

We Make
Progress
Happen



TOGETHER WE PROGRESS

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RHB Banking Group



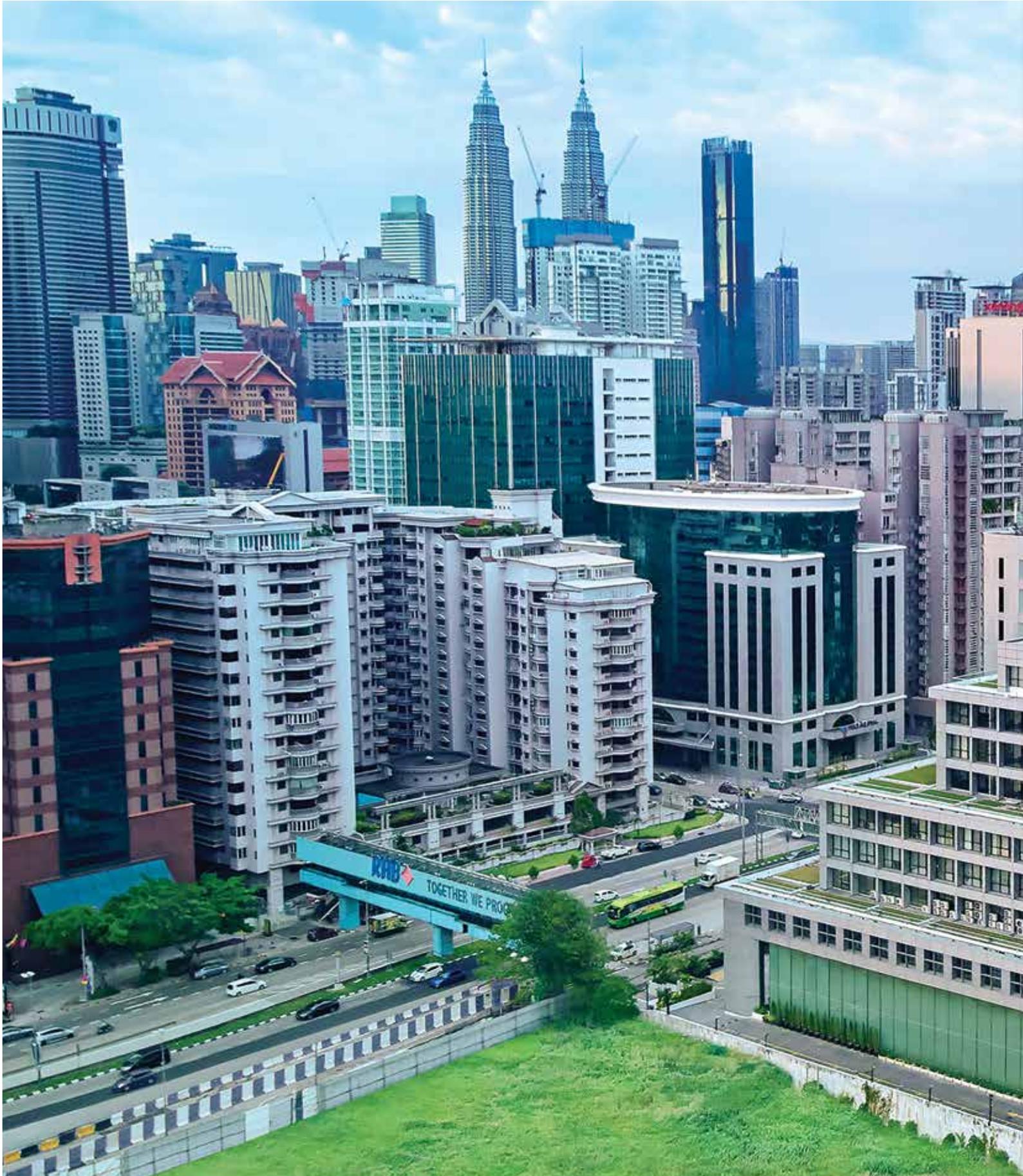
210.95

149.16

23.26

1.41%

ABOUT RHB BANKING GROUP



ABOUT RHB BANKING GROUP

TOTAL ASSETS

RM289.5 billion

TOTAL INCOME

RM7.8 billion

EMPLOYEES ACROSS NINE COUNTRIES

More than **14,000**

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 bank 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 eight other countries in the ASEAN region.

