANCE (CONTINUED)

2. Compliance with Laws and Regulations

The scope of the compliance function is one of general compliance standards and requirements that govern the overall working of the Bank. All applicable laws, regulations, internal policies and procedures governing respective operations of the Bank must be listed down in order to have a clearer understanding of these legislation, regulations, guidelines and policies.

Compliance Department performs periodic compliance review and monitoring on NBC's regulations based on developed and updated regulations checklist to ensure the Bank always operates the business in compliance with key and applicable requirements of regulations.

New Activities and Products

The identification of AML/CFT risks associated with new activities, products and services including the introduction of new technology and process are to be conducted to ensure that the risks are mitigated and under control. Compliance Department is one of the review functions to provide comments and recommendations for new activities, products and services.

The procedures related to new activities, products and services shall be governed by its term of reference while the conducts of such activities, products and services shall be governed by Code of Conducts and Ethics, Compliance Policy and AML/CFT Policies.

Prior to the launch of new activities, products and services, approval from the BOD and the National Bank of Cambodia shall be obtained.

Conflicts of Interests

As the Bank committed to maintaining the highest standards of ethical and professional conduct, the Code of Conduct and Ethic is established to provide the policies and guidelines for the employees to help their understanding on the expected business practice, professional and personal conducts in their day-to-day activities.

In order to ensure full awareness of conflict of interest, series of training were provided to all new and existing staff. Memorandums, circulars and alerts through emails were cascaded to all staff. In addition, Whistle Blowing Policy and Anti-Bribery and Corruption Policy were established to allow all staff to communicate directly to management for any abnormal events.

Reputational Risk

Reputational risk is defined as the risk that negative publicity regarding the conduct of the Bank and its business practices or associations, whether true or not, will adversely affect its revenues, operations or customer base, or require costly litigation or other defensive measures.

Reputational risk in the Bank is managed and controlled through codes of conduct, governance practices and risk management practices, policies, procedures and training. The Bank has developed and implemented a reputational risk management policy. The key elements for management of reputational risk include:

- Practice good corporate governance and culture of integrity to promote execution and achievement of corporate strategies and business objective.
- Manage reputational risk within a very low risk appetite with zero tolerance for incidences that affects the Bank's reputation.
- Adopt sound risk management practices that include the practice of building "reputation capital" and earning the goodwill of key stakeholder.
- Maintain proper mechanisms to monitor and escalate material lapses/breaches of internal and regulatory policies/guidelines that may place the Bank's reputation at risk.
- Maintain proper channels of communication in dealing with internal and external stakeholders.

It is the responsibility of the Chief Executive Officer/Executive Director of the Bank to promote awareness and application of the Bank's policy and procedures regarding reputational risk, in all dealings with customers, potential investors and host regulators.

ACCOUNTING AND INFORMATION SYSTEMS

The Bank's financial statements have been prepared in accordance with Cambodian International Reporting Standards (CIFRS) on the preparation and presentation of financial statements. The financial statements are prepared on a going concern basis and provide a true and fair view of the state of affairs of the Bank as at 31 December 2022.

Appropriate accounting policies have been applied consistently in preparing the financial statements, supported by reasonable and prudent judgment and estimates. The directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Bank and have ensured that the Bank's financial reporting presents a balanced and comprehensive assessment of its financial position and prospects.

ACCOUNTING AND INFORMATION SYSTEMS (CONTINUED)

The financial statements are audited annually by an International Professional Accounting Firm which has been endorsed by Board Audit Committee and approved by the Board of Directors.

For fit and proper controlling, Finance and Accounting guideline has been set up and updated if any. The guideline also spells out the key procedures i.e. finance and accounting process and overview of general ledger to comply with NBC's Chart of Account.

The financial and accounting procedures include bookkeeping, reconciliation of key accounts, suspense accounts, fixed assets physical verification and payment authorisation. The roles and responsibility of accounting staff have also been

incorporated. In addition, level of authorisation on all type of expenditures such as capital expenditure, recurring expenditure and non-recurring expenditure is covered in the Approving Authority Matrix of RHB Bank (Cambodia) Plc.

RISK MANAGEMENT POLICIES, PROCEDURES AND PROCESS

Effective risk management is fundamental to drive sustainable growth and shareholder value, while sustaining competitive advantage, and is thus a central part of the proactive risk management of RHB Bank (Cambodia) Plc's operating environment.

◆ BOARD RISK COMMITTEE

During the financial year ended 31 December 2022 ("year"), a total of four (4) BRC meetings were held.

The BRC comprises the following members and the details of attendance of each member at the BRC meetings held during the year are as follows:

Composition of BRC	Number of Meetings Attended
Chin Yoong Kheong <i>Chairman/Independent Non-Executive Director</i>	5/5
Mao Samvutheary <i>Member/Independent Non-Executive Director</i>	5/5
Wendy Ting Wei Ling <i>Member/Non-Independent Non-Executive Director</i> <i>Appointed as Member on 19 September 2022</i>	1/1
Syed Ahmad Taufik Albar <i>Member/Non-Independent Non-Executive Director</i> <i>Resigned as Member on 19 September 2022</i>	4/4

Reporting Line of the Board Risk Committee



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RISK MANAGEMENT POLICIES, PROCEDURES AND PROCESS (CONTINUED)

- BRC reports to the Board and is principally responsible for the administration and supervision of risk management activities of the Bank are within the risk framework, policies and risk appetite of the Bank.
- Head of Risk Management reports directly to BRC.
- Head of Risk Management has a matrix reporting line to the Regional Risk Management for advisory and consultative in nature, to ensure that the risk management activities of the Bank are aligned to the Group Risk Management Framework and the Group's Risk strategies and appetite.
- Head of Risk Management reports to CEO only on administrative matters.
- Risk Management Department provides support and advice to department heads or managers in regards to risk and internal control processes, procedures and policies.

Role of the Board Risk Committee

- Reports to the Board and is principally responsible for the administration and supervision of risk management activities of the Bank are within the risk policies and risk appetite of the Bank.
- To review and recommend overall risk management strategies, frameworks, new policies or change to policies, and the Bank's risk appetite/ tolerance for the Board's approval.
- To review and assess adequacy of risk management policies and frameworks in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively.
- To provide oversight and governance to ensure risk management framework, infrastructure, organization, resources and systems are in place and functioning adequately commensurate with the nature, scale, business complexity and risk appetite of the Bank.
- To review periodic reports from Risk Management Department on risk exposure, risk portfolio composition and risk management activities.
- To provide oversight and ensure the Bank's business and operational activities, including new activities and products introduced are consistent with the risk appetite, short and long-term strategic goals.
- To oversee senior management's activities in managing credit, market, liquidity, operational, legal and other risk and to ensure that the risk management process of the Bank is in place and functioning.
- To promote the management of the Bank's risks in accordance with the enterprise risk management framework.

- To deliberate and make recommendations to the Board in respect of risk management matters.

Disclosure Rules for Board Risk Committee's Minutes

Minutes of each the BRC meeting shall be kept and distributed to all members of the BRC. The minutes of the BRC meeting shall be presented at the Board Meeting and the Chairman/Acting Chairman (in the absence of Chairman) of the BRC shall report on material issues, which have been deliberated at the BRC meeting to the Board.

◆ RISK MANAGEMENT POLICIES AND PROCEDURES

An Enterprise Risk Management Framework sets out the strategic direction for the management of risks in the Bank. It is also an aspiration statement with regards to the longer-term objective for the development of risk management capabilities and infrastructure.

The Framework operates on two interlocking layers:

- It aims to provide a holistic overview of the risk and control environment of the Bank, with the risk management intent going towards loss minimisation and protection against unexpected losses which may occur through, principally, the failure of effective checks and balances in the organisation, as well as deficiencies in risk management culture; and
- Set out the strategic progression of risk management towards becoming a value creation enterprise. This is effected through building up capabilities and infrastructure in risk management sophistication, and using the improvement in risk quantification to optimise risk-adjusted (or economic) returns.

The framework covers the following risks:

- Credit risk management
- Asset & liability Management
- Operational Risk Management
- Reputational Risk Management

Authorities, delegations and limits

Delegation of authority including authorisation limits at various levels of Management in the Bank are documented and designed to ensure accountability and responsibility.

The Bank had formalized the general escalation process in the event of alert or breach any Risk Appetite (RA) and Management Action Trigger (MAT) limits. The breach in RA limits will be escalated up to BRC or BAC and Board of Directors. Moreover, the specific escalation process also documented in various policies/guideline/frameworks.

RISK AND RESULT MEASURING SYSTEM AND CONTROLS

During the year, Internal Audit has conducted the audit of the following:

1. City Mall Olympic Branch
2. Phnom Penh Main Branch
3. Toul Kork Branch
4. Steoung Meanchey Branch
5. Risk Management Department
6. Compliance Department
7. Credit Management Department
8. Operations Department
9. Branch Business & Distribution Department
10. Finance, Treasury and Strategy Department
11. Information System Audit on IT Operations & Management and Application Security

DOCUMENTATION SYSTEM

All policies, guidelines and processes are widely circulated to employee throughout the Bank. These policies, guidelines and processes are reviewed and approved by the approving authorities.

Regulations and relevant information materials concerning the implementation of business, operations and organization are clearly documented and made available to all employee. Those documents are kept in both hard copied and scanned file.

Training and refreshment on the policies, guidelines and processes are provided to new and existing employees via the induction program, face-to-face training and e-learning organised by Human Resources Department. Additionally, a regular works or briefing also conducted by departments to refresh employee's understanding related to their day-to-day operations.

CONTINGENCY PLANNING AND TESTING

The Bank is guided by its relevant policies and procedures to ensure the continuity of business operations even in the event of disruption, disaster or crisis. The following is the list of policy, guideline and manual addressing such situations:

- Business Continuity Management Policy
- Business Continuity Plan Manual
- Liquidity Incident Management Plan

Business Continuity Management

The Bank recognises and is fully committed to the need to provide uninterrupted critical services to its customers, ensure the safety of its employees, protect its assets including data and safeguard the interest of its key stakeholders that collectively ensure the viability of the organisation. Hence, the Bank is aware of the importance of a sound Business Continuity Management ("BCM") Framework and Programme to build organisational resilience and an effective response and recovery mechanism to safeguard the interest of key stakeholders, reputation and brand. The Bank's BCM Programme is based on good business continuity practices, regulatory guidelines and international standards.

A sound BCM Programme has been implemented in the Bank to ensure the critical business functions are recovered in a timely manner in the event of any disruption. Reviews, assessments, updates and testing of the BCM plans are conducted regularly to ensure adequacy, effectiveness and readiness of the business recoveries. Simulation exercises and drills are conducted to familiarise and equip staff with the skills and processes required to ensure that in the event of any disruption, critical business processes can continue or be recovered in a timely manner.

The Bank has further enhanced its BCM Programme and activities and in 2022. The Bank has conducted Business Continuity Plan Testing on 22 July 2022, with the objective to test the abilities of the Bank in responding and managing crisis including communicating confidently and effectively with stakeholders during crisis. Additionally, the Bank conducted Crisis Simulation Exercise on 19 September 2022 to put to test the escalation mechanisms and crisis management.

The Bank has also successfully conducted DRP simulation on its critical systems (hardware, systems, application and network) on 29 May 2022 and DRP live on 2 & 4 December 2022. These exercises were to gauge the readiness and resolving any gaps of the Bank in facing any possible crisis.

2022 was deemed to be a recovering year from COVID-19 pandemic outbreak. The Management still maintains proactive and precautionary measures to mitigate and manage the outbreak and risk of infection while ensuring continuous provision of essential services. The Bank still activated its Business Continuity Plan pandemic strategy for all business functions across the Bank which includes split operations and Work-From-Home arrangements, utilisation of digital platform for any meetings and provided constant advisory and updates on the COVID-19 Standard Operating Procedures for all RHB staff.

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Compliance

The regulatory environment for financial institutions is increasingly complex and always changing. New laws and regulations continue to evolve which consequently increases regulator's expectations. Any failure to ensure compliance may result in significant financial losses, heavy penalties and reputational consequences.

As a prudent financial services provider, the Bank is committed to upholding good governance principles and regulatory requirements. These principles are further outlined in the Bank's Compliance Management Framework and Policy which serve as an important guide for the Bank to enable incorporation of compliance best practices throughout the Bank's business. The Bank's compliance function, which acts as a second line of defense, operates on a bank-wide basis with an appointed Head of Compliance overseeing the compliance risk management of the Bank.



TAING LIDY
HEAD, COMPLIANCE

Taing Lidy leads and executes Bank-wide compliance strategic plans that enables RHBBCP to comply with regulatory requirements. He reports to the Board Risk Committee.

Lidy has more than 18 years of experience covering credit operation, internal audit, risk management and AML/CFT compliance in banking sector. He got ICA International Advanced Certificate in AML from International Compliance Training (ICT), UK, and Bachelor of Business Administration (BBA) major in Accounting from National Institute of Management, Phnom Penh.

MATERIAL RISK



CYBERSECURITY

Cybercrime continues to increase and become more sophisticated, more frequent and widespread. As the Bank moves towards embracing digitalization and automation, the threat to information security becomes imminent, more so, due to the current COVID-19 pandemic where digital channels became a necessity.

ACTION TAKEN

- Continuous monitoring and engagement with business units/IT team to ensure awareness on technology related regulatory requirements and the risk of cyber threats.
- Heightened cyber-risk assessments in relation to the existing systems of the Bank including regular reviews on processes and controls to establish the need for any additional security measures.



PROTECTION OF INFORMATION

The Bank has an obligation to ensure that information pertaining to its business and its clients and all activities related to them remain secure, confidential and private.

ACTION TAKEN

- Various engagement sessions and development of training tools for employees to better understand the principle behind the secrecy provisions of the Law on Banking and Financial Institutions 1999.
- Heightened oversight and monitoring vis-à-vis handling of customer information including ensuring strict observance to NBC's policy on Customer Privacy and Permitted Disclosures and the Bank's Data and Information Management Framework and Policy.



REGULATORY COMPLIANCE

As regulatory requirements evolve and constantly change, managing non-compliance risk and meeting regulatory standards and expectations has become a daily focus for the Bank.

ACTION TAKEN

- Instilling a strong compliance culture across all functions of the Bank through the following compliance monitoring framework:
- Implementation of comprehensive and clear compliance policies, circulars and guidelines throughout the Bank.
- Frequent compliance reviews and testing to evaluate effectiveness of current processes and close regulatory gaps.
- Timely reporting of compliance matters, findings and corrective measures to the Board.
- Annual compliance risk assessments to identify high risk areas and allocate resources effectively to mitigate such risks.
- Promote adherence to regulatory requirements through regular compliance trainings and awareness programmes.
- Address employee misconduct that resulted in regulatory non-compliance by incorporating a penalty in the final rating of employee's performance evaluation.



COMPLIANCE AMIDST COVID-19

As the world continued to fight its battle against the COVID-19 pandemic, the Bank continued to operate through the various movement control orders and experienced its own set of challenges. Like many other industries, the Bank was forced to adapt and navigate through the new normal and ensure business continuity while maintaining its standards to provide quality services to its customers. Our compliance function on the other hand, remained dedicated to ensure that there is no compromise to the Bank's regulatory obligations amidst the uncertainties and focused on strengthening its oversight responsibilities.

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Compliance

The following are some of the key initiatives by Compliance for 2022 in its effort to remain vigilant amidst the COVID-19 pandemic:

OUTCOMES	OUTCOMES
<ul style="list-style-type: none"> Organized focused compliance clinics where topics were selected based on the outcome of compliance reviews. Optimized the usage of alternative learning platforms such as short explainer videos, webinars, Microsoft Teams to conduct compliance trainings. Issuance of compliance bulletins and regulatory alerts on key compliance issues and development throughout the year. 	<ul style="list-style-type: none"> Continued accessibility to compliance learning, particularly for employees under remote work arrangement. Increased learning attentiveness and improved understanding by employees on regulatory requirements and what is expected of them resulting in improved compliant behavior.
<ul style="list-style-type: none"> Enhancement of the AML/CFT robotic process automation to further facilitate the conduct of transaction monitoring/ AML investigation. 	<ul style="list-style-type: none"> Productive and efficient AML transaction monitoring and data gathering process which translate into a faster and shorter timeframe in completing AML alert reviews and assessments.
<ul style="list-style-type: none"> Overall review of policies, circulars and guidelines to ensure that the Bank's operational and business processes are updated where required, to cater for the new normal. Performed annual compliance and AML risk assessments. Increased compliance and regulatory reviews to detect procedural gaps vis-à-vis regulatory requirements. 	<ul style="list-style-type: none"> Business continuity while minimizing non-compliance risks amidst the new normal. Timely compliance risks identification and solutions to address the same.
<ul style="list-style-type: none"> Use of technology and system enhancements to meet compliance requirements. 	<ul style="list-style-type: none"> Improved oversight from compliance perspective vis-à-vis customer on boarding.
<ul style="list-style-type: none"> Launched the Compliance Culture and Behavioral Assessment Survey to better understand staff's perception towards compliance and assess the state of compliance of the Bank. Conducted various refreshers/ re-train the trainer sessions for compliance advocates to ensure that they stay updated vis-à-vis their compliance knowledge. 	<ul style="list-style-type: none"> Minimized communication gap between the compliance team and branch staff, particularly on the challenges faced by them in ensuring compliance. Improved understanding on how compliance is perceived amongst staff. Further, the survey assisted compliance in identifying new focus area for monitoring. Aligned understanding on regulatory and compliance expectation.

KEY PRIORITIES FOR 2023

Cultivating a culture of compliance goes beyond just communicating the importance of obeying regulatory requirements to its employees. It requires continuous vigilance and efforts to influence a widespread change. The Bank understands this and is always looking out for new strategies to ensure that compliance is embedded as part of everyone's responsibility in the organization.

The following are our key priorities for 2023:

- Optimize the use of innovative solutions such as data & advanced analytics, artificial intelligence and digital initiatives to enhance and automate regulatory and AML compliance capabilities;
- Continue with the Bank's effort to raise staff awareness on compliance requirements;
- Cultivate a self-sufficient, confident and responsible decision-making process at the first line of defense and overseas staff; and
- Continuous development of compliance competency and talents of the future.

The above are by no means an exhaustive list of priorities that the Bank has set for 2023. With the uncertainties surrounding the economic environment, the Bank will not underestimate the emergence of new compliance risks and the need to come up with improved strategies to combat the same and protect its stakeholder's interest.

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Calendar of events 2022

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Chinese New Year 2022

03 February 2022

It is the most important day in the Chinese calendar. More than one billion people worldwide feast with relatives, watch parades and pray for good fortune for the year ahead. Many Cambodians celebrate Chinese New Year even though it is not an official public holiday for Cambodia.

As an effort to improve employee engagement and RHB Cambodia branding, RHB Management and staff agree to celebrate Chinese New Year together with lion dance. However, RHB Cambodia have not organized any physical celebration event due to the COVID-19 outbreak since the last 2 years.

Lion Dance and dragon show were held at Head Office and 7 branches in Phnom Penh as part of the Chinese New Year celebration with Xing Yitang as the lion dance organizer.



Induction Program 2022

07 February

07 April

22 June

12 July

02 August & 02 November 2022

The Induction Program was organized by Human Resource in the effort to enhance employee engagement. The 1st Induction Program was held on 7 Feb 2022 at the Board Room Level 9. During that time, the space of the Board Room was very limited with a number of new joiners.

The next five sessions were held at the Singapore Cambodia International Academy (SCIA).

The purpose of the Induction Program is to welcome the new joiners, provide corporate information and structure to the joiners to facilitate ease of assimilation into the Bank. Seven departments participated to share their departments role and responsibilities in the Bank and also to provide a warm welcome to the RHB Family.



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RHB Bank Cambodia Prize giving ceremony of the Retail Banking Campaigns for Home Loans, CASA and RHBNow Internet Banking

17-Mar-22

RHB Bank (Cambodia) Plc. held a prize giving ceremony on 17th March 2022 for the Grand Prize Winners of the Retail Banking Campaigns for Home Loans, CASA and RHBNow Internet Banking. The campaigns ended in December 2021 and January 2022 respectively. The special prize giving ceremony was held at RHB Bank Cambodia Corporate Head Office.

The special prize giving ceremony was attended by the 9 grand prize winners of the campaigns. The grand prizes were Hitachi Refrigerator, Samsung 65" Smart TV's, Cash Reward of USD 5,888 and USD 1,888, iPhone 13 and iPad Air. There were another 15 lucky draw winners who won other prizes such Air-Conditioners, Washing Machines, Airpod Pro and Air Fryers who have been contacted by the Bank separately.

"This was a favorable occasion for the Bank to recognize and congratulate our Grand Prize Winners by having a small but meaningful event to acknowledge our valuable customers. The Bank is always developing specially tailored campaigns from time-to-time to enhance our value proposition for our valuable customers as well as building our portfolio in various "target segments" as quoted by Leong Moon Fei, Head of Retail Banking RHB Bank (Cambodia) Plc.

The Retail Banking Campaigns were aimed to encourage our valuable customers to take advantage of our full range of products and services and to grow together with the Bank. This is to reward our valuable customers for their loyalty with the Bank.

We provide a broad spectrum of products and services ranging from Wealth Management, Mortgages, Deposits, Safe Deposit Box, Internet Banking and Mobile Banking. Retail Banking differentiates itself in the marketplace by leveraging our valuable "Customer First" by delivering superior products and efficient services to customers. The "Customer First" working culture has helped us produce customer centric financial solutions, a component of the business that has overtaken traditional ways of banking, across most of our retail channels.



Khmer New Year 2022

11 April 2022

Khmer New Year, also called Choul Chnam Thmey or Moha Sangkran is the traditional celebration of the solar new year in Cambodia. Khmer New Year is a traditional festival and celebrated with a three-day public holiday from 14 April to 16 April 2022.

As an effort to improve employee engagement RHB Management had organized a special event for all staff to celebrate Khmer New Year. Robam Trot (Trot Dance) which is a popular Khmer folk dance was performed during the Khmer New Year. If the Chinese have Dragon Dance, Cambodians have Robam Trot to ward off bad luck from the previous year and celebrate the coming of the New Year.

Khmer cakes, Num Ansom is a traditional cake that Cambodians make during the big celebration of the year. During this time, most families in the countryside will make Num Ansom as offering to the monks and ancestors, as well as being special gift for relatives or friends for coming to visit. On this occasion, Khmer cakes were also provided to staff as an appreciation for Khmer New Year celebration.



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RHB Bank Cambodia yearly CSR initiative with the poor Muslim families in Kep Province

18-Apr-22

Tuesday 18 April 2022 Cambodia - RHB Bank (Cambodia) PLC. (RHBBCP) has continued their yearly CSR initiative with the poor Muslim families in Kep Province.

Working together with our liaison Dr. Roly from Hospital Beyond Boundaries (HBB) who arranged for the poor Muslims in Cambodia for this Hari Raya charity drive.

A total of USD 2,000 worth of food were donated to 40 families who were identified for this donation in preparation for their Hari Raya celebration in Phum Thmey, Prei Thom. Kep Province, Cambodia

Others who attended the charity were the local religious leaders and a short speech was given on the Raya Donation organized by RHBBCP and HBB.

The families were very grateful and happy that RHBBCP has taken the opportunity to reach out and by helping them to celebrate Hari Raya.

The short and simple event was memorable to the gathered parties and positive feedbacks were given to RHBBCP interest in helping the poor Muslim families in Cambodia.

RHBBCP is looking forward to continue their CSR activities in the Kingdom of Cambodia.



RHB Bank Cambodia Launched Visa and Mastercard Debit Cards

27-Apr-22

On 27 April 2022 - With the introduction of its latest advancement in the digital sector, RHB Bank has officially launched a new debit card at the Hyatt Hotel in Phnom Penh. The new card offers customers a choice of three types of cards, including Lifestyle, Platinum and Premier.

By switching from a regular ATM card to a RHB debit cardholder, customers can enjoy the “More, More, More Flexible in One Card” campaign. Under this campaign, Life Style, Platinum and Premium cardholders enjoy additional benefits such as easier use, richer discounts, and greater refunds from shopping and business partners.

Current ATM cardholders can switch to a free debit card at any of the nearest branch. At the same time, all customers who register to create a new account with the use of debit card received free movie tickets, and in addition, the first 150 customers received many gifts on top of movie tickets.



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HR Road Show

June 2022

HR Road Show was organized by Human Resource. It is a platform where HR can communicate with all staff and staff can raise their concern, suggestion, and recommendation toward HR. HR Road Show was conducted from June until November 2022. It was held with all 12 branches at Phnom Penh and the Provinces as well as Head Office departments.



RHB Cambodia Townhall 2022

02 July

10 August &

03 October 2022

The Bank organized 3 Townhall sessions in 2022. The main objective of the Townhall was to improve employee engagement and to ensure there is a specific platform for Management to share latest information about the Bank's performance, activities planned, and moving forward.

The first, second, and third Townhall were organized at SCIA Main Auditorium and also virtually via Workplace where the staff got together and was updated with the latest news about the Bank's performance from and what's next for us moving forward.

Employee Recognition award ceremony was also held during this Townhall.

The Townhalls were well attended by staff who were keen to hear in person what Management had to share.



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Face to Face Training on Anti-Bribery & Corruption for Regional Staff

02 & 04 July 2022

In complying with the T.R.U.S.T. principles as laid out under the Ministerial Guidelines on Adequate Procedures and enforcement of Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009, this new corporate liability provision has a legal ramification on companies that fail to toe the line.

As part of strengthening integrity and good governance when dealing business conduct with third parties, Group Legal, Secretariat & Governance with assistance from Human Resource department organized briefing sessions for all staff of RHB Cambodia on 'Business Wins with Integrity' in order to support RHB Banking Group's on-going commitment in fighting corruption.

This initiative is to create awareness among employees and third parties on strong emphasis of the Group's stand on Zero Tolerance Towards Bribery & Corruption.



Career Fair 2022

8 July 22 & 19 November 2022

A career fair (also known as a job fair or career expo) is an event in which employers and recruiters meet with potential employees and where job seekers find out more about job openings at potential employers. It is also a platform for employers to strengthen their branding.

RHB Cambodia participated in career fairs at Royal University of Cambodia on 08 July 2022 and National Career Fair by National Employment Agency on 28-29 October 2022. The events were successful for employer branding and obtained many candidate profiles and built up social awareness of RHB Cambodia.



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RHB Cambodia Employee Recognition program

10 August & 03 October 2022

Employee Recognition is where we celebrate RHBians who have displayed behaviors consistent with the RHB Culture components. This is part of the Bank's effort to strengthen RHB culture as well as to provide on time recognition to well-deserved RHBians who embrace and embedded RHB culture components into their daily working lives and in their interaction with colleagues, customers and all other stakeholders.

The awards ceremony took place during the Bank's TownHall for maximum exposure and engagement between Management and staff. 16 Employees have been selected and awarded in this recognition program.



RHB Cambodia Annual Dinner

13 August 2022

On 13th August 2022, RHB Cambodia organized the annual dinner after 2 years of hiatus due to Covid-19. It was held at Phnom Penh Sofitel Hotel and participated by all staff of RHB Cambodia as well as the Chairman of RHB Bank Cambodia.

Besides entertainment and delicious dinner, the event also celebrated staff achievements.



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RHB Bank Cambodia Touch Hearts 2022

20- Aug-2022

Event day

RHB Touch Hearts – PC Donations

Saturday 20th August 2022 – RHB Bank Cambodia Plc. rolled out their RHB Touch Hearts initiative here in Cambodia as part of the RHB Group regional project all on the same day. The initiative was to donate 20 Personal Computers (Desktop) for children's education mainly on financial literacy.

The Non- Governmental Organization that the Bank has selected to carry out this initiative was Helping Hand Cambodia (HHC) which is a charity organization that operates in the capital Phnom Penh.

Their activities include sponsoring individual children's education and afterschool facility, in which

extra tutoring is provided including access to computers and internet; as well as providing rice, food, medical and other assistance in the community. HHC had just built a new library and was in need of computers for their sponsored students to use after school hours.

A total of 15 representatives from Retail Banking, IT, Digital, HR & Marketing were there to launch the event. As for HHC a total 2 teachers & 30 children (from grade 4 to grade 12) were present during the event. A small ice breaking session and morning breakfast were held before the initiative was launched.

Mr. Leong Moon Fei, Head of Retail Banking officiated the launch by sharing RHB Bank's vision and mission in Cambodia as well as touched on the topic of financial literacy being a very important knowledge to acquire at a young age. He mentioned that goWave by RHB financial literacy platform would be a great start for the children to start learning at a steady pace.

Mr. Leong Moon Fei also presented a donation of KHR 2,000,000 that the Marketing and Communications team had collected via raising funds by selling food and beverages the day before the event. The representative of HHC Ms. Chanty and the children was more than happy for the 20 Personal Computers being donated. Ms. Chanty had also presented to RHB Bank a certificate of appreciation for the initiative that was carried out.

RHB Bank Cambodia is looking forward to continue with their CSR activities and collaborate with other organizations to identify new opportunities to contribute back to the Kingdom of Cambodia.

#rhbtouchhearts2022
#RHBCambodia



Moody's Certifications

29 August 2022

RHBBCP's current credit competency test and mapping are adopted from the Group where some of the criteria is not applicable to Cambodia operations and the requirement is also to be tailored to the Cambodia Banking sector workforce. The mapping criteria is also to be narrowed down to suit Cambodia's current organization chart and positions to streamline the DLA mapping process. All the credit approving party are required to have credit certification including credit and branch managers. As recommended by RHB Academy we hired external trainer from Moody's Analytics Singapore Pte. Ltd. to provide all related materials and certification organized by IBF.

All 16 staffs who have completed and passed the course of Commercial Loan to Business (CLB) received the certification from Moody.



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RHB Bank (Cambodia) Plc. partnership with Dai-ichi Life Insurance (Cambodia) Plc.

31-Aug- 2022

On 31 August 2022 RHB Bank (Cambodia) Plc. and Dai-ichi Life Insurance (Cambodia) Plc. announced their long term bancassurance partnership to provide life insurance protection and savings to Cambodians.

The launch event and dinner was held in Hyatt Regency, Phnom Penh and was attended by Mr. Heng Bomakara, Deputy Director General of Banking Supervision from National Bank of Cambodia (NBC) and H.E. Bou Chanphirou, Director General from Insurance Regulator of Cambodia (IRC) as well as top management from RHB Bank Cambodia and Dai-ichi Life insurance Cambodia.

Having been approved by the National Bank of Cambodia and the Insurance Regulator of Cambodia, this partnership will allow all RHB Bank customers to access free life insurance consultation and solutions provided by Dai-ichi Life Insurance Cambodia, a wholly-owned subsidiary of the Dai-ichi Life Group, a leading life insurance company from Japan.



Future Skills Program

30-Sep to 18-November 2022

FUTURE SKILLS is shaping the workforce of tomorrow. It is a new learning and development initiative aimed at upskilling RHBians to prepare us for the evolving landscape of work as well, anchored on five core tracks. The programme will equip participants with essential digital and people capabilities to thrive in the workforce of the future.

14 staff participated and completed this program.

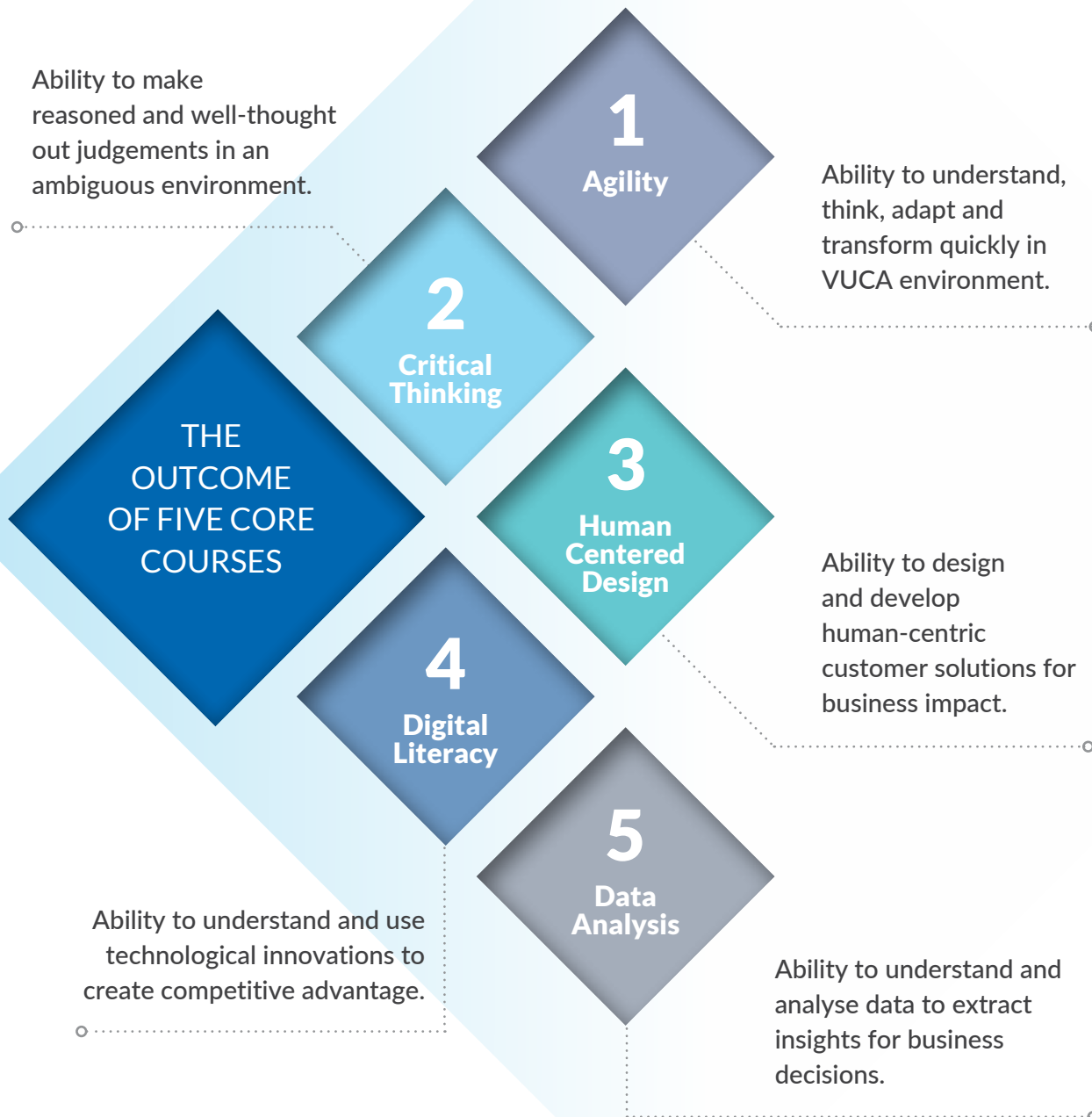
Ability to make reasoned and well-thought out judgements in an ambiguous environment.

Ability to understand, think, adapt and transform quickly in VUCA environment.

Ability to design and develop human-centric customer solutions for business impact.

Ability to understand and use technological innovations to create competitive advantage.

Ability to understand and analyse data to extract insights for business decisions.



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RHB Bank Cambodia Customer Appreciation Dinner

04-Oct-2022

4th of October 2022, to celebrate ongoing partnerships and collaborations in the country, RHB Bank Cambodia hosted a Networking Dinner with more than 100 valued clients and business partners in Phnom Penh.

The dinner was held at the Sofitel Hotel, Phnom Penh and a list of activities was planned. Speeches from our Chairman of RHB Banking Group, Tan Sri Ahmad Badri Mohd Zahir, Group Managing Director of RHB Banking Group, En. Mohd Rashid Mohamad, and Country Head / CEO of RHB Bank Cambodia, Mr. Wong Kee Poh welcome and thanked the valued clients and business partners. Performances such as Khmer Masked Theatre dance (Lakhon Khol), Cambodia Idol singing by Sok Seylalin and delicious fine dining was served to the valued clients and business partners.



Coffee with Rashid (Group Managing Director)

4th October 2022

Human Resource organized 'Coffee with Rashid', an informal session where staff was up close and personal with our beloved Group Managing Director, Mr. Mohd Rashid Bin Mohamad. A total of 20 talents from various departments participated in this session. It was a special session for the staff as Mr. Rashid shared his advice on how to be successful in career as well as in life.



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IT Project Management

29-30 November 2022

4 staff participate in the IT Project Management certification program held in November 2022. The training program is meant for those who want to expand their horizons by acquiring professional certification across the IT spectrum. The training program by Unichrone train small and medium sized organizations all around the world including in USA, Canada, Australia, UK, Ireland and Germany.