CORPORATE INFORMATION

COMPANY SECRETARIES

Azman Shah Md Yaman
(LS 0006901)

Hasnita Sulaiman
(MAICSA No. 7060582)

REGISTERED OFFICE

Level 10, Tower One
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
Tel : +603 9287 8888
Fax : +603 9281 9314
Corporate Website : www.rhbgroup.com

COMPANY REGISTRATION NO.

196501000373 (6171-M)

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya, Selangor

For shareholders' enquiries
Helpdesk No. : +603 7890 4700
Fax : +603 7890 4670
Email : BSR.Helpdesk@boardroomlimited.com

AUDITORS

PricewaterhouseCoopers PLT
Chartered Accountants
Level 10, 1 Sentral
Jalan Rakyat, Kuala Lumpur Sentral
P.O.Box 10192
50706 Kuala Lumpur
Tel : +603 2173 1188
Fax : +603 2173 1288

24/7

CUSTOMER CONTACT CENTRE

Malaysia

Tel : +603 9206 8118

Email : customer.service@rhbgroup.com

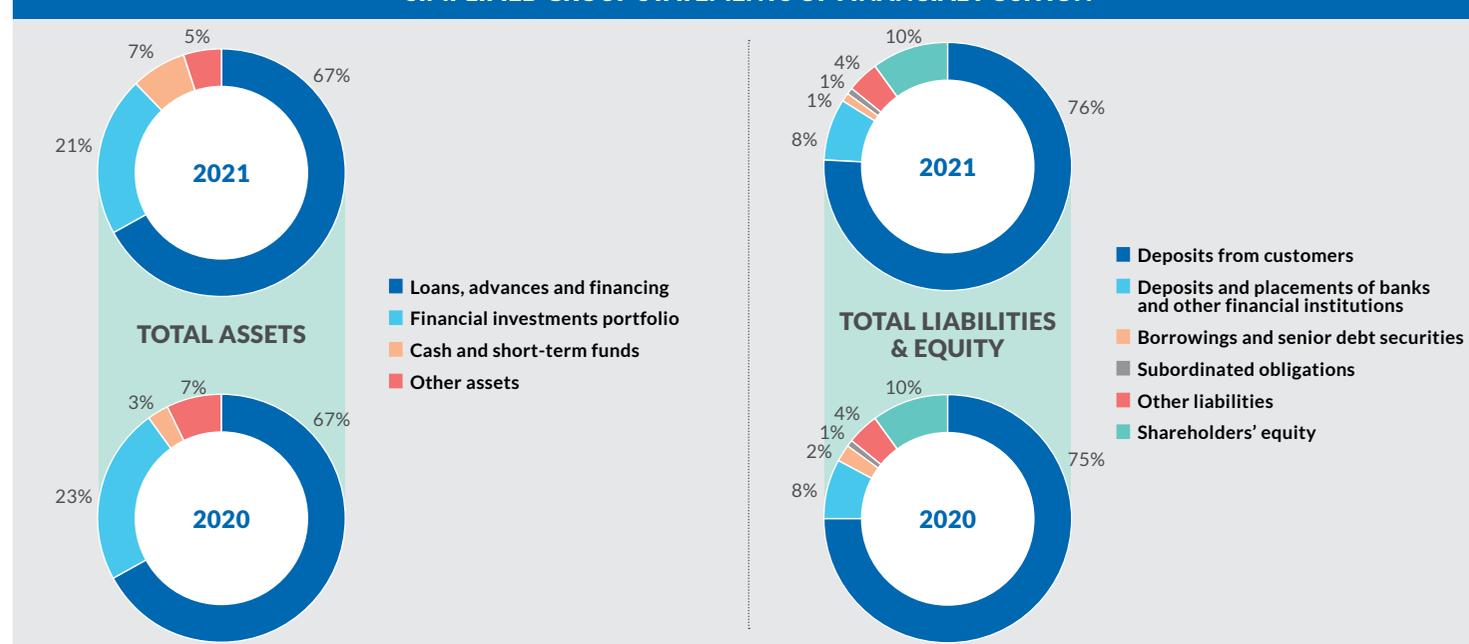
GROUP CHIEF FINANCIAL OFFICER'S REVIEW

GROUP FINANCIAL HIGHLIGHTS

	2020	2021
PROFITABILITY (RM'million)		
Total income	7,186	7,789
Operating profit before allowances	3,799	4,266
Profit before taxation	2,644	3,529
Net profit attributable to equity holders of the Bank	2,033	2,618
FINANCIAL POSITION (RM'million)		
Total assets	271,150	289,541
Financial investments portfolio	63,371	61,881
Gross loans, advances and financing	186,114	198,512
Total liabilities	244,093	261,511
Deposits from customers	203,471	218,733
Shareholders' equity	27,024	27,998
FINANCIAL RATIOS (%)		
Net return on average equity	7.7%	9.6%
Net return on average assets	0.77%	0.93%
Gross impaired loans ratio	1.71%	1.49%
Gross loans to deposits ratio	91.5%	90.8%
CAPITAL ADEQUACY RATIOS (%) ^{N1}		
Common equity Tier 1 capital ratio	16.2%	17.2%
Tier 1 capital ratio	16.2%	17.2%
Total capital ratio	18.4%	19.8%

^{N1} Ratios are after proposed final dividend.

SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION



GROUP CHIEF FINANCIAL OFFICER'S REVIEW

PROFITABILITY

Analysis of the Financial Statements

- The Group recorded a net profit of RM2,618.4 million compared with RM2,032.5 million recorded last year.