Sharing Session by Kou Sopheap (How to live a positive life)

16 December 2022

To help RHBians cope with stress and keep their lives positive, RHB Cambodia invited the well-renowned Kou Sopheap to share his wisdom and advice on how to keep a positive attitude towards life at work and home.

The session that was shared was greatly appreciated by the staff as much of the advice given is relatable to them to practice in their daily life to maintain positive thinking in their life.



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RHB Football Match

17 December 2022

In the spirit of the 2022 World Cup Competition, RHB Cambodia organized a friendly football match among the departments. This friendly competition saw 40 staff who were divided into 2 teams (Team Blue and Team White). More than 40 staff came with their families to cheer them on. Team Blue came out as winners by a narrow score 2-1.

This event was to foster close relationship among the staff and to encourage teamwork in the working environment.



HR Asia 2022 Best Companies to work for in Asia & HR Asia Diversity, Equity & Inclusion Awards 2022

29 December 2022

The HR Asia Best Companies to Work for in Asia Awards is an awards recognition program for organizations that have been identified by their employees as one of Asia's employers of choice and ascertains the best employers to work for in 2022.

RHB Bank (Cambodia) Plc. won 2 awards i.e. HRAsia Best Companies to Work For in Asia 2022 & HR Asia Diversity, Equity & Inclusion Award from HR Asia 2022. These awards validate the effort that we have put in to create the best atmosphere and environment for our employees to work in. These awards are dedicated to our staff who had committed their incredible support to the organization.



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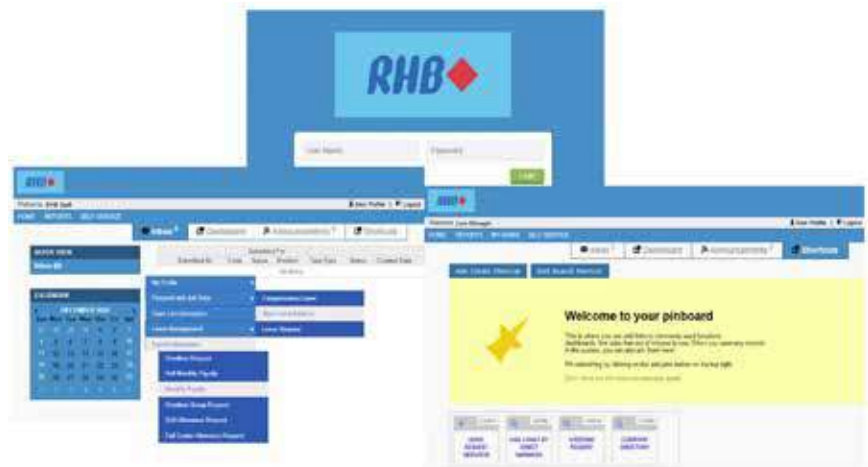
Human Resource Management System (HRMS)

September 2022

In an effort to improve productivity as well efficiency, Human Resource Department launched the very first HR automation named Human Resources Management System (HRMS) in 2022. The HRMS encompasses the basic functionalities required for end-to-end Human Resources Management for self- service, record keeping, report generation, etc. The benefits of launching HRMS include the following:

- Decrease in excessive paperwork, which reduces the costs of materials and manual workflows by 20%
- Enable HR to make decision based on data (data driven decision making)
- Provide transparency and consistency where employees can easily make changes to their benefits or submit specific request for approval
- Increased productivity and better resource allocation
- Better security practices for employees data

This initiative was done in stages based on minimum viable product (MVP) which enable staff to experience the system faster with the prioritized functionality so they can provide feedback for the next MVP. Future MVP will be employee mobile app and other HR modules to empower employees to work smart and be efficient.



Coffee Sessions with CEO

7 sessions in year 2022

The Bank started Coffee Session with CEO as part of an effective channel for the CEO to engage with the selected groups of employees that have been identified for their contribution. It also enhances our efforts to drive our efforts to enhance Employee Value Proposition (EVP) with high impact initiatives with the employees.

These sessions allow the employees to engage in a casual conversation with the CEO and to talk about the Bank's current standing, future plans and anything that comes into mind. This platform serves as a great opportunity for the employees to get to know the CEO better as well as getting to know the direction of the Bank first hand from the CEO.



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TOGETHER WE PROGRESS



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STATUTORY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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Statement of Financial Position

As at 31 December 2022

		2022		2021	
	Notes	US\$	KHR'000	US\$	KHR'000
ASSETS					
Cash on hand	4	11,864,295	48,845,303	10,841,092	44,166,609
Deposits and placements with the central bank	5	128,944,934	530,866,293	158,173,499	644,398,835
Deposits and placements with other banks	6	57,156,348	235,312,685	77,577,807	316,051,986
Financial assets at fair value through other comprehensive income	7	25,000	102,925	25,000	101,850
Loans and advances at amortised cost	8	738,886,150	3,041,994,280	659,518,657	2,686,879,009
Statutory deposits with the central bank	9	61,515,328	253,258,605	58,462,376	238,175,720
Property and equipment	10	2,274,805	9,365,372	2,946,372	12,003,520
Right-of-use assets	11	11,503,511	47,359,955	12,839,723	52,309,032
Intangible assets	12	6,856,216	28,227,041	6,337,788	25,820,148
Other assets	14	6,012,514	24,753,519	4,452,048	18,137,644
TOTAL ASSETS		1,025,039,101	4,220,085,978	991,174,362	4,038,044,353
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks and financial institutions	15	356,790,183	1,468,905,183	245,089,711	998,495,483
Deposits from customers	16	471,022,260	1,939,198,644	577,018,792	2,350,774,559
Borrowings	17	-	-	2,641,263	10,760,505
Lease liabilities	11	12,863,046	52,957,160	13,898,620	56,622,980
Deferred tax liabilities	13	3,858,094	15,883,773	483,988	1,971,767
Current income tax liabilities	18	-	-	1,659,181	6,759,503
Employee benefits		189,974	782,123	191,090	778,501
Other liabilities	19	2,693,885	11,090,725	5,833,114	23,764,106
Subordinated debts	20	20,012,383	82,390,981	-	-
TOTAL LIABILITIES		867,429,825	3,571,208,589	846,815,759	3,449,927,404
EQUITY					
Share capital	21	75,000,000	308,775,000	75,000,000	305,550,000
Share-based payment reserves	22	12,482	51,388	-	-
Retained earnings		8,071,711	31,366,222	31,661,199	127,776,458
Regulatory reserves		49,525,083	203,894,767	12,697,404	51,729,224
Non-distributable reserves		25,000,000	102,925,000	25,000,000	101,850,000
Other reserves		-	1,865,012	-	1,211,267
TOTAL EQUITY		157,609,276	648,877,389	144,358,603	588,116,949
TOTAL LIABILITIES AND EQUITY		1,025,039,101	4,220,085,978	991,174,362	4,038,044,353

The accompanying notes on pages 145 to 205 form an integral part of these financial statements.

Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022		2021	
		US\$	KHR'000	US\$	KHR'000
Interest income	23	57,143,990	233,547,487	51,240,973	208,448,278
Interest expense	23	(28,540,783)	(116,646,180)	(23,247,761)	(94,571,892)
Net interest income	23	28,603,207	116,901,307	27,993,212	113,876,386
Fee and commission income	24	2,369,959	9,686,022	2,283,257	9,288,289
Fee and commission expense	24	(8,793)	(35,937)	(9,054)	(36,832)
Net fee and commission income	24	2,361,166	9,650,085	2,274,203	9,251,457
Other operating income	25	126,627	517,525	93,315	379,605
Other losses - net	26	(468,367)	(1,914,216)	(190,641)	(775,528)
Total operating loss		(341,740)	(1,396,691)	(97,326)	(395,923)
Net impairment gains	27	2,514,007	10,274,747	1,607,725	6,540,225
Net other operating income		2,172,267	8,878,056	1,510,399	6,144,302
Personnel expenses	28	(8,031,978)	(32,826,694)	(6,522,418)	(26,533,196)
Depreciation and amortisation charges	29	(3,954,907)	(16,163,705)	(3,154,913)	(12,834,186)
Other operating expenses	30	(4,677,206)	(19,115,741)	(3,848,033)	(15,653,798)
Profit before income tax		16,472,549	67,323,308	18,252,450	74,250,965
Income tax expenses	31	(3,234,358)	(13,218,820)	(4,304,163)	(17,509,334)
Profit for the year		13,238,191	54,104,488	13,948,287	56,741,631
Other comprehensive income: Items that will not be reclassified to profit or loss					
Currency translation differences		-	653,745	-	1,130,130
Other comprehensive income for the year, net of tax		-	653,745	-	1,130,130
Total comprehensive income for the year		13,238,191	54,758,233	13,948,287	57,871,761
Profit attributable to:					
Owners of the Bank		13,238,191	54,104,488	13,948,287	56,741,631
Total comprehensive income attributable to:					
Owners of the Bank		13,238,191	54,758,233	13,948,287	57,871,761

The accompanying notes on pages 145 to 205 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital		Share-based payment reserves		Retained earnings	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Balance as at 1 January 2021	75,000,000	303,375,000	-	-	40,876,586	165,264,653
Profit for the year	-	-	-	-	13,948,287	56,741,631
Other comprehensive income – currency translation differences	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	13,948,287	56,741,631
Transactions with owners in their capacity as owners:						
Transfer to non-distributable reserves	-	-	-	-	(15,000,000)	(61,020,000)
Transfer to regulatory reserves	-	-	-	-	(8,163,674)	(33,209,826)
Currency translation differences	-	2,175,000	-	-	-	-
Total transactions with owners	-	2,175,000	-	-	(23,163,674)	(94,229,826)
Balance as at 31 December 2021	75,000,000	305,550,000	-	-	31,661,199	127,776,458
Balance as at 1 January 2022	75,000,000	305,550,000	-	-	31,661,199	127,776,458
Profit for the year	-	-	-	-	13,238,191	54,104,488
Other comprehensive income – currency translation differences	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	13,238,191	54,104,488
Transactions with owners in their capacity as owners:						
Share-based payments: value of employee services	-	-	12,482	51,014	-	-
Transfer to regulatory reserves	-	-	-	-	(36,827,679)	(150,514,724)
Currency translation differences	-	3,225,000	-	374	-	-
Total transactions with owners	-	3,225,000	12,482	51,388	(36,827,679)	(150,514,724)
Balance as at 31 December 2022	75,000,000	308,775,000	12,482	51,388	8,071,711	31,366,222

The accompanying notes on pages 145 to 205 form an integral part of these financial statements.

ATTRIBUTABLE TO OWNERS OF THE BANK								
	Regulatory reserves		Non-distributable reserves		Other reserves		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
	4,533,730	18,338,938	10,000,000	40,450,000	-	81,137	130,410,316	527,509,728
	-	-	-	-	-	-	13,948,287	56,741,631
	-	-	-	-	-	1,130,130	-	1,130,130
	-	-	-	-	-	1,130,130	13,948,287	57,871,761
	-	-	15,000,000	61,020,000	-	-	-	-
	8,163,674	33,209,826	-	-	-	-	-	-
	-	180,460	-	380,000	-	-	-	2,735,460
	8,163,674	33,390,286	15,000,000	61,400,000	-	-	-	2,735,460
	12,697,404	51,729,224	25,000,000	101,850,000	-	1,211,267	144,358,603	588,116,949
	12,697,404	51,729,224	25,000,000	101,850,000	-	1,211,267	144,358,603	588,116,949
	-	-	-	-	-	-	13,238,191	54,104,488
	-	-	-	-	-	653,745	-	653,745
	-	-	-	-	-	653,745	13,238,191	54,758,233
	-	-	-	-	-	-	12,482	51,014
	36,827,679	150,514,724	-	-	-	-	-	-
	-	1,650,819	-	1,075,000	-	-	-	5,951,193
	36,827,679	152,165,543	-	1,075,000	-	-	12,482	6,002,207
	49,525,083	203,894,767	25,000,000	102,925,000	-	1,865,012	157,609,276	648,877,389

Statement of cash flows

For the year ended 31 December 2022

	Notes	2022		2021	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Cash used in operations	33 (a)	(91,545,661)	(374,147,117)	(17,276,308)	(70,280,022)
Interest received		55,676,717	227,550,742	48,695,169	198,091,947
Interest paid		(26,308,888)	(107,524,425)	(22,503,092)	(91,542,578)
Seniority payments		-	-	(22,068)	(89,773)
Income tax paid	18	(1,519,433)	(6,209,923)	(2,919,479)	(11,876,441)
Net cash (used in)/generated from operating activities		(63,697,265)	(260,330,723)	5,974,222	24,303,133
Cash flows from investing activities					
Deposits and placements with the central bank - maturity later than three months		2,455,261	10,034,652	35,733,507	145,363,906
Deposits and placements with other banks - maturity later than three months		33,185,426	135,628,836	(16,499,997)	(67,121,988)
Purchases of property and equipment	10	(426,156)	(1,741,700)	(881,284)	(3,585,063)
Purchases of intangible assets	12	(1,769,395)	(7,231,517)	(3,293,351)	(13,397,352)
Proceeds from disposals of property and equipment		1,215	4,966	15,273	62,131
Net cash generated from investing activities		33,446,351	136,695,237	15,074,148	61,321,634
Cash flows from financing activities					
Proceeds from subordinate debts	20	20,000,000	81,740,000	-	-
Proceeds from borrowings	17	-	-	23,821,797	96,907,070
Repayments of borrowings	17	(2,556,611)	(10,448,869)	(54,860,088)	(223,170,838)
Principal element of lease payments		(1,198,525)	(4,898,372)	(1,056,400)	(4,297,436)
Net cash generated from/(used in) financing activities		16,244,864	66,392,759	(32,094,691)	(130,561,204)
Net decrease in cash and cash equivalents		(14,006,050)	(57,242,727)	(11,046,321)	(44,936,437)
Cash and cash equivalents at beginning of year		182,435,490	743,242,185	193,481,811	782,633,926
Currency translation differences		-	7,424,546	-	5,544,696
Cash and cash equivalents at end of year	32	168,429,440	693,424,004	182,435,490	743,242,185

The accompanying notes on pages 145 to 205 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2022

1. GENERAL

RHB Bank (Cambodia) Plc (the Bank), established on 9 July 2008, was registered with the Ministry of Commerce with the registration number 00001812 and was granted a banking licence by the National Bank of Cambodia (NBC or the central bank) on 3 October 2008. The Bank is a wholly owned subsidiary of RHB Bank Berhad, a public limited liability company incorporated in Malaysia.

The Bank is principally engaged in a broad range of commercial banking activities in Cambodia.

The registered office of the Bank is currently located at Building of 1st, M, 2nd and 9th Floor, Street 110 corner street 93, Phum 3, Sangkat Srah Chak, Khan Doun Penh, Phnom Penh, Cambodia.

The financial statements were authorised for issue by the Board of Directors on 24 March 2023. The Board of Directors has the power to amend and reissue the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

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

The financial statements have been prepared under the historical cost convention, except for equity instruments which are financial assets measured at fair value.

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

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

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

2.2 NEW STANDARDS AND INTERPRETATION

a). New and amended standards adopted by the Bank

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

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

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

Notes to the financial statements

For the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 NEW STANDARDS AND INTERPRETATION (CONTINUED)

b) New standards and interpretations not yet adopted by the Bank

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

2.3 FOREIGN CURRENCY TRANSLATION

a) Functional and presentation currency

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

b) Transactions and balances

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

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

c) Presentation in Khmer Riel

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

The Bank has used the official rate of exchange published by the National Bank of Cambodia. As at the reporting date, the yearly average rate was US\$ 1 to Riel 4,087 (2021: US\$ 1 to Riel 4,068) and the closing rate was US\$1 to Riel 4,117 (2021: US\$ 1 to Riel 4,074).

2.4 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprises cash on hand, unrestricted deposits and placements with the central bank, deposits and placements with other banks, and other short-term highly liquid investments with original maturities of three months or less where the Bank has full ability to withdraw for general purpose whenever needed and subject to an insignificant risk of changes in value.

2.5 FINANCIAL ASSETS

a) Classification

The Bank classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost are cash on hand, deposits and placements with the central bank and other banks, loans and advances at amortised cost, other assets; and

Notes to the financial statements

For the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 FINANCIAL ASSETS (CONTINUED)

a) Classification (continued)

- those to be measured subsequently at fair value through other comprehensive income (OCI).

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

For assets measured at fair value, gains or losses will either be recorded in profit or loss or OCI. For investment in equity instruments that are held for trading, this will depend on whether the Bank has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(i) Financial assets at fair value through OCI comprise of:

- Equity securities which are not held for trading, and for which the Bank has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss.

(ii) The Bank classifies their financial assets at amortised cost only if both of the following criteria are met:

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

b) Recognition and derecognition

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

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

c) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Bank's business model for managing the assets and the cash flow characteristics of the assets. The Bank classifies its debt instruments into the following measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest (SPPI), are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the financial statements

For the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 FINANCIAL ASSETS (CONTINUED)

c) Measurement (continued)

Debt instruments (continued)

For loans to employees with interest rate below market rate, such loans are initially recognised at the present value of the future cash payments discounted at a market rate of interest for similar loans. Differences between the amount of cash paid and the present value of the future cash received are accounted as employee remuneration. Those amounts are recognised as advanced employee benefits and amortised to employee benefit expense to profit or loss over loan period.

Equity instruments

The Bank subsequently measures all equity investments at fair value. Where the Bank's management has elected to present fair value gains or losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss allowing the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Bank's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d) Reclassification of financial assets

The Bank reclassifies financial assets when and only when their business model for managing those assets changes.

e) Impairment

The Bank assesses on a forward-looking basis ECL associated with its debt instrument assets carried at amortised cost, FVOCI, the exposure arising from credit commitments (including overdraft and undisbursed portion of loans and advances), and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

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

The Bank applies a three-stage approach to measuring ECL for the following categories:

- Debt instruments measured at amortised cost; and
- Credit commitments and financial guarantee contract

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

(i) Stage 1: 12-month ECL

Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-month ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

(ii) Stage 2: Lifetime ECL – not credit impaired

Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

Notes to the financial statements

For the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 FINANCIAL ASSETS (CONTINUED)

e) Impairment (continued)

(iii) Stage 3: Lifetime ECL – credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and interest income is calculated on the net carrying amount of the financial assets.

f) Modification of loans and advances

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a new asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for the purchased or originated credit-impaired financial assets).

2.6 FINANCIAL LIABILITIES

Financial liabilities are recognised when the Bank becomes a party to the contractual provision of the instruments. Financial liabilities of the Bank include deposits from banks and financial institutions, deposits from customers, subordinated debts, borrowings, lease liabilities, and other financial liabilities.

Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss.

Financial liabilities that are not classified as fair value through profit or loss are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from banks and financial institutions, deposits from customers, subordinated debts, borrowings, lease liabilities and other liabilities.

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Notes to the financial statements

For the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 CREDIT COMMITMENTS AND FINANCIAL GUARANTEE CONTRACTS

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

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the ECL model under CIFRS 9 'Financial Instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of CIFRS 15 'Revenue from Contracts with Customers', where appropriate.

These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee.

Any increase in the liability relating to guarantees is reported in profit or loss within operating expenses.

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

2.8 OFFSETTING FINANCIAL INSTRUMENTS

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

2.9 PROPERTY AND EQUIPMENT

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is possible that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Construction work-in-progress is not depreciated. Depreciation on other property and equipment are depreciated using the straight-line method to allocate their cost to their residual value over their estimated useful lives, as follows:

	Years
Leasehold improvement	Shorter of lease period and its economic lives of 10 years
Office equipment	5
Furniture, fixtures and fittings	5
Computer equipment	3 - 5
Motor vehicles	5

Notes to the financial statements

For the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation on construction work-in-progress commences when the assets are ready for their intended use. The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing the proceeds within the carrying amount and are recognised in profit or loss.

2.10 INTANGIBLE ASSETS

Intangible assets, which comprise acquired computer software licence and related costs, are stated at cost less accumulated amortisation and impairment loss. Acquired computer software licences are capitalised on the basis of costs incurred to acquire the specific software licence and bring them into use. These costs are amortised over their estimated useful lives of five years using the straight-line method.

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

2.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

Any impairment loss is charged to profit or loss in the period in which it arises. Reversal of impairment losses is recognised in profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

2.12 LEASES

The Bank as a lessee

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

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

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

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

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

Notes to the financial statements

For the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 LEASES (CONTINUED)

a) Lease liabilities

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

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

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

To determine the incremental borrowing rate, the Bank where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

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

b) Right-of-use assets

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

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

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

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

c) Recognition exemptions

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

2.13 INCOME TAX

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

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the reporting date in the country where the Bank operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Bank measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Notes to the financial statements

For the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 INCOME TAX (CONTINUED)

Deferred tax is provided in full, using the liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates based on laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

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

2.14 PROVISION

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

2.15 RESERVES

a) Regulatory reserve

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

b) Non-distributable reserve

The non-distributable reserve is maintained following the approval on 2 July 2021 and 25 March 2020 from the central bank on the request to transfer from retained earnings in accordance with the central bank's Prakas No. B7-018-068 Prokor dated 22 February 2018 on the determination of capital buffers of banks and financial institutions. Any movement requires approval from the Board of Directors and the central bank.

Notes to the financial statements

For the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 EMPLOYEE BENEFITS

a) Short-term employee benefits

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

b) Pension obligations

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

c) Other employee benefits - seniority payments

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

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

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

The past years of seniority service is classified as long-term employee benefits, other than those payable within the next 12 months. Past seniority liability is recognised at the present value of defined obligations to better estimate the ultimate cost to the Bank that employees have earned in return for their service in the current and prior period. That obligation arises as employees render the services that the Bank expected to pay in the future reporting periods. The present value of the past seniority payment is determined by discounting the estimated future payments by references to the high-quality corporate bond of the currency that the liability is denominated.

d) Share-based compensation benefits

During the current financial year, RHB Bank Berhad (RHBB), the Bank's immediate parent, implemented a Share Grant Scheme (SGS), which is awarded to employees and executive directors of the Bank who fulfil the eligibility criteria (Eligible Employees).

The SGS shall be in force for a period of nine years commencing from the effective date of implementation of the SGS, with vesting period to be three years after the grant date. Details of the key features of the SGS are disclosed in Note 22.

The fair value of the shares offered is recognised as an expense in the statement of profit or loss over the vesting periods of the grant with a corresponding increase to share-based payment reserves within equity.

Notes to the financial statements

For the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 EMPLOYEE BENEFITS (CONTINUED)

d) Share-based compensation benefits (continued)

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share grant that are expected to vest. At each reporting date, RHBB and the Bank revise the estimates of the number of shares granted and shares that expected to vest. The impact of the revision of original estimates, if any, will be recognised in the statement of profit or loss, with a corresponding adjustment to share-based payment reserves in equity.

2.17 INTEREST INCOME AND EXPENSE

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

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

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

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

2.18 FEE AND COMMISSION INCOME

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

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

a) Expected credit loss allowance on financial assets at amortised cost

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

Notes to the financial statements

For the year ended 31 December 2022

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

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

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- For individual assessment management makes judgement on the future in respect of the estimation of amount and timing of cash flows from the net realisable value of the underlying collateral value.

The management has continuously refreshed the macroeconomic variables annually to reflect the recent economic condition in its forward-looking model for the allowances for expected losses for loans and advances to customers. When determining whether the risk of default has increased significantly since initial recognition, both quantitative and qualitative information is considered, including expert credit assessment, forward looking information and analysis based on the Bank's historical loss experience.

b) Other employee benefits - seniority payment

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

c) Lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

d) Taxes

Tax reassessment

The Department of Taxation (GDT) had issued a comprehensive tax reassessment for the periods from 1 January 2016 to 31 December 2018 with an additional tax liability including penalty and interest related to withholding tax and tax on fringe benefits. Management has lodged a protest and this remains ongoing. Management believes that it is not probable that the Bank will have to pay any additional taxes according to the tax reassessment. Thus, management is of the opinion that the reassessed taxes should not be recognised as liability but disclosed as tax contingent liabilities (Note 34 (d)).

Minimum tax

Effective 2017, an entity may be exempted from minimum tax if they comply with the conditions governing the maintenance of proper accounting records. The tax regulations also defined five criteria of improper accounting records. Management believes that the Bank has maintained proper accounting records in accordance with the tax regulations and concluded that they are exempted from minimum tax; hence it was not considered probable that the minimum tax will be paid. Minimum tax has been therefore not recognised as expense and prepayment of income tax of US\$595,140 is recorded as current assets.

Notes to the financial statements

For the year ended 31 December 2022

4. CASH ON HAND

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
<i>Current:</i>				
US Dollars	9,840,849	40,514,775	9,150,435	37,278,872
Khmer Riel	2,023,446	8,330,528	1,690,657	6,887,737
	11,864,295	48,845,303	10,841,092	44,166,609

5. DEPOSITS AND PLACEMENTS WITH THE CENTRAL BANK

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
<i>Current:</i>				
Current accounts	98,452,496	405,328,926	120,534,533	491,057,687
Settlement accounts	1,024,397	4,217,442	4,715,664	19,211,615
Negotiable certificate of deposits (*)	29,468,041	121,319,925	32,923,302	134,129,533
	128,944,934	530,866,293	158,173,499	644,398,835

(*) *Negotiable certificate of deposits*

The Bank has pledged negotiable certificate of deposits (NCD) amounting to US\$4,388,695 (2021: US\$4,219,097) with the central bank as collateral for settlement clearing facility. There was no NCD pledged as collateral for Liquidity Providing Collateralised Operations (LPCO) as at 31 December 2022 (2021: US\$2,700,000). As at 31 December 2022, the Bank has yet to utilise the overdraft on settlement clearing facility.

Annual interest rate of deposits and placements with the central bank is as follows:

	2022	2021
Current accounts	Nil	Nil
Settlement accounts	Nil	Nil
Negotiable certificate of deposits	0.06% - 3.23%	0.04% - 1.55%

6. DEPOSITS AND PLACEMENTS WITH OTHER BANKS

a) By residency status

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Deposits and placements with local banks	40,603,499	167,164,605	63,758,635	259,752,679
Deposits and placements with overseas banks	16,962,054	69,832,777	15,262,493	62,179,396
	57,565,553	236,997,382	79,021,128	321,932,075
Less: allowance for expected credit loss (Note 36.1 (e))	(409,205)	(1,684,697)	(1,443,321)	(5,880,089)
Total – current	57,156,348	235,312,685	77,577,807	316,051,986

Notes to the financial statements

For the year ended 31 December 2022

6. DEPOSITS AND PLACEMENTS WITH OTHER BANKS (CONTINUED)

b) By account types

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
<i>Deposits and placements with local banks:</i>				
Current accounts	440,772	1,814,658	881,708	3,592,078
Fixed deposits	40,162,727	165,349,947	62,876,927	256,160,601
<i>Deposits and placements with overseas banks:</i>				
Current accounts	5,359,480	22,064,979	7,762,493	31,624,396
Fixed deposits	11,500,000	47,345,500	7,500,000	30,555,000
Saving accounts	102,574	422,298	-	-
	57,565,553	236,997,382	79,021,128	321,932,075
Less: allowance for expected credit loss (Note 36.1 (e))	(409,205)	(1,684,697)	(1,443,321)	(5,880,089)
Total - current	57,156,348	235,312,685	77,577,807	316,051,986

Annual interest rates of deposits and placements with other banks are as follows:

	2022	2021
Current accounts	0.0%	0.0% - 2.0%
Fixed deposits	1.2% - 4.0%	1.0% - 7.0%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Non-current				
<i>Unlisted securities</i>				
Investment in Credit Bureau Cambodia	25,000	102,925	25,000	101,850

The Bank designated investment in Credit Bureau Cambodia (CBC) to be measured at fair value through other comprehensive income as they are not held for trading and the Bank has irrevocably elected at initial recognition to recognise as the financial assets at FVOCI. These are the strategic investments and the Bank considers this classification to be more relevant.

The fair value of the investment at 31 December 2022 was US\$25,000.

Dividend received during the year was US\$19,237 (2021: US\$19,440). Please refer to Note 25.

There is no gain/loss recognised in other comprehensive income due to fair value approximates the carrying amount.

Notes to the financial statements

For the year ended 31 December 2022

8. LOANS AND ADVANCES AT AMORTISED COST

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
<i>Commercial loans:</i>				
Term loans	450,516,860	1,854,777,913	378,380,861	1,541,523,628
Housing loan	3,758,092	15,472,065	4,606,033	18,764,978
Overdrafts	64,878,204	267,103,566	76,328,675	310,963,022
	519,153,156	2,137,353,544	459,315,569	1,871,251,628
<i>Consumer loans:</i>				
Term loans	55,703,506	229,331,334	77,799,797	316,956,373
Housing loans	159,571,958	656,957,751	121,092,329	493,330,148
Overdrafts	9,627,969	39,638,348	10,976,597	44,718,656
Staff housing loans	6,037,217	24,855,222	5,022,201	20,460,447
Staff vehicle loans	605,633	2,493,391	463,253	1,887,293
Other staff loans	10,805	44,485	2,376	9,680
	231,557,088	953,320,531	215,356,553	877,362,597
Total gross loans	750,710,244	3,090,674,075	674,672,122	2,748,614,225
Less: Allowance for expected credit loss (Note 36.1 (f) (i))	(11,824,094)	(48,679,795)	(15,153,465)	(61,735,216)
Total net loans	738,886,150	3,041,994,280	659,518,657	2,686,879,009

a) Allowance for expected credit loss

Allowance for expected credit loss using three-stage approach are as follows:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
12-month ECL (Stage 1)	969,581	3,991,765	2,736,646	11,149,096
Lifetime ECL-not credit impaired (Stage 2)	8,961,618	36,894,981	11,307,440	46,066,511
Lifetime ECL-credit impaired (Stage 3)	1,892,895	7,793,049	1,109,379	4,519,609
	11,824,094	48,679,795	15,153,465	61,735,216

Notes to the financial statements

For the year ended 31 December 2022

8. LOANS AND ADVANCES AT AMORTISED COST (CONTINUED)

b) Analysis by loan classification

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
<i>Performing</i>				
Gross amount	609,799,348	2,510,543,916	544,035,486	2,216,400,570
Exposure at default	596,050,491	2,453,939,871	531,437,518	2,165,076,448
Allowance for expected credit loss	969,581	3,991,765	2,736,646	11,149,096
<i>Under-performing</i>				
Gross amount	90,719,068	373,490,403	101,274,912	412,593,991
Exposure at default	89,783,588	369,639,032	100,541,864	409,607,554
Allowance for expected credit loss	8,961,618	36,894,981	11,307,440	46,066,511
<i>Non-performing</i>				
Gross amount	50,191,828	206,639,756	29,361,724	119,619,664
Exposure at default	50,314,336	207,144,121	29,389,332	119,732,139
Allowance for expected credit loss	1,892,895	7,793,049	1,109,379	4,519,609
Total				
Gross amount	750,710,244	3,090,674,075	674,672,122	2,748,614,225
Exposure at default	736,148,415	3,030,723,024	661,368,714	2,694,416,141
Allowance for expected credit loss	11,824,094	48,679,795	15,153,465	61,735,216

c) Analysis by exposure

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Large exposure	65,628,208	270,191,332	61,488,043	250,502,287
Non-large exposure	685,082,036	2,820,482,743	613,184,079	2,498,111,938
Total gross loans	750,710,244	3,090,674,075	674,672,122	2,748,614,225

Large exposure is defined by the central bank as overall credit exposure to any individual beneficiary which exceeds 10% of the Bank's net worth.

d) Analysis by relationship

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Related parties	1,158,010	4,767,527	1,396,668	5,690,025
Non-related parties	749,552,234	3,085,906,548	673,275,454	2,742,924,200
Total gross loans	750,710,244	3,090,674,075	674,672,122	2,748,614,225

Notes to the financial statements

For the year ended 31 December 2022

8. LOANS AND ADVANCES AT AMORTISED COST (CONTINUED)

e) Analysis by residency

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Residents	750,710,244	3,090,674,075	674,492,121	2,747,880,901
Non-residents	-	-	180,001	733,324
Total gross loans	750,710,244	3,090,674,075	674,672,122	2,748,614,225

f) Interest rates

These loans and advances to customers earn annual interest rates as below:

	2022	2021
Commercial loans	5.0% - 18.0%	4.5% - 13.0%
Consumer loans	4.0% - 18.0%	4.0% - 13.0%

9. STATUTORY DEPOSITS WITH THE CENTRAL BANK

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Current				
Reserve requirement (i)	54,015,328	222,381,105	50,962,376	207,620,720
Non-current				
Capital guarantee deposits (ii)	7,500,000	30,877,500	7,500,000	30,555,000
	61,515,328	253,258,605	58,462,376	238,175,720

(i) Reserve requirement

The reserve requirement represents the minimum reserve which is calculated at 7% of customers' deposits and borrowings in Khmer Riel and other currencies (2021: 7%). The reserve requirement on customers' deposits and borrowings bears no interest.

(ii) Capital guarantee deposits

Pursuant to Prakas No. B7-01-136 on Bank's Capital Guarantee dated 15 October 2001 issued by the central bank, banks are required to maintain 10% of its paid-up capital as a statutory deposit with the central bank. The deposit, which is not available for use in the Bank's day-to-day operations, is refundable should the Bank voluntarily cease its operations in Cambodia.

(iii) Interest rate

	2022	2021
Reserve requirement	Nil	Nil
Capital guarantee deposits	0.07% - 0.65%	0.48%

Notes to the financial statements

For the year ended 31 December 2022

10. PROPERTY AND EQUIPMENT

	Leasehold improvements	Office equipment	Furniture, fixtures and fittings	Computer equipment	Motor vehicles	Work in progress	Total
Non-current	US\$	US\$	US\$	US\$	US\$	US\$	US\$
For the year ended 31 December 2021							
Opening net book value	1,026,784	421,811	217,270	670,183	486,053	216,545	3,038,646
Additions	36,311	89,285	15,771	319,980	-	419,937	881,284
Transfers	42,841	-	-	385,889	-	(428,730)	-
Reclassification	-	-	-	-	-	(24,956)	(24,956)
Disposals	-	-	-	-	(435)	-	(435)
Depreciation charge	(177,100)	(161,288)	(85,252)	(381,752)	(142,775)	-	(948,167)
Closing net book value	928,836	349,808	147,789	994,300	342,843	182,796	2,946,372
As at 31 December 2021							
Cost	3,419,139	2,744,409	661,379	2,920,854	865,990	182,796	10,794,567
Accumulated depreciation	(2,490,303)	(2,394,601)	(513,590)	(1,926,554)	(523,147)	-	(7,848,195)
Net book value	928,836	349,808	147,789	994,300	342,843	182,796	2,946,372
In KHR'000 equivalents	3,784,079	1,425,118	602,092	4,050,778	1,396,742	744,711	12,003,520
For the year ended 31 December 2022							
Opening net book value	928,836	349,808	147,789	994,300	342,843	182,796	2,946,372
Additions	75,112	165,857	2,488	131,854	-	50,845	426,156
Transfers	98,364	69,109	-	-	-	(167,473)	-
Reclassification	-	-	-	-	-	(59,202)	(59,202)
Depreciation charge	(181,525)	(148,837)	(45,399)	(534,963)	(127,797)	-	(1,038,521)
Closing net book value	920,787	435,937	104,878	591,191	215,046	6,966	2,274,805
As at 31 December 2022							
Cost	3,592,615	2,979,375	663,867	2,944,141	865,990	6,966	11,052,954
Accumulated depreciation	(2,671,828)	(2,543,438)	(558,989)	(2,352,950)	(650,944)	-	(8,778,149)
Net book value	920,787	435,937	104,878	591,191	215,046	6,966	2,274,805
In KHR'000 equivalents	3,790,880	1,794,753	431,783	2,433,933	885,344	28,679	9,365,372

Notes to the financial statements

For the year ended 31 December 2022

11. LEASES

This note provides information for leases where the Bank is a lessee.