- Total income grew 8.4%, mainly attributed to higher net fund based income and partially offset by lower non-fund based income.
- Lower net modification loss and prudent funding cost management provided further support to operating profit before allowances, which improved by 12.3% to RM4,266.3 million.

Net Interest/Fund Based Income

- Gross fund based income decreased by 5.6% while funding and interest expense dropped by 24.1% year-on-year, supported by a higher deposit base. As a result, net fund based income grew by 11.5% to RM5,874.7 million from a year ago, whereas NIM stood at 2.14% compared with 2.06% recorded last year.

Other Operating/Non-Fund Based Income

- Non-fund based income declined 7.6% to RM2,158.8 million, primarily from lower brokerage income and net trading and investment income, and offset by higher insurance underwriting surplus and fee income growth from capital market, asset management and commercial banking.

Operating Expenses

- Operating expenses increased by 4.0% year-on-year to RM3,522.4 million. With positive JAWS, cost-to-income ratio improved to 45.2% compared with 47.1% last year.

Allowances for Credit Losses

- Allowances for credit losses reduced to RM737.2 million, arising from lower impairment on loans and higher bad debts recovered during the year.
- Full-year credit charge ratio was at 0.29% compared with 0.58% last year.

FINANCIAL POSITION

Total Assets

- Total assets for the Group increased by 6.8% from December 2020 to RM289.5 billion as at 31 December 2021, primarily due to an increase in loans, advances and financing and cash and short-term funds.
- Loans, advances and financing remained the largest component of the total assets at 67.3% (2020: 67.3%).
- The Group continued its focus on growing responsibly, strengthening risk management and managing our funding and liquidity position.

Cash & Short-Term Funds and Deposits & Placements With Banks and Other Financial Institutions

- The Group's total cash & short-term funds and deposits & placements with banks and other financial institutions grew by 55.7% to RM23.3 billion as at 31 December 2021.