The Bank leases various buildings for its head office and branch operations and equipment. Rental contracts are typically made for fixed periods from two to fifteen years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

a) Amounts recognised in the statement of financial position

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
<i>Right-of-use assets – non-current:</i>				
Buildings	11,460,773	47,184,003	12,839,723	52,309,032
ATM locations	42,738	175,952	-	-
	11,503,511	47,359,955	12,839,723	52,309,032
<i>Lease liabilities:</i>				
Current	2,090,108	8,604,975	1,925,009	7,842,486
Non-current	10,772,938	44,352,185	11,973,611	48,780,494
	12,863,046	52,957,160	13,898,620	56,622,980

Additions to the right-of-use assets during the year were US\$101,482 (2021: US\$265,057).

b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Depreciation charge of right-of-use assets (Note 29)	1,499,165	6,127,087	1,358,118	5,524,824
Interest expense on lease liabilities (Note 23)	532,600	2,176,736	581,570	2,365,827
Expense relating to short-term leases (included in other operating expenses) (Note 30)	30,253	123,644	105,736	430,134
	2,062,018	8,427,467	2,045,424	8,320,785

Total cash outflow for lease for 2022 was US\$1,761,378 (2021: US\$1,743,713).

Notes to the financial statements

For the year ended 31 December 2022

12. INTANGIBLE ASSETS

	Computer software	Work in progress	Total
Non-current	US\$	US\$	US\$
For the year ended 31 December 2021			
Opening net book value	2,023,454	1,844,655	3,868,109
Additions	139,134	3,154,217	3,293,351
Transfer	2,153,494	(2,153,494)	-
Reclassification	-	24,956	24,956
Amortisation charge	(848,628)	-	(848,628)
Closing net book value	3,467,454	2,870,334	6,337,788
As at 31 December 2021			
Cost	6,626,834	2,870,334	9,497,168
Accumulated amortisation	(3,159,380)	-	(3,159,380)
Net book value	3,467,454	2,870,334	6,337,788
<i>In KHR'000 equivalents</i>	14,126,407	11,693,741	25,820,148
For the year ended 31 December 2022			
Opening net book value	3,467,454	2,870,334	6,337,788
Additions	362,024	1,573,625	1,935,649
Transfer	4,287,621	(4,287,621)	-
Amortisation charge	(1,417,221)	-	(1,417,221)
Closing net book value	6,699,878	156,338	6,856,216
As at 31 December 2022			
Cost	10,709,146	156,338	10,865,484
Accumulated amortisation	(4,009,268)	-	(4,009,268)
Net book value	6,699,878	156,338	6,856,216
<i>In KHR'000 equivalents</i>	27,583,397	643,644	28,227,041

The table shows the details of cash used for the purchases of intangible assets.

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Additions	1,935,649	7,910,997	3,293,351	13,397,352
Increase in payable for capital expenditure	(166,254)	(679,480)	-	-
	1,769,395	7,231,517	3,293,351	13,397,352

Notes to the financial statements

For the year ended 31 December 2022

13. DEFERRED TAX

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
<i>Non-current</i>				
Deferred tax assets	7,400,707	30,468,711	3,500,171	14,259,697
Deferred tax liabilities	(11,258,801)	(46,352,484)	(3,984,159)	(16,231,464)
Net deferred tax liabilities	(3,858,094)	(15,883,773)	(483,988)	(1,971,767)

The movement of net deferred tax liabilities during the year as follows:

i) Deferred tax assets

	Lease liabilities	Impairment losses	Accelerated depreciation	Employee benefits	Unamortised loan fees	Tax losses	Unrealised exchange loss - net	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 1 January 2021	2,937,994	480,079	91,997	23,992	662,980	-	-	4,197,042
(Charged)/credited to profit or loss	(158,271)	(480,079)	3,332	14,226	(76,079)	-	-	(696,871)
As at 31 December 2021	2,779,723	-	95,329	38,218	586,901	-	-	3,500,171
<i>In KHR'000 equivalent</i>	11,324,592	-	388,370	155,700	2,391,035	-	-	14,259,697
As at 1 January 2022	2,779,723	-	95,329	38,218	586,901	-	-	3,500,171
(Charged)/credited to profit or loss	(207,114)	-	96,615	690	76,079	3,834,073	100,193	3,900,536
As at 31 December 2022	2,572,609	-	191,944	38,908	662,980	3,834,073	100,193	7,400,707
<i>In KHR'000 equivalent</i>	10,591,431	-	790,233	160,184	2,729,489	15,784,879	412,495	30,468,711

ii) Deferred tax liabilities

	Right-of-use assets	Impairment losses	Total
	US\$	US\$	US\$
As at 1 January 2021	(2,786,557)	-	(2,786,557)
Credited/(charged) to profit or loss	218,612	(1,416,214)	(1,197,602)
As at 31 December 2021	(2,567,945)	(1,416,214)	(3,984,159)
<i>In KHR'000 equivalent</i>	(10,461,808)	(5,769,656)	(16,231,464)
As at 1 January 2022	(2,567,945)	(1,416,214)	(3,984,159)
Credited/(charged) to profit or loss	267,243	(7,541,885)	(7,274,642)
As at 31 December 2022	(2,300,702)	(8,958,099)	(11,258,801)
<i>In KHR'000 equivalent</i>	(9,471,990)	(36,880,494)	(46,352,484)

Notes to the financial statements

For the year ended 31 December 2022

14. OTHER ASSETS

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Advanced employee benefits	2,315,796	9,534,132	1,953,250	7,957,541
Legal fees receivables	1,769,207	7,283,825	1,425,765	5,808,567
Deposits	494,071	2,034,090	473,506	1,929,063
Supplies	65,419	269,330	76,510	311,702
Prepayments	451,958	1,860,711	347,954	1,417,565
Prepayments of income tax (*)	595,140	2,450,191	-	-
Due from related parties (Note 35 (c))	229,367	944,303	39,123	159,387
Others	157,815	649,725	195,970	798,381
	6,078,773	25,026,307	4,512,078	18,382,206
Less: allowance for expected credit loss (Note 36.1 (e))	(66,259)	(272,788)	(60,030)	(244,562)
	6,012,514	24,753,519	4,452,048	18,137,644

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Current	3,153,969	12,984,889	1,756,047	7,154,135
Non-current	2,858,545	11,768,630	2,696,001	10,983,509
	6,012,514	24,753,519	4,452,048	18,137,644

(*) The Bank pays monthly prepayment of income tax. This is a tax credit which may be used against income tax.

The balance represents prepayment of income tax not utilised in liquidating income tax payable as at 31 December 2022 which can be carried forward as a tax credit against future income tax payment and is subject to the assessment of the tax authorities. Should the Bank be subjected to minimum tax, the prepayment of income tax amounting to US\$595,140 will be written off to the statement of profit or loss.

15. DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Current				
Fixed deposits	351,885,631	1,448,713,143	221,945,605	904,206,395
Current accounts	4,092,787	16,850,004	22,495,549	91,646,867
Savings deposits	811,765	3,342,036	648,557	2,642,221
	356,790,183	1,468,905,183	245,089,711	998,495,483

Annual interest rates for deposits from banks and financial institutions are as follows:

	2022	2021
Current accounts	0.00% - 2.00%	0.00% - 2.70%
Savings deposits	0.50%	0.50%
Fixed deposits	2.50% - 7.20%	0.89% - 7.00%

Notes to the financial statements

For the year ended 31 December 2022

16. DEPOSITS FROM CUSTOMERS

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Fixed deposits	355,723,576	1,464,513,962	381,532,531	1,554,363,531
Current accounts	79,927,974	329,063,469	147,118,916	599,362,464
Savings deposits	35,370,710	145,621,213	48,367,345	197,048,564
	471,022,260	1,939,198,644	577,018,792	2,350,774,559

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Current	442,846,986	1,823,201,041	572,164,361	2,330,997,607
Non-current	28,175,274	115,997,603	4,854,431	19,776,952
	471,022,260	1,939,198,644	577,018,792	2,350,774,559

Annual interest rates for deposits from customers are as follows:

	2022	2021
Current accounts	0.00% - 2.40%	0.00% - 2.38%
Savings deposits	0.50% - 1.30%	0.50% - 1.25%
Fixed deposits	1.50% - 7.00%	1.50% - 6.50%

17. BORROWINGS

Borrowings from the Central Bank in the form of Liquidity-Providing Collateralised Operation (LPCO) are in KHR and have term between 6-12 months. The annual interest rates are ranging from 3.00% to 5.25% (2021: 2.01% to 5.25%).

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
<i>LPCO with the central bank - current</i>				
Principal amount	-	-	2,577,319	10,499,997
Interest payables	-	-	63,944	260,508
	-	-	2,641,263	10,760,505

Changes in liabilities arising from financing activities - borrowings

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
At 1 January	2,641,263	10,760,505	34,252,438	138,551,112
Additions	-	-	23,821,797	96,907,070
Repayments	(2,556,611)	(10,448,869)	(54,860,088)	(223,170,838)
Interest charge during the year	20,293	82,937	679,052	2,762,384
Interest payments	(84,237)	(344,277)	(929,656)	(3,781,841)
Exchange differences	(20,708)	(84,634)	(322,280)	(1,311,035)
Currency translation differences	-	34,338	-	803,653
At 31 December	-	-	2,641,263	10,760,505

Notes to the financial statements

For the year ended 31 December 2022

18. CURRENT INCOME TAX LIABILITIES

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
At 1 January	1,659,181	6,759,503	2,040,554	8,254,041
Current income tax (Note 31)	-	-	2,197,259	8,938,450
Income tax paid	(1,519,433)	(6,209,923)	(2,919,479)	(11,876,441)
(Over)/under estimate of current tax of prior year	(139,748)	(571,151)	340,847	1,386,564
Currency translation differences	-	21,571	-	56,889
At 31 December	-	-	1,659,181	6,759,503

19. OTHER LIABILITIES

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Accrued bonuses	1,036,606	4,267,707	1,274,006	5,190,300
Cheques for collection	234,478	965,346	3,215,245	13,098,908
Other taxes payables	481,962	1,984,238	381,896	1,555,844
Allowances on expected credit loss on credit commitment and financial guarantee contracts (Note 36.1 (f) (ii))	128,341	528,380	368,488	1,501,220
Accrued expenses	314,848	1,296,229	341,217	1,390,118
Others	497,650	2,048,825	252,262	1,027,716
	2,693,885	11,090,725	5,833,114	23,764,106

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Current	2,532,675	10,427,022	5,721,903	23,314,259
Non-current	161,210	663,703	111,211	449,847
	2,693,885	11,090,725	5,833,114	23,764,106

20. SUBORDINATED DEBTS

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
<i>Related company (Note 35 (e))</i>				
Principal amount – non-current	20,000,000	82,340,000	-	-
Interest payables – current	12,383	50,981	-	-
	20,012,383	82,390,981	-	-

On 23 November 2022, the Bank signed a subordinated debt agreement with RHB Bank (L) LTD (RHBL), the Bank's related company, to obtain a loan of US\$20 million with a maturity of ten years at an annual interest rate of 1.25% above the RHBL's US\$ effective cost of fund. Effective cost of fund means the annual interest rate which is from time to time quoted by RHBL based on the cost to RHBL. The principal of the subordinated debt will be payable at the maturity date. The subordinated debt was approved by National Bank of Cambodia on 23 December 2022 to include in Tier II capital for the purpose of Net Worth calculation.

Notes to the financial statements

For the year ended 31 December 2022

20. SUBORDINATED DEBTS (CONTINUED)

Changes in liabilities arising from financing activities – subordinated debt

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
At 1 January	-	-	-	-
Additions	20,000,000	81,740,000	-	-
Interest charge during the year	12,383	50,609	-	-
Currency translation differences	-	600,372	-	-
At 31 December	20,012,383	82,390,981	-	-

21. SHARE CAPITAL

The total authorised numbers of shares of the Bank as at 31 December 2022 was 75,000,000 shares (2021: 75,000,000 shares) with a par value of US\$1 per share (2021: US\$1 per share). All authorised shares are issued and fully paid up by RHB Bank Berhad.

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
At 1 January	75,000,000	305,550,000	75,000,000	303,375,000
Currency translation differences	-	3,225,000	-	2,175,000
At 31 December	75,000,000	308,775,000	75,000,000	305,550,000

22. SHARE-BASED PAYMENT RESERVES

RHB Bank Berhad (RHBB) has on 2 June 2022 implemented the SGS which was approved by the shareholders on 27 April 2022.

The SGS is intended to motivate employees, attract talents and retain key employees through the grant of the ordinary shares of RHBB at any point in time during the duration of the SGS for Eligible Employees. The SGS is to be administered by the Board Nominating and Remuneration Committee (BNRC) comprising such persons as may be appointed by the Board from time to time and shall be in force for a period of nine years commencing from the effective date of implementation of the SGS.

Grant date	Vesting date	Number of shares
4 July 2022	4 July 2025	70,000

	2022	2021
	Number of shares	Number of shares
<i>Number of shares – SGS</i>		
Outstanding as at 1 January	-	-
Awarded	70,000	-
Outstanding at end of financial year	70,000	-

Notes to the financial statements

For the year ended 31 December 2022

22. SHARE-BASED PAYMENT RESERVES (CONTINUED)

The movement on SGS reserves is as follows:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
As at 1 January	-	-	-	-
Charges during the year	12,482	51,014	-	-
Currency translation differences	-	374	-	-
As at 31 December	12,482	51,388	-	-

23. NET INTEREST INCOME

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
<i>Interest income from financial assets at amortised cost:</i>				
Loans and advances	54,503,488	222,755,755	49,301,935	200,560,272
Deposits and placements with other banks	2,025,591	8,278,590	1,864,184	7,583,501
Deposits and placements with the central bank	614,911	2,513,142	74,854	304,505
	57,143,990	233,547,487	51,240,973	208,448,278
<i>Interest expense on financial liabilities at amortised cost:</i>				
Deposits from customers	(18,361,870)	(75,044,963)	(19,370,805)	(78,800,434)
Deposits from banks and financial institutions	(9,611,620)	(39,282,691)	(2,616,334)	(10,643,247)
Borrowings	(20,293)	(82,937)	(679,052)	(2,762,384)
Subordinated debts	(14,400)	(58,853)	-	-
Lease liabilities	(532,600)	(2,176,736)	(581,570)	(2,365,827)
	(28,540,783)	(116,646,180)	(23,247,761)	(94,571,892)
Net interest income	28,603,207	116,901,307	27,993,212	113,876,386

Including in the interest income from loans and advances at amortised cost, interest income accrued on credit-impaired loans are US\$2,898,869 (2021: US\$3,186,518).

Notes to the financial statements

For the year ended 31 December 2022

24. NET FEE AND COMMISSION INCOME

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
<i>Fee and commission income:</i>				
Fees from remittances	555,504	2,270,345	739,622	3,008,782
Other loan charges and penalties	590,659	2,414,023	504,198	2,051,077
Overdraft commitment fees	237,875	972,195	299,105	1,216,759
Fees from trade finances	409,801	1,674,857	259,015	1,053,673
Others	576,120	2,354,602	481,317	1,957,998
	2,369,959	9,686,022	2,283,257	9,288,289
Fee and commission expense	(8,793)	(35,937)	(9,054)	(36,832)
Net fee and commission income	2,361,166	9,650,085	2,274,203	9,251,457

25. OTHER OPERATING INCOME

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Dividend income	19,237	78,622	19,440	79,082
Other income	107,390	438,903	73,875	300,523
	126,627	517,525	93,315	379,605

26. OTHER LOSSES - NET

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Net losses on foreign exchange	(469,582)	(1,919,182)	(205,479)	(835,889)
Net gains on disposal of assets	1,215	4,966	14,838	60,361
	(468,367)	(1,914,216)	(190,641)	(775,528)

27. NET IMPAIRMENT GAINS

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
<i>Credit impairment written-back/(charge):</i>				
Loans and advances at amortised cost	1,048,765	4,286,303	1,263,409	5,139,548
Bad debts recovery	197,207	805,985	110,918	451,214
	1,245,972	5,092,288	1,374,327	5,590,762
Credit commitments and financial guarantees	240,147	981,481	9,438	38,394
Deposits and placements with other banks	1,034,116	4,226,432	115,808	471,107
Other financial assets at amortised costs	(6,228)	(25,454)	108,152	439,962
	2,514,007	10,274,747	1,607,725	6,540,225

Notes to the financial statements

For the year ended 31 December 2022

28. PERSONNEL EXPENSES

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Salaries and wages	5,635,165	23,030,919	4,505,957	18,330,233
Bonuses and incentive expenses	1,375,420	5,621,342	1,387,148	5,642,918
Seniority and severance expenses	368,550	1,506,264	288,290	1,172,764
Other employee benefits	652,843	2,668,169	341,023	1,387,281
	8,031,978	32,826,694	6,522,418	26,533,196

29. DEPRECIATION AND AMORTISATION CHARGES

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Depreciation charge of right-of-use assets (Note 11)	1,499,165	6,127,087	1,358,118	5,524,824
Depreciation charge of property and equipment (Note 10)	1,038,521	4,244,435	948,167	3,857,143
Amortisation charge of intangible assets (Note 12)	1,417,221	5,792,183	848,628	3,452,219
	3,954,907	16,163,705	3,154,913	12,834,186

30. OTHER OPERATING EXPENSES

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Repairs and maintenance	1,143,736	4,674,449	863,694	3,513,507
Advertising and public relations	344,596	1,408,364	105,147	427,738
Legal and professional fees	343,003	1,401,853	286,243	1,164,437
Communication	334,838	1,368,483	174,341	709,219
Security expenses	333,878	1,364,559	328,423	1,336,025
Licence fees	272,466	1,113,569	272,863	1,110,007
Utilities	233,661	954,973	228,475	929,436
Insurance expense	230,998	944,089	217,933	886,551
Bank charges	191,584	783,004	53,918	219,338
Expenses for motor vehicles	142,891	583,996	127,532	518,800
Stationery and supplies	95,820	391,616	75,199	305,910
Travel, accommodation and foods	85,240	348,376	55,297	224,948
Board of directors' fee (Note 35 (f))	31,523	128,835	36,945	150,292
Rental expenses related to short-term leases	30,253	123,644	105,736	430,134
Printing and forms	29,790	121,752	3,778	15,369
Others	832,929	3,404,179	912,509	3,712,087
	4,677,206	19,115,741	3,848,033	15,653,798

Notes to the financial statements

For the year ended 31 December 2022

31. INCOME TAX EXPENSES

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Current income tax	-	-	2,197,259	8,938,450
(Over)/under estimate of current tax of prior year	(139,748)	(571,151)	340,847	1,386,564
	(139,748)	(571,151)	2,538,106	10,325,014
Deferred income tax	3,374,106	13,789,971	1,766,057	7,184,320
	3,234,358	13,218,820	4,304,163	17,509,334

i) Reconciliation between income tax expenses and accounting profit

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Profit before income tax	16,472,549	67,323,308	18,252,450	74,250,965
Tax calculated at 20%	3,294,510	13,464,662	3,650,490	14,850,193
Tax effect of reconciling items:				
Expenses not deductible for tax purposes	182,150	744,447	93,574	380,659
Income not subject to tax	(102,554)	(419,138)	(112,965)	(459,542)
Unrecognised previous deferred tax	-	-	332,217	1,351,460
(Under)/over estimation of current tax of prior year	(139,748)	(571,151)	340,847	1,386,564
Income tax expenses	3,234,358	13,218,820	4,304,163	17,509,334

Under the Cambodian tax regulations, the Bank has an obligation to pay corporate income tax at the rate of 20% of taxable profits or the minimum tax at 1% of gross revenue, whichever is higher. The Bank incurs taxable losses and is not subject to 20% income tax for the year ended 31 December 2022. As at 31 December 2022, the Bank believes that it is exempted from minimum tax (Note 3(d)).

ii) Other matter

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

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

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32. CASH AND CASH EQUIVALENTS

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Cash on hand (Note 4)	11,864,295	48,845,303	10,841,092	44,166,609
Deposits and placements with the central bank (Note 5):				
Current accounts	98,452,496	405,328,926	120,534,533	491,057,687
Settlement accounts	1,024,397	4,217,442	4,715,664	19,211,615
Negotiable certificate of deposits (maturity of three months or less)	25,000,000	102,925,000	26,000,000	105,924,000
Deposits and placements with other banks:				
Current accounts	5,800,252	23,879,637	8,644,201	35,216,474
Fixed deposits (maturity of three months or less)	26,288,000	108,227,696	11,700,000	47,665,800
	168,429,440	693,424,004	182,435,490	743,242,185

33. CASH FLOW INFORMATION

a) Cash used in operations

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Profit before income tax	16,472,549	67,323,308	18,252,450	74,250,965
<i>Adjustments for:</i>				
Depreciation and amortisation charges (Note 29)	3,954,907	16,163,705	3,154,913	12,834,186
Net impairment gains	(2,316,800)	(9,468,762)	(1,496,807)	(6,089,011)
Net gains on disposals of property and equipment (Note 26)	(1,215)	(4,966)	(14,838)	(60,361)
Reclassification of property and equipment	59,202	241,959	-	-
Non-cash employee benefits expense – share-based payments	12,482	51,014	-	-
Exchange gains on borrowings and interest payments (Note 17)	(20,708)	(84,634)	(322,280)	(1,311,035)
Employee benefits	(1,116)	(4,561)	35,825	145,736
Net interest income (Note 23)	(28,603,207)	(116,901,307)	(27,993,212)	(113,876,386)
<i>Changes in working capital:</i>				
Reserve requirement deposits	(3,052,952)	(12,477,415)	29,304,893	119,212,305
Loans and advances at amortised cost	(76,837,254)	(314,033,857)	(91,557,551)	(372,456,117)
Other assets	(1,566,695)	(6,403,082)	(407,993)	(1,659,716)
Deposits from banks and financial institutions	109,460,591	447,365,435	74,313,105	302,305,711
Deposits from customers	(106,038,089)	(433,377,670)	(22,836,499)	(92,898,878)
Other liabilities	(3,067,356)	(12,536,284)	2,291,686	9,322,579
Cash used in operations	(91,545,661)	(374,147,117)	(17,276,308)	(70,280,022)

Notes to the financial statements

For the year ended 31 December 2022

33. CASH FLOW INFORMATION (CONTINUED)

b) Non-cash financing activities

Non-cash financing activities disclosed in another note is acquisition of right-of-use assets (Note 11).

c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the year presented.

Net debt	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Cash and cash equivalents	168,429,440	693,424,004	182,435,490	743,242,185
Subordinated debts	(20,012,383)	(82,390,981)	-	-
Borrowings	-	-	(2,641,263)	(10,760,505)
Lease liabilities	(12,863,046)	(52,957,160)	(13,898,620)	(56,622,980)
Net debt	135,554,011	558,075,863	165,895,607	675,858,700
Cash and liquid investments	168,429,440	693,424,004	182,435,490	743,242,185
Gross debt – fixed interest rates	(32,875,429)	(135,348,141)	(16,539,883)	(67,383,485)
Net debt	135,554,011	558,075,863	165,895,607	675,858,700

	Subordinated debts	Borrowings	Leases	Cash and cash equivalent	Sub-total
	US\$	US\$	US\$	US\$	US\$
Net debt as at 1 January 2021	-	(34,252,438)	(14,689,970)	193,481,811	144,539,403
Cash flows	-	31,038,291	2,219,540	(11,046,321)	22,211,510
New leases	-	-	(1,428,190)	-	(1,428,190)
Foreign exchange adjustments	-	241,032	-	-	241,032
Other changes (i)	-	331,852	-	-	331,852
Net debt as at 31 December 2021	-	(2,641,263)	(13,898,620)	182,435,490	165,895,607
In KH'000 equivalent	-	(10,760,505)	(56,622,980)	743,242,185	675,858,700
Net debt as at 1 January 2022	-	(2,641,263)	(13,898,620)	182,435,490	165,895,607
Cash flows	(20,000,000)	2,556,611	1,198,525	(14,006,050)	(30,250,914)
New leases	-	-	(162,951)	-	(162,951)
Foreign exchange adjustments	-	20,708	-	-	20,708
Other changes (i)	(12,383)	63,944	-	-	51,561
Net debt as at 31 December 2022	(20,012,383)	-	(12,863,046)	168,429,440	135,554,011
In KH'000 equivalent	(82,390,981)	-	(52,957,160)	693,424,004	558,075,863

(i) Other changes include non-cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid.

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For the year ended 31 December 2022

34. CONTINGENT LIABILITIES AND COMMITMENTS

a) Credit commitments and financial guarantee contracts

The Bank had the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers, guarantee and other facilities as follows:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
<i>Credit commitments:</i>				
Unused portion of overdrafts	28,571,053	117,627,025	21,621,284	88,085,111
Undisbursed portion of term loans	6,295,598	25,918,977	10,464,074	42,630,637
	34,866,651	143,546,002	32,085,358	130,715,748
<i>Financial guarantee contracts:</i>				
Letter of credits	20,517,792	84,471,750	15,000,000	61,110,000
Bank guarantees	6,175,240	25,423,463	5,175,459	21,084,820
	26,693,032	109,895,213	20,175,459	82,194,820
Total exposure	61,559,683	253,441,215	52,260,817	212,910,568

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Credit commitments and financial guarantee contracts	61,559,683	253,441,215	52,260,817	212,910,568
Allowance for expected credit loss	(128,341)	(528,380)	(368,488)	(1,501,220)
Net exposure	61,431,342	252,912,835	51,892,329	211,409,348

b) Capital commitments

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Property and equipment	6,966	28,679	165,196	673,009
Intangible asset	61,885	254,781	1,151,147	4,689,773
	68,851	283,460	1,316,343	5,362,782

c) Lease commitments

The Bank recognised right-of-use assets and lease liabilities for lease contracts where the Bank is a lessee, except for short-term leases, (see Note 2.12 (c)) and Note 11 for further information. The lease commitments of short-term leases are within one year only and the balance is immaterial.

d) Contingent liabilities – tax reassessment

Comprehensive tax reassessment for the periods from 1 January 2016 to 31 December 2018

On 12 May 2020, the General Department of Taxation (GDT) issued the notice of a comprehensive tax reassessment of the Bank for the period from 1 January 2016 to 31 December 2018, which required the Bank to pay additional tax liability including penalty and interest of KHR 21,792,729,248 (equivalent to US\$ 5,387,572). The Bank submitted an objection letter on 5 June 2020 requesting the GDT to re-assess these results.

Notes to the financial statements

For the year ended 31 December 2022

34. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

d) Contingent liabilities – tax reassessment (continued)

On 31 October 2022, in response to the Bank's objection letter, the GDT issued the second notice of the comprehensive tax reassessment amounting to KHR 2,065,459,919 (equivalent to US\$ 501,691) relating to withholding tax on services and tax on fringe benefits. The Bank submitted a second objection letter on 29 November 2022 requesting the GDT to re-assess these results.

As of reporting date, there has been no response from the GDT to the Bank's second objection letter yet. The Bank has not paid the additional taxes or recognised the exposure of that tax reassessment as liabilities because the Bank is in the position that it is not probable that it will have to pay the taxes.

35. RELATED PARTY TRANSACTIONS AND BALANCES

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

a) Related parties and relationship

The related parties of and their relationship with the Bank are as follows:

Relationship	Related party
Immediate parent entity	RHB Bank Berhad
Related company	Entity under the same parent company
Key management personnel	All directors of the Bank who make critical decisions in relation to the strategic direction of the Bank and senior management staff (including their close family members)

b) Loans and advances to key management personnel

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Loans and advances to key management personnel - net	454,184	1,869,876	1,387,033	5,650,772
Interest income	23,232	94,949	64,138	260,913

Loans and advances to key management personnel are net of allowance for expected credit loss of US\$894 (2021: US\$9,635), unsecured, and having interest rate of 4% per annum (2021: 4% per annum).

c) Amounts due from related parties

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Related companies	130,491	537,231	39,123	159,387
Immediate parent company	98,876	407,072	-	-
	229,367	944,303	39,123	159,387

Amount due from related parties are unsecured and are receivable in cash.

Notes to the financial statements

For the year ended 31 December 2022

35. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

d) Deposits from related parties

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Immediate parent company	312,888,172	1,288,160,604	121,385,832	494,525,880
Related companies	10,461,742	43,070,992	10,208,811	41,590,696
Directors and key management	712,343	2,932,716	502,784	2,048,342
	324,062,257	1,334,164,312	132,097,427	538,164,918
Interest expenses	8,105,561	33,127,428	904,888	3,681,084

Annual interest rates during the year are as follows:

	2022	2021
Immediate parent company	0.00% - 7.20%	0.00% - 2.80%
Related companies	0.00% - 5.30%	0.00% - 5.30%
Directors and key management	0.00% - 6.00%	0.00% - 4.80%

e) Subordinated debt

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Related company (Note 20)	20,012,383	82,390,981	-	-
Interest expenses (Note 23)	14,400	58,853	-	-

f) Key management compensation

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Directors' fees	31,523	128,835	36,945	150,292
Key management:				
Short term benefits	1,798,598	7,350,870	1,304,311	5,305,937
Other long term benefits	86,460	353,361	64,726	263,305
	1,916,581	7,833,066	1,405,982	5,719,534

Notes to the financial statements

For the year ended 31 December 2022

35. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

g) Other transactions with related parties

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Income:				
Shared service charge	59,088	241,493	-	-
Expenses:				
Referral expenses	79,003	322,884	80,000	325,440

h) Terms and conditions

Transactions with related parties were made on normal commercial terms and conditions and at market rate.

36. FINANCIAL RISK MANAGEMENT

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

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

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

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Bank holds the following financial assets and financial liabilities:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Financial assets				
Financial assets at amortised costs:				
Cash on hand	11,864,295	48,845,303	10,841,092	44,166,609
Deposits and placements with the central bank	128,944,934	530,866,293	158,173,499	644,398,835
Deposits and placements with other banks	57,156,348	235,312,685	77,577,807	316,051,986
Loans and advances at amortised cost	738,886,150	3,041,994,280	659,518,657	2,686,879,009
Other financial assets	2,537,454	10,446,698	1,980,264	8,067,596
	939,389,181	3,867,465,259	908,091,319	3,699,564,035
Financial assets at fair value through other comprehensive income	25,000	102,925	25,000	101,850
Total financial assets	939,414,181	3,867,568,184	908,116,319	3,699,665,885
Financial liabilities				
Financial liabilities at amortised cost:				
Deposits from banks and financial institutions	356,790,183	1,468,905,183	245,089,711	998,495,483
Deposits from customers	471,022,260	1,939,198,644	577,018,792	2,350,774,559
Borrowings	-	-	2,641,263	10,760,505
Lease liabilities	12,863,046	52,957,160	13,898,620	56,622,980
Other financial liabilities	1,175,317	4,838,780	4,177,212	17,017,962
Subordinated debts	20,012,383	82,390,981	-	-
Total financial liabilities	861,863,189	3,548,290,748	842,825,598	3,433,671,489
Net financial assets	77,550,992	319,277,436	65,290,721	265,994,396

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

a) Credit risk measurement

Credit risk is managed on a group basis.

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

Deposits and placements with the central bank have no historical loss, and with strong capacity to meet obligations in near term, expected credit loss for deposits and placements with central bank is nil. Deposits and placements with other banks are considered to be low credit risk. The credit ratings of these assets are monitored for credit deterioration. Measurement for impairment is limited to 12-month expected credit loss. Other financial assets at amortised cost are monitored for its credit rating deterioration, and the measurement of impairment follows a three-stage approach in Note 36.1 (c).

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Risk limit control and mitigation policies

The Bank operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia. The Bank manages limits and controls the concentration of credit risk whenever it is identified.

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

- Mortgages over residential properties (land, building and other properties);
- Cash in the form of term deposits, if any;
- Commercial buildings and lands.

c) Impairment (expected credit loss) policies

The measurement of expected credit loss allowance under the CIFRS9's three-stage approach is to recognise lifetime expected credit loss allowance for financial instruments for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognised with 12-month expected credit loss allowance.

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement in the credit risk.

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit-impaired as at reporting date. For these assets, 12-month expected credit loss allowance are recognised.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit loss allowance are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss allowance are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss allowance is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard on the measurement of allowances are:

i. Significant increase in credit risk (SICR)

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan/financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition. A borrower is considered to have credit risk increased significantly since initial recognition if one of the criteria are met as follows:

Quantitative criteria

- Customer has more than 30 days past due on its contractual payments as at reporting date
- There is a habitual delinquency. This is based on the monitoring of customer's repayment behaviors as follow:
 1. There are 3 incidents of more than 30 days past due based on contractual payment over the past 6 months; or
 2. There is 1 incident of more than 60 days past due based on contractual payment over the past 6 months.

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Impairment (expected credit loss) policies (continued)

i. Significant increase in credit risk (SICR) (continued)

Qualitative criteria

- Internal credit rating.
- Significant increase in credit risk on other financial instruments for the same customer.
- Actual or expected significant adverse change in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations.
- Actual or expected significant changes in the operating results of the borrower.

ii. Definition of default and credit impaired

The Bank defines a financial instrument as in default which is also credit-impaired when it meets one of the following criteria:

Quantitative criteria

- The principal or interest or both of the loan is past due for more than 90 days. In the case of revolving facilities (e.g. overdraft), the facility shall be classified as impaired where the outstanding amount has remained in excess of the approved limit for a period of 90 days or more consecutive days. For the purpose of ascertaining the period in arrears:
 1. Repayment on each of the instalment amounts must be made in full. A partial repayment made on an instalment amount shall be deemed to be in arrears.
 2. Where a moratorium on loan repayment is granted in relation to the rescheduling and restructuring, the determination of period in arrears shall exclude the moratorium period granted. The moratorium shall be for a period of not more than 6 months from the date of the obligor's/counterparty's application for the moratorium.
 3. Where repayments are scheduled on intervals of 90 days or longer, the loan is classified as impaired as soon as a default occurs, unless it does not exhibit any weakness that would render it classified according to the credit risk grading policy.

Qualitative criteria

- The loan is forced impaired due to various reasons, such as bankruptcy, legal action initiated by the Bank for recovery, significant financial difficulty, etc. In the event where a loan is not in default or past due but force impaired, the loan shall be classified as impaired upon approval by the Credit Committee.
- Restructuring and rescheduling of a loan facility involves any modification made to the original repayment terms and conditions of the loan facility following an increase in the credit risk of an obligor/counterparty.
- When an obligor/counterparty has multiple loans with the Bank and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual loan level instead of consolidated obligor/counterparty level.

iii. Measuring (ECL - inputs, assumptions and estimation techniques)

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The ECL is assessed and measured on a collective basis.

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Impairment (expected credit loss) policies (continued)

iii. Measuring (ECL - inputs, assumptions and estimation techniques) (continued)

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for the collective segment. The three components are multiplied together to calculate an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

For individual assessment, the ECL allowance is determined by comparing the outstanding exposure with the present value of cash flow which is expected to be received from the borrowers.

Probability of Default

The PD represents the likelihood that a borrower will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.

The 12-month PD model is to estimate the yearly default likelihood of the portfolio that can be used to generate lifetime PD curves to cover the assumed lifetime of each account within the portfolio.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition through the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio. This is supported by historical analysis.

Exposure at Default

EAD is the total amount that the Bank is exposed to at the time the borrower defaults.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or remaining maturity.
- For revolving products the exposure at default is predicted by taking credit limit time with utilisation at default where credit limit is maximum amount a customer can borrow and utilisation at default is the proportion of the credit limit that is used by the customer at the point of default.

Loss Given Default

LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The assumptions underlying the ECL calculation are monitored and reviewed periodically. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Impairment (expected credit loss) policies (continued)

iv. Forward-looking information incorporated into the ECL models

The calculation of ECL incorporates forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD vary by financial instrument. Expert judgement has also been applied in this process. The historical and forecasts of these economic variables (the base economic scenario) are sourced from external research houses. The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates, while LGD is based on the bank's assessment of haircut of collaterals and EAD is based on the expected payment profiles.

In addition to the based economic scenario, the Bank considers other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. As at 31 December 2022 and 31 December 2021, the Bank concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

As with any economic forecasts, the projects and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Bank's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Macroeconomic variable assumptions

The weightings assigned to each economic scenario as at 31 December 2022 and 31 December 2021 are as follows:

	2022	2021
All portfolios' weightings		
Base	55%	50%
Best	15%	15%
Worst	30%	35%
	100%	100%

Sensitivity analysis

The most significant assumptions affecting the ECL allowance are gross domestic savings growth and export growth, given the significant impact on obligors' ability to meet contractual repayments, business performance, and collateral valuation.