Financial Investment Portfolio

- The Group's financial investment portfolio comprises financial assets at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("FVOCI") and financial investments at amortised cost.
- The Group's financial investment portfolio decreased by 2.4% to RM61.9 billion.

Loans, Advances and Financing

- The Group's gross loans and financing grew by 6.7% year-on-year to RM198.5 billion, mainly supported by growth in mortgage, auto finance, SME, Commercial and Singapore. Domestic loans and financing grew 4.8% year-on-year. The Group's domestic loan market share stood at 9.1% as at end-December 2021.
- Overseas gross loans increased by 22.1%, mainly attributed to growth in Singapore and Cambodia.

Total Liabilities and Equity

- Total liabilities increased by 7.1% to RM261.5 billion as at 31 December 2021, mainly due to higher deposits from customers.
- Shareholders' equity rose by 3.6% to RM28.0 billion, primarily from higher retained earnings. Net assets per share grew from RM6.74 to RM6.76.

Deposits From Customers

- Customer deposits increased by 7.5% year-on-year to RM218.7 billion, predominantly attributed to fixed and money market time deposits growth of 9.0% and CASA of 4.5%. CASA composition stood at 30.0% as at 31 December 2021.
- Liquidity coverage ratio ("LCR") remained healthy at 155.7%.
- Deposits for domestic operations increased by 6.7%, while overseas operations registered an increase of 14.1% with Singapore growing at 16.7%.

Deposits and Placements of Banks and Other Financial Institutions

- Deposits and placements of banks and other financial institutions increased by 11.3% to RM23.4 billion, mainly due to higher deposits and placements by BNM/other central banks.

Senior Debt Securities

- Senior debt securities increased by 2.9% to RM3.6 billion.

Subordinated Obligations

- Subordinated obligations increased by 18.5% from RM 2.7 billion to RM3.2 billion.

ASSET QUALITY

- Gross impaired loans was RM3.0 billion as at 31 December 2021 with gross impaired loans ratio of 1.49%, compared with RM3.2 billion and 1.71%, respectively, as of December 2020.
- Loan loss coverage ratio for the Group, excluding regulatory reserves, remained well above 100% at 122.4% as at end-December 2021.

CAPITAL ADEQUACY

As at 31 December 2021, the common equity Tier 1 ("CET 1") ratio and total capital ratio of the Group remained strong at 17.2% and 19.8%, respectively, among the highest in the industry.

WHAT WE DO



GROUP COMMUNITY BANKING

Group Community Banking ("GCB") comprises the Retail Banking and SME Banking segments and was established as a result of the restructuring of the Group's Strategic Business Groups in 2021. We serve over 3.9 million individual customers and more than 200,000 businesses, providing both conventional and Shariah-compliant products and services to 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.



GROUP WHOLESALE BANKING

Group Wholesale Banking ("GWB") comprises the key business segments of Group Investment Banking, Group Corporate Banking, Commercial Banking, Group Treasury and Global Markets, Asset Management, Transaction Banking and Economics. GWB was established following a restructuring of the Group's Strategic Business Groups in 2021. GWB provides comprehensive and coordinated services across a wide spectrum of products and solutions to cater to the needs and requirements of our customers here and in the region. We are able to help our customers 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 we are present in.



GROUP INTERNATIONAL BUSINESS

Group International Business ("GIB") comprises our overseas commercial banking and investment banking portfolios. We have a strong presence through an established network of offices and branches across Singapore, Indonesia, Thailand, Vietnam, Brunei, Laos, and Cambodia. We offer a wide variety of products and services to customers of all segments, ranging from loans, deposits, wealth management solutions and trade financing to stock-broking, derivatives and capital market related services such as initial public offerings, raising of debt capital and mergers & acquisition.



GROUP SHARIAH BUSINESS

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 pillars. RHB Islamic also provides Shariah advisory for the Investment Banking Group on investment banking and asset management activities. As at December 2021, we are the third-largest Islamic bank in Malaysia by financing assets.