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Impairment (expected credit loss) policies (continued)

iv. Forward-looking information incorporated into the ECL models (continued)

Set out below are the changes to the ECL as at 31 December 2022 and 31 December 2021 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Bank's economic variable assumptions:

	Changes	Increase/(decrease) in ECL	
		US\$	US\$
2022			
Gross Domestic Saving Growth	+/- 400 basis point	335,889	(320,059)
Export Growth	+/- 300 basis point	293,699	(286,312)
		629,588	(606,371)
<i>In KHR'000 equivalent</i>		2,592,014	(2,496,429)
2021			
Gross Domestic Saving Growth	+/- 400 basis point	363,978	(370,247)
Export Growth	+/- 300 basis point	328,316	(311,565)
		692,294	(681,812)
<i>In KHR'000 equivalent</i>		2,820,406	(2,777,702)

v. Grouping of exposure for ECL measured on collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modelling purposes.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk.

vi. Write-off policy

Write-off is usually taken when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. When a loan or debt instrument is deemed uncollectible, it is written off against the related allowance for impairment. Such loans are either written off in full or partially after taking into consideration the realisable value of collateral (if any) and when in the judgement of the management, there is no prospect of recovery. All write-offs must be approved by the Board or its delegated authorities.

vii. Modification of loans

The Bank sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Impairment (expected credit loss) policies (continued)

vii. Modification of loans (continued)

The risk of default of such loans after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original loans (Note 2.5 (f)). The Bank monitors the subsequent performance of modified assets. The Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

viii. Off-balance sheet exposures

Off-balance sheet exposures are exposures such as trade finance facilities and undrawn portions of credit facilities. The Bank applied Credit Conversion Factor (CCF) to estimate the EAD of off-balance sheet items. EAD is estimated at 100% of the off-balance sheet exposure using the CCF.

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

The maximum exposure to credit risk for financial assets recognised in the statements of financial position is their carrying amounts. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Bank on financial instruments subject to impairment:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Credit risk exposure related to on-balance sheet assets:				
Deposits and placements with other banks	57,565,553	236,997,382	79,021,128	321,932,075
Loans and advances at amortised cost	750,710,244	3,090,674,075	674,672,122	2,748,614,225
Other financial assets	2,603,713	10,719,486	2,040,294	8,312,158
Credit risk exposure related to off-balance sheet items:				
Credit related commitments	34,866,651	143,546,002	32,085,358	130,715,748
Financial guarantee contracts	26,693,032	109,895,213	20,175,459	82,194,820
Total gross credit exposure	872,439,193	3,591,832,158	807,994,361	3,291,769,026
Loss allowance (ECL)	(12,427,899)	(51,165,660)	(17,025,304)	(69,361,087)
Total net credit exposure	860,011,294	3,540,666,498	790,969,057	3,222,407,939

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

The above table represents a worst-case scenario of credit risk exposure to the Bank, since collateral held and/or other credit enhancement attached were not taken into account. For on-balance sheet assets, the exposures set out above are based on net carrying amounts. As shown above, 86% for the Bank (2021: 83%) of total maximum exposure is derived from loans and advances. Management is confident of its ability to continue to control and sustain minimal exposure on credit risk resulting from the Bank's loans and advances due to the following:

- Almost all loans and advances are collateralised and loan to collateral value ranges from 60% to 80%.
- The Bank has a proper credit evaluation process in place for granting of loans and advances to customers.
- Deposits and placements with other banks are held with local banks and management has done proper risk assessment and believe there will be no material loss from these local banks.

e) Credit quality of financial assets

The Bank assesses credit quality of loans, advances and financing using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers' judgement.

Credit quality description is summarised as follows:

Credit Quality	Description
Standard monitoring	Obligors in this category exhibit strong capacity to meet financial commitment. The Bank monitors obligors in this category by delinquency status. Obligors that are less than 30 days past due on its contractual payments for both short-term and long-term facilities are in standard monitoring.
Special monitoring	Obligors in this category have a fairly acceptable capacity to meet financial commitments. The Bank monitors obligors in this category by delinquency status. Obligors that are 30 days past due on its contractual payments are included in special monitoring.
Default/Credit impaired	Obligors are assessed to be impaired.

The credit quality of financial instruments other than loans, advances and financing are determined based on the ratings of counterparties as defined equivalent ratings of other international rating agencies as defined below:

Credit Quality	Description
Sovereign	Refer to financial assets issued by the central bank/government or guarantee by the central bank/government.
Investment grade	Refers to the credit quality of the financial asset that the issuer is able to meet payment obligation and exposure bondholder to low credit risk of default.
Non-investment grade	Refers to low credit quality of the financial asset that is highly exposed to default risk.
Un-graded	Refers to financial assets which are currently not assigned with ratings due to unavailability of ratings models.
Credit impaired	Refers to the asset that is being impaired.

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For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Credit quality of financial assets (continued)

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

	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit-Impaired	Lifetime ECL credit-Impaired		12-month ECL	Lifetime ECL not credit-Impaired	Lifetime ECL credit-Impaired	
	US\$	US\$	US\$		US\$	US\$	US\$	
Deposits and placements with other banks								
Investment grade	21,447,838	-	-	21,447,838	31,528,692	-	-	31,528,692
Non-investment grade	36,117,715	-	-	36,117,715	47,492,436	-	-	47,492,436
Gross carrying amount	57,565,553	-	-	57,565,553	79,021,128	-	-	79,021,128
Less: Expected credit loss	(409,205)	-	-	(409,205)	(1,443,321)	-	-	(1,443,321)
Net carrying amount	57,156,348	-	-	57,156,348	77,577,807	-	-	77,577,807
<i>In KHR'000 equivalent</i>	235,312,685	-	-	235,312,685	316,051,986	-	-	316,051,986
Loans and advances at amortised cost								
Standard monitoring	609,799,348	-	-	609,799,348	544,035,488	-	-	544,035,488
Special monitoring	-	90,719,068	-	90,719,068	-	101,274,912	-	101,274,912
Default	-	-	50,191,828	50,191,828	-	-	29,361,722	29,361,722
Gross carrying amount	609,799,348	90,719,068	50,191,828	750,710,244	544,035,488	101,274,912	29,361,722	674,672,122
Less: Expected credit loss	(969,581)	(8,961,618)	(1,892,895)	(11,824,094)	(2,736,646)	(11,307,440)	(1,109,379)	(15,153,465)
Net carrying amount	608,829,767	81,757,450	48,298,933	738,886,150	541,298,842	89,967,472	28,252,343	659,518,657
<i>In KHR'000 equivalent</i>	2,506,552,151	336,595,422	198,846,707	3,041,994,280	2,205,251,482	366,527,482	115,100,045	2,686,879,009

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36. FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Credit quality of financial assets (continued)

	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit-Impaired	Lifetime ECL credit-Impaired		12-month ECL	Lifetime ECL not credit-Impaired	Lifetime ECL credit-Impaired	
	US\$	US\$	US\$		US\$	US\$	US\$	
Other financial assets at amortised costs								
Un-graded	2,603,713	-	-	2,603,713	2,040,294	-	-	2,040,294
Gross carrying amount	2,603,713	-	-	2,603,713	2,040,294	-	-	2,040,294
Less: Expected credit loss	(66,259)	-	-	(66,259)	(60,030)	-	-	(60,030)
Net carrying amount	2,537,454	-	-	2,537,454	1,980,264	-	-	1,980,264
<i>In KHR'000 equivalent</i>	10,446,698	-	-	10,446,698	8,067,596	-	-	8,067,596
Credit commitments and financial guarantee contracts								
Standard monitoring	61,322,055	236,861	767	61,559,683	51,586,083	674,734	-	52,260,817
Gross carrying amount	61,322,055	236,861	767	61,559,683	51,586,083	674,734	-	52,260,817
Less: Expected credit loss	(101,173)	(27,168)	-	(128,341)	(257,291)	(111,197)	-	(368,488)
Net carrying amount	61,220,882	209,693	767	61,431,342	51,328,792	563,537	-	51,892,329
<i>In KHR'000 equivalent</i>	252,046,371	863,306	3,158	252,912,835	209,113,499	2,295,849	-	211,409,348

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

f) Loss allowance

i. Expected credit loss reconciliation – loans and advances

	2022				2021			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not Credit-Impaired	Lifetime ECL Credit-Impaired	Total	12-month ECL	Lifetime ECL not Credit-Impaired	Lifetime ECL Credit-Impaired	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Expected credit losses								
Loss allowance as at 1 January	2,736,646	11,307,440	1,109,379	15,153,465	1,496,758	14,265,222	2,388,706	18,150,686
<i>Changes due to exposure:</i>								
Transfer to stage 1	2,315	(2,315)	-	-	-	-	-	-
Transfer to stage 2	(237,762)	237,762	-	-	111,437	(111,437)	-	-
Transfer to stage 3	(176,247)	(1,075,317)	1,251,564	-	3,791	508,084	(511,875)	-
Net remeasurement of loss allowance (*)	(1,251,894)	(1,267,128)	548,034	(1,970,988)	108,673	(1,621,956)	1,209,099	(304,184)
New financial assets originated or purchased	345,011	22,744	16	367,771	1,241,937	-	-	1,241,937
Write-offs	-	-	(836,098)	(836,098)	-	-	(1,733,812)	(1,733,812)
Financial assets derecognised during the period other than write off	(448,488)	(261,568)	(180,000)	(890,056)	(225,950)	(1,732,473)	(242,739)	(2,201,162)
Loss allowance as at 31 December	969,581	8,961,618	1,892,895	11,824,094	2,736,646	11,307,440	1,109,379	15,153,465
<i>In KHR'000 equivalent</i>	3,991,765	36,894,981	7,793,049	48,679,795	11,149,096	46,066,511	4,519,609	61,735,216
Gross carrying amount								
Gross carrying amount as at 1 January	544,035,486	101,274,912	29,361,724	674,672,122	465,242,057	91,512,741	25,771,513	582,526,311
<i>Changes due to financial instruments recognised:</i>								
Transfer to stage 1	1,447,652	(1,447,652)	-	-	12,544,675	(12,544,675)	-	-
Transfer to stage 2	(3,753,668)	3,753,668	-	-	(35,050,695)	35,050,695	-	-
Transfer to stage 3	(13,785,679)	(9,125,848)	22,911,527	-	(1,159,723)	(3,329,293)	4,489,016	-
Net remeasurement of loss allowance	(41,071,409)	2,037,988	3,749,622	(35,283,799)	(55,496,804)	678,976	2,414,353	(52,403,475)
New financial assets originated or purchased	214,292,870	177,147	189	214,470,206	229,037,268	-	-	229,037,268
Changes in interest accrual	-	-	-	-	(156,031)	963,729	1,570,747	2,378,445
Write-off	-	-	(2,280,604)	(2,280,604)	-	-	(1,733,812)	(1,733,812)
Financial assets derecognised during the period other than write off	(91,365,904)	(5,951,147)	(3,550,630)	(100,867,681)	(70,925,261)	(11,057,261)	(3,150,093)	(85,132,615)
Gross carrying amount as at 31 December	609,799,348	90,719,068	50,191,828	750,710,244	544,035,486	101,274,912	29,361,724	674,672,122
<i>In KHR'000 equivalent</i>	2,510,543,916	373,490,403	206,639,756	3,090,674,075	2,216,400,570	412,593,991	119,619,664	2,748,614,225

(*) Impact of the measurement of ECL due to changes in PD and LGD during the year arising from regular refreshing of inputs to models.

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For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

f) Loss allowance (continued)

ii. Expected credit loss reconciliation – credit commitments and financial guarantee contracts

	2022				2021			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not Credit-Impaired	Lifetime ECL Credit-Impaired	Total	12-month ECL	Lifetime ECL not Credit-Impaired	Lifetime ECL Credit-Impaired	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Expected credit losses								
Loss allowance as at 1 January	257,290	111,198	-	368,488	453,898	1,074,813	-	1,528,711
<i>Changes due to exposure:</i>								
Transfer to stage 2	-	-	-		(66,789)	66,789	-	-
Net remeasurement of loss allowance	(69,093)	(84,027)	-	(153,120)	(214,230)	(1,030,404)	-	(1,244,634)
New exposure	59,859	-	-	59,859	88,176	-	-	88,176
Exposure derecognised or expired	(146,886)	-	-	(146,886)	(3,765)	-	-	(3,765)
Loss allowance as at 31 December	101,170	27,171	-	128,341	257,290	111,198	-	368,488
<i>In KHR'000 equivalent</i>	416,517	111,863	-	528,380	1,048,199	453,021	-	1,501,220
Exposure								
Exposure amount as at 1 January	51,594,676	666,141	-	52,260,817	47,214,136	1,636,045	-	48,850,181
<i>Changes due to financial instruments recognised:</i>								
Transfer to stage 1	-	-	-	-	416,976	(416,976)	-	-
Transfer to stage 2	-	-	-	-	(413,811)	413,811	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	3,990,530	(428,837)	-	3,561,693	(11,439,167)	(966,739)	-	(12,405,906)
New exposure	35,969,339	-	-	35,969,339	16,946,684	-	-	16,946,684
Exposure derecognised or expired	(30,232,166)	-	-	(30,232,166)	(1,130,142)	-	-	(1,130,142)
Gross carrying amount as at 31 December	61,322,379	237,304	-	61,559,683	51,594,676	666,141	-	52,260,817
<i>In KHR'000 equivalent</i>	252,464,234	976,981	-	253,441,215	210,196,710	2,713,858	-	212,910,568

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

g) Concentration of financial assets with credit risk exposure

i) Geographical sector

The following table breaks down the Bank's main credit exposure at their carrying amount, as categorised by geographical region as at 31 December 2022. For this table, the Bank has allocated exposure to countries based on the country of domicile of its counterparties.

	Cambodia	USA	Others	Total
	US\$	US\$	US\$	US\$
31 December 2022				
Deposits and placements with other banks	40,194,543	16,757,105	204,700	57,156,348
Loans and advances at amortised cost	738,886,150	-	-	738,886,150
Other financial assets	2,537,454	-	-	2,537,454
Credit commitments	34,782,864	-	-	34,782,864
Financial guarantee contracts	26,648,478	-	-	26,648,478
Total credit exposure	843,049,489	16,757,105	204,700	860,011,294
<i>In KHR'000 equivalent</i>	<i>3,470,834,746</i>	<i>68,989,001</i>	<i>842,750</i>	<i>3,540,666,497</i>
31 December 2021				
Deposits and placements with other banks	62,594,084	13,764,021	1,219,702	77,577,807
Loans and advances at amortised cost	659,338,656	-	180,001	659,518,657
Other financial assets	1,980,264	-	-	1,980,264
Credit commitments	31,810,990	-	-	31,810,990
Financial guarantee contracts	20,081,339	-	-	20,081,339
Total credit exposure	775,805,333	13,764,021	1,399,703	790,969,057
<i>In KHR'000 equivalent</i>	<i>3,160,630,927</i>	<i>56,074,622</i>	<i>5,702,390</i>	<i>3,222,407,939</i>

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

g) Concentration of financial assets with credit risk exposure (continued)

ii. Industry sector

The following table breaks down the Bank's main credit exposure at their gross carrying amounts less impairment if any, as categorised by the industry sectors of its counterparties.

	Deposits and placements with other banks	Loans and advances	Other financial assets	Credit commitments	Financial guarantee contracts	Total
	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2022						
Financial institutions	57,156,348	35,280,318	-	1,196,324	-	93,632,990
Hotels and restaurants	-	63,861,295	-	686,300	20,197,131	84,744,726
Retail	-	96,837,221	-	5,596,022	-	102,433,243
Wholesale	-	33,960,539	-	-	-	33,960,539
Manufacturing	-	15,410,426	-	988,050	-	16,398,476
Agriculture, forestry and fishing	-	22,565,519	-	199,484	-	22,765,003
Mortgage, owner-occupied housing	-	172,727,878	-	1,070,347	-	173,798,225
Rental and operational leasing activities, excluded real estate, leasing and rental	-	27,049,589	-	-	-	27,049,589
Transport and storage	-	5,051,832	-	1,042,492	46,061	6,140,385
Utilities	-	22,466,875	-	102,915	-	22,569,790
Real estate activities	-	101,566,740	-	7,136,434	-	108,703,174
Construction	-	35,947,000	-	1,362,517	6,163,407	43,472,924
Other non-financial services	-	26,781,120	-	5,041,467	-	31,822,587
Information media and telecommunications	-	788,378	-	11,813	-	800,191
Others	-	78,591,420	2,537,454	10,348,699	241,879	91,719,452
Total credit exposure	57,156,348	738,886,150	2,537,454	34,782,864	26,648,478	860,011,294
In KHR'000 equivalent	235,312,685	3,041,994,280	10,446,698	143,201,051	109,711,784	3,540,666,498

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

g) Concentration of financial assets with credit risk exposure (continued)

ii. Industry sector (continued)

	Deposits and placements with other banks	Loans and advances	Other financial assets	Credit commitments	Financial guarantee contracts	Total
	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2021						
Financial institutions	77,577,807	20,651,531	-	245,322	-	98,474,660
Hotels and restaurants	-	68,541,516	-	1,165,233	-	69,706,749
Retail	-	84,087,992	-	5,608,401	-	89,696,393
Wholesale	-	26,727,450	-	1,981,271	-	28,708,721
Manufacturing	-	11,014,760	-	1,747,747	-	12,762,507
Agriculture, forestry and fishing	-	16,082,443	-	289,170	-	16,371,613
Mortgage, owner-occupied housing	-	128,778,424	-	1,082,229	-	129,860,653
Rental and operational leasing activities, excluded real estate, leasing and rental	-	49,374,180	-	750,316	40,001	50,164,497
Transport and storage	-	2,462,666	-	829,470	66,547	3,358,683
Utilities	-	18,629,507	-	822,650	14,919,190	34,371,347
Real estate activities	-	78,990,723	-	6,083,850	-	85,074,573
Construction	-	36,672,613	-	1,788,667	4,000,218	42,461,498
Other non-financial services	-	30,845,256	-	3,371,960	-	34,217,216
Information media and telecommunications	-	3,787,748	-	210,722	-	3,998,470
Others	-	82,871,848	1,980,264	5,833,982	1,055,383	91,741,477
Total credit exposure	77,577,807	659,518,657	1,980,264	31,810,990	20,081,339	790,969,057
<i>In KHR'000 equivalent</i>	<i>316,051,986</i>	<i>2,686,879,009</i>	<i>8,067,596</i>	<i>129,597,973</i>	<i>81,811,375</i>	<i>3,222,407,939</i>

h) Repossessed collateral

Repossessioned collaterals are sold as soon as practicable. The Bank does not utilise the repossessioned collaterals for its business use.

The Bank did not obtain assets by taking possession of collateral held as security as at 31 December 2022 and 31 December 2021.

36.2 MARKET RISK

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

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

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36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.2 MARKET RISK (CONTINUED)

a) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Bank's functional currency.

The Bank operates in Cambodia and transacts in many currencies, and is exposed to various currency risks, primarily with respect to Khmer Riel.

The management monitors their foreign exchange risk against functional currencies. However, the Bank does not hedge its foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts.

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

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

	In US\$ equivalent			
	US\$	KHR	Other	Total
As at 31 December 2022				
Financial assets				
Cash on hand	9,840,849	2,023,446	-	11,864,295
Deposits and placements with the central bank	120,547,528	8,397,406	-	128,944,934
Deposits and placements with other banks	56,781,650	197,755	176,943	57,156,348
Financial assets at fair value through other comprehensive income	25,000	-	-	25,000
Loans and advances at amortised cost	662,025,850	76,860,300	-	738,886,150
Other financial assets	2,537,454	-	-	2,537,454
Total financial assets	851,758,331	87,478,907	176,943	939,414,181
Financial liabilities				
Deposits from banks and financial institutions	347,139,514	9,650,669	-	356,790,183
Deposits from customers	449,606,541	21,415,719	-	471,022,260
Borrowings	-	-	-	-
Lease liabilities	12,863,046	-	-	12,863,046
Other financial liabilities	1,175,317	-	-	1,175,317
Subordinated debts	20,012,383	-	-	20,012,383
Total financial liabilities	830,796,801	31,066,388	-	861,863,189
Net position	20,961,530	56,412,519	176,943	77,550,992
<i>In KHR'000 equivalent</i>	<i>86,298,619</i>	<i>232,250,341</i>	<i>728,474</i>	<i>319,277,434</i>
Off-balance sheet				
Credit commitments	33,143,636	1,639,228	-	34,782,864
Financial guarantee contracts	26,597,314	51,164	-	26,648,478
	59,740,950	1,690,392	-	61,431,342
<i>In KHR'000 equivalent</i>	<i>245,953,491</i>	<i>6,959,344</i>	<i>-</i>	<i>252,912,835</i>

Notes to the financial statements

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36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.2 MARKET RISK (CONTINUED)

a) Foreign exchange risk (continued)

	In US\$ equivalent			
	US\$	KHR	Other	Total
As at 31 December 2021				
Financial assets				
Cash on hand	9,150,435	1,690,657	-	10,841,092
Deposits and placements with the central bank	152,560,507	5,612,992	-	158,173,499
Deposits and placements with other banks	77,318,172	148,907	110,728	77,577,807
Financial assets at fair value through other comprehensive income	25,000	-	-	25,000
Loans and advances at amortised cost	588,464,585	71,054,072	-	659,518,657
Other financial assets	1,980,264	-	-	1,980,264
Total financial assets	829,498,963	78,506,628	110,728	908,116,319
Financial liabilities				
Deposits from banks and financial institutions	228,601,515	16,488,196	-	245,089,711
Deposits from customers	572,509,797	4,508,995	-	577,018,792
Borrowings	-	2,641,263	-	2,641,263
Lease liabilities	13,898,620	-	-	13,898,620
Other financial liabilities	4,177,212	-	-	4,177,212
Total financial liabilities	819,187,144	23,638,454	-	842,825,598
Net position	10,311,819	54,868,174	110,728	65,290,721
<i>In KHR'000 equivalent</i>	42,010,351	223,532,941	451,106	265,994,398
Off-balance sheet				
Credit commitments	31,106,228	704,762	-	31,810,990
Financial guarantee contracts	20,081,339	-	-	20,081,339
	51,187,567	704,762	-	51,892,329
<i>In KHR'000 equivalent</i>	208,538,148	2,871,200	-	211,409,348

Sensitivity analysis

As shown in the table above, the group is primarily exposed to changes in US\$/KHR exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US-dollar denominated financial instruments.

Notes to the financial statements

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36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.2 MARKET RISK (CONTINUED)

a) Foreign exchange risk (continued)

	Impact on post tax profit		Impact on other component of equity	
	US\$	KHR'000	US\$	KHR'000
2022				
US\$/KHR exchange rate- increase by 2%	884,902	3,643,142	-	-
US\$/KHR exchange rate- decrease by 2%	(921,021)	(3,791,843)	-	-
2021				
US\$/KHR exchange rate- increase by 2%	860,677	3,506,398	-	-
US\$/KHR exchange rate- decrease by 2%	(895,807)	(3,649,518)	-	-

b) Price risk

The Bank's exposure to equity securities price risk arises from investment held by the Bank and classified as FVOCI. The investment amount is insignificant, so the Bank did not have any policy to manage its price risk arising from investments in equity securities.

c) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise.

The Bank's main interest rate risk arises from fixed rate borrowings. The Bank does not have fair value interest rate risk as the interest rates of financial instruments measured at amortised cost are similar to prevailing market rates. The management of the Bank at this stage does not have a policy to set limits on the level of mismatch of interest rate repricing that may be undertaken; however, the management regularly monitors the mismatch.

The table below summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.2 MARKET RISK (CONTINUED)

c) Interest rate risk (continued)

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 31 December 2022							
Financial assets							
Cash on hand	-	-	-	-	-	11,864,295	11,864,295
Deposits and placements with the central bank	20,365,897	9,000,000	-	-	-	99,579,037	128,944,934
Deposits and placements with other banks	21,500,000	16,288,000	13,000,000	-	-	6,368,348	57,156,348
Financial assets at fair value through other comprehensive income	-	-	-	-	-	25,000	25,000
Loan and advances at amortised cost	36,312,594	36,272,855	93,077,577	299,969,498	273,253,626	-	738,886,150
Other financial assets	-	-	-	-	-	2,537,454	2,537,454
Total financial assets	78,178,491	61,560,855	106,077,577	299,969,498	273,253,626	120,374,134	939,414,181
Financial liabilities							
Deposits from banks and financial institutions	73,026,805	128,590,279	152,434,244	-	-	2,738,855	356,790,183
Deposits from customers	154,520,755	84,283,277	204,042,954	3,803,819	-	24,371,455	471,022,260
Lease liabilities	192,769	347,528	1,549,810	4,780,859	5,992,080	-	12,863,046
Other financial liabilities	-	-	-	-	-	1,175,317	1,175,317
Subordinated debts	20,012,383	-	-	-	-	-	20,012,383
Total financial liabilities	247,752,712	213,221,084	358,027,008	8,584,678	5,992,080	28,285,627	861,863,189
Total interest repricing gap	(169,574,221)	(151,660,229)	(251,949,431)	291,384,820	267,261,546	92,088,507	77,550,992
<i>In KHR'000 equivalent</i>	<i>(685,927,724)</i>	<i>(613,465,626)</i>	<i>(1,019,135,448)</i>	<i>1,178,651,597</i>	<i>1,081,072,954</i>	<i>372,498,011</i>	<i>313,693,764</i>
Off-balance sheet							
Credit commitments	4,288,971	5,646,476	18,451,723	2,884,054	3,511,640	-	34,782,864
Financial guarantee contracts	2,415,877	20,357,062	2,587,292	1,288,247	-	-	26,648,478
Total off-balance sheet interest repricing gap	6,704,848	26,003,538	21,039,015	4,172,301	3,511,640	-	61,431,342
<i>In KHR'000 equivalent</i>	<i>27,603,860</i>	<i>107,056,566</i>	<i>86,617,625</i>	<i>17,177,363</i>	<i>14,457,421</i>	<i>-</i>	<i>252,912,835</i>

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.2 MARKET RISK (CONTINUED)

c) Interest rate risk (continued)

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 31 December 2021							
Financial assets							
Cash on hand	-	-	-	-	-	10,841,092	10,841,092
Deposits and placements with the central bank	9,400,000	18,000,000	1,300,000	-	-	129,473,499	158,173,499
Deposits and placements with other banks	5,000,000	28,988,000	28,000,000	-	-	15,589,807	77,577,807
Financial assets at fair value through other comprehensive income	-	-	-	-	-	25,000	25,000
Loan and advances at amortised cost	54,338,518	44,681,734	79,517,301	252,853,524	228,127,580	-	659,518,657
Other financial assets	-	-	-	-	-	1,980,264	1,980,264
Total financial assets	68,738,518	91,669,734	108,817,301	252,853,524	228,127,580	157,909,662	908,116,319
Financial liabilities							
Deposits from banks and financial institutions	56,306,937	89,823,245	98,959,529	-	-	-	245,089,711
Deposits from customers	273,655,051	53,081,856	245,427,454	4,854,431	-	-	577,018,792
Borrowings	-	-	2,641,263	-	-	-	2,641,263
Lease liabilities	180,140	360,281	1,384,587	5,017,042	6,956,570	-	13,898,620
Other financial liabilities	-	-	-	-	-	4,177,212	4,177,212
Total financial liabilities	330,142,128	143,265,382	348,412,833	9,871,473	6,956,570	4,177,212	842,825,598
Total interest repricing gap	(261,403,610)	(51,595,648)	(239,595,532)	242,982,051	221,171,010	153,732,450	65,290,721
<i>In KHR'000 equivalent</i>	<i>(1,064,958,307)</i>	<i>(210,200,670)</i>	<i>(976,112,197)</i>	<i>989,908,876</i>	<i>901,050,695</i>	<i>626,306,001</i>	<i>265,994,398</i>
Off-balance sheet							
Credit commitments	7,655,084	3,384,856	10,426,745	803,943	9,540,362	-	31,810,990
Financial guarantee contracts	15,652,927	20,000	4,026,004	382,408	-	-	20,081,339
Total off-balance sheet interest repricing gap	23,308,011	3,404,856	14,452,749	1,186,351	9,540,362	-	51,892,329
<i>In KHR'000 equivalent</i>	<i>94,956,837</i>	<i>13,871,383</i>	<i>58,880,499</i>	<i>4,833,194</i>	<i>38,867,435</i>	<i>-</i>	<i>211,409,348</i>

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.2 MARKET RISK (CONTINUED)

c) Interest rate risk (continued)

Sensitivity analysis

The interest rate sensitivity shows the impact on profit after tax and equity of financial assets and financial liabilities bearing floating interest rates and fixed rate financial assets and financial liabilities carried at fair value.

The Bank's interest-bearing financial assets and financial liabilities are contracted under the fixed interest rate. Therefore, the Bank has no exposure to the risk of changes in interest rate in the future.

36.3 LIQUIDITY RISK

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

a) Liquidity risk management process

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

b) Funding approach

The Bank's main sources of liquidities arise from shareholder's paid-up capital, borrowing and customers' deposits. The sources of liquidity are regularly reviewed daily through management's review of maturity of term deposits and key depositors.

c) Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities based on remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash flows.

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.3 LIQUIDITY RISK (CONTINUED)

c) Non-derivative cash flows (continued)

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
As at 31 December 2022						
Financial assets						
Cash on hand	11,864,295	-	-	-	-	11,864,295
Deposits and placements with the central bank	119,919,375	9,070,792	-	-	-	128,990,167
Deposits and placements with other banks	27,289,427	16,615,970	13,368,010	-	-	57,273,407
Financial assets at fair value through other comprehensive income	25,000	-	-	-	-	25,000
Loans and advances at amortised cost	39,241,274	41,989,259	117,524,318	420,374,774	443,379,767	1,062,509,392
Other financial assets	2,537,454	-	-	-	-	2,537,454
Total financial assets by remaining contractual maturities	200,876,825	67,676,021	130,892,328	420,374,774	443,379,767	1,263,199,715
Financial liabilities						
Deposits from banks and financial institutions	75,979,656	129,853,742	156,446,231	-	-	362,279,629
Deposits from customers	179,033,007	84,995,100	210,391,404	4,201,597	-	478,621,108
Lease liabilities	215,950	393,761	1,757,661	5,750,838	7,531,463	15,649,673
Other financial liabilities	4,177,212	-	-	-	-	4,177,212
Subordinated debts	20,012,383	-	-	-	-	20,012,383
Total financial liabilities by remaining contractual maturities	279,418,208	215,242,603	368,595,296	9,952,435	7,531,463	880,740,005
Net liquidity (gap)/ surplus	(78,541,383)	(147,566,582)	(237,702,968)	410,422,339	435,848,304	382,459,710
<i>In KHR'000 equivalent</i>	<i>(323,354,874)</i>	<i>(607,531,618)</i>	<i>(978,623,119)</i>	<i>1,689,708,770</i>	<i>1,794,387,468</i>	<i>1,574,586,627</i>
Off-balance sheet						
Credit commitments	34,895,707	39,231	113,804	221,338	-	35,270,080
Financial guarantee contracts	26,715,277	6,461	25,907	17,204	-	26,764,849
Liquidity - off-balance sheet	61,610,984	45,692	139,711	238,542	-	62,034,929
<i>In KHR'000 equivalent</i>	<i>253,652,421</i>	<i>188,114</i>	<i>575,190</i>	<i>982,077</i>	<i>-</i>	<i>255,397,802</i>

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.3 LIQUIDITY RISK (CONTINUED)

c) Non-derivative cash flows (continued)

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
As at 31 December 2021						
Financial assets						
Cash on hand	10,841,092	-	-	-	-	10,841,092
Deposits and placements with the central bank	134,650,197	18,000,000	1,300,000	-	-	153,950,197
Deposits and placements with other banks	12,200,880	28,988,000	28,000,000	-	-	69,188,880
Financial assets at fair value through other comprehensive income	-	-	-	-	25,000	25,000
Loans and advances at amortised cost	51,186,971	49,781,219	100,328,091	354,232,435	371,102,576	926,631,292
Other financial assets	1,980,264	-	-	-	-	1,980,264
Total financial assets by remaining contractual maturities	210,859,404	96,769,219	129,628,091	354,232,435	371,127,576	1,162,616,725
Financial liabilities						
Deposits from banks and financial institutions	56,333,918	90,155,611	100,209,807	-	-	246,699,336
Deposits from customers	273,784,227	53,462,872	252,213,010	5,266,987	-	584,727,096
Borrowings	-	-	2,661,771	-	-	2,661,771
Lease liabilities	205,290	410,581	1,607,478	6,129,116	8,868,269	17,220,734
Other financial liabilities	4,177,212	-	-	-	-	4,177,212
Total financial liabilities by remaining contractual maturities	334,500,647	144,029,064	356,692,066	11,396,103	8,868,269	855,486,149
Net liquidity (gap)/surplus	(123,641,243)	(47,259,845)	(227,063,975)	342,836,332	362,259,307	307,130,576
In KHR'000 equivalent	(503,714,424)	(192,536,609)	(925,058,634)	1,396,715,217	1,475,844,417	1,251,249,967
Off-balance sheet						
Credit commitments	32,101,334	38,957	104,837	402,904	413,220	33,061,252
Financial guarantee contracts	20,175,459	-	-	-	-	20,175,459
Liquidity - off-balance sheet	52,276,793	38,957	104,837	402,904	413,220	53,236,711
In KHR'000 equivalent	212,975,655	158,711	427,106	1,641,431	1,683,458	216,886,361

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The information presented herein represents the estimates of fair values as at the statements of financial position date.

a) Financial instruments measured at fair value

i) Determination of fair value and fair value hierarchy

The following table presents the Bank's financial assets measured and recognised at fair value at 31 December 2022 and 31 December 2021 on a recurring basis:

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
As at 31 December 2022				
Financial assets				
<i>Financial assets at fair value through other comprehensive income</i>				
Equity securities	-	-	25,000	25,000
Total financial assets	-	-	25,000	25,000
<i>In KHR'000 equivalent</i>	-	-	102,925	102,925
As at 31 December 2021				
Financial assets				
<i>Financial assets at fair value through other comprehensive income</i>				
Equity securities	-	-	25,000	25,000
Total financial assets	-	-	25,000	25,000
<i>In KHR'000 equivalent</i>	-	-	101,125	101,125

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Bank is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

a) Financial instruments measured at fair value (continued)

ii) Valuation techniques

The Bank's financial asset at FVOCI is investment in unlisted equity securities where the fair values have been determined based on present values and the discount rate used were adjusted for counterparty or own credit risk.

b) Financial instruments not measured at fair value

As at the balance sheet date, the fair values of financial instruments of the Bank approximate their carrying amounts.

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

i. Deposits and placements with the central bank and other banks

The carrying amounts of deposits and placements with the central bank and other banks approximate their fair values, since these accounts consist mostly of current, savings and short-term deposits.

ii. Loans and advances to customers

For fixed rate loans with a remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using a current lending rate as the prevailing market rates of loans with similar credit risks and maturities have been assessed as insignificantly different to the contractual lending rates. As a result, the fair value of non-current loans and advances to customers might approximate their carrying value as reporting date.

iii. Deposits from banks, financial institutions and customers

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

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

iv. Other financial assets and other financial liabilities

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

v. Borrowings and subordinated debts

Borrowings and subordinated debts are not quoted in the active market and their fair value approximates their carrying amount due to its short term.

Notes to the financial statements

For the year ended 31 December 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36.5 CAPITAL MANAGEMENT

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

- To comply with the capital requirement set by the central bank;
- 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 business.

The central bank requires all commercial banks to i) hold minimum capital requirement, ii) maintain the Bank's net worth at least equal to minimum capital and iii) comply with solvency, liquidity and other prudential ratios.

The table below summarises the composition of regulatory capital:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Tier 1 capital				
Share capital	75,000,000	308,775,000	75,000,000	305,550,000
Retained earnings	8,071,711	31,366,222	31,661,199	128,987,725
Non-distributable reserve	25,000,000	102,925,000	25,000,000	101,850,000
Less: Intangible assets	(6,856,216)	(28,227,041)	(6,337,788)	(25,820,148)
Less: Loans to related parties	(1,158,010)	(4,767,527)	(1,396,668)	(5,690,025)
	100,057,485	410,071,654	123,926,743	504,877,552
Tier 2 complementary capital				
General provision	7,017,394	28,890,611	7,334,484	29,880,688
Subordinated debts	20,000,000	82,340,000	-	-
	27,017,394	111,230,611	7,334,484	29,880,688
Total Capital Tier I + Tier II	127,074,879	521,302,265	131,261,227	534,758,240

RHB Bank (Cambodia) Plc.

Level 1, M, 2 & 9, OHK Tower,
Corner Street 110 & Street 93, Phnom Penh, Cambodia

Tel: **(855) 23 992 833** Fax: **(855) 23 991 822**

Toll Free: 1800-20-8118
facebook.com/RHBCambodia/

www.rhbgroup.com.kh