GROUP INSURANCE

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. Customers have easy and convenient access to service and support through our network of 15 nationwide branches, over 700 Pos Malaysia branches and more than 2,230 authorised agent offices.

OUR BUSINESS

RHB Banking Group is one of the largest fully integrated financial services groups in Malaysia. The Group's core businesses are structured into five business pillars, namely Group Community Banking, Group Wholesale Banking, Group Shariah Business, Group Insurance and Group International Business.

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 with pride. We have established a strong footprint throughout Malaysia, with a presence in eight other countries across the ASEAN region.

Our ambitions and aspirations are aligned with *Making Progress Happen for Everyone*. Whether you are our customer, business partner or a member of the communities where we operate, you can be assured that the Group's calling is to facilitate the support that you need to progress and to succeed. Our experience gives us an in-depth understanding of your needs, inspiring us to constantly innovate and improve to serve you better.

As we continue to pursue excellence, we welcome everyone to join us on our exciting journey of progress as we move forward in unison to realise our greater potential together. Our brand promise of *Together We Progress* honours our past, celebrates the present and welcomes a more sustainable future.



**WE MAKE
PROGRESS
HAPPEN
FOR
EVERYONE**

WHERE WE OPERATE

We are more than 14,000 strong with 362 branches and offices in the region

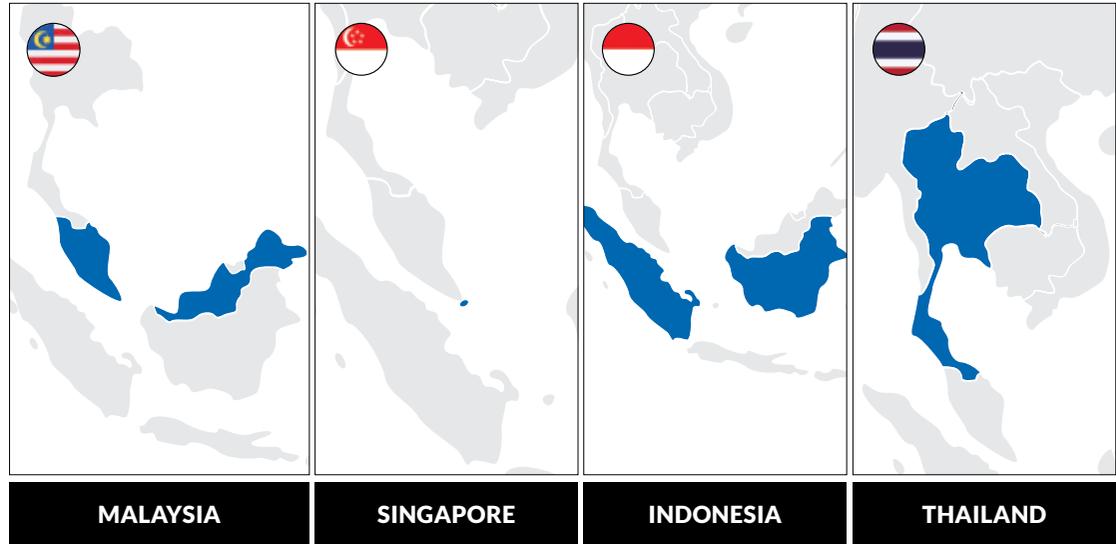
In addition to our strong presence in Malaysia, RHB has a regional footprint that extends across eight other countries in ASEAN.

In 2021, we restructured a part of our business to group our business units under two broad but focused segments of Community banking and Wholesale banking to unlock greater synergies. Above all, we are committed to supporting the progress of our customers and stakeholders through innovative, seamless and sustainable banking solutions.



Scan the QR code for the details of our **BRANCH NETWORK**

or log on to
<https://www.rhbgroup.com>



SERVICES OFFERED

- Group Community Banking, consisting of Retail Banking and SME
- Group Wholesale Banking
- Group Shariah Business
- Group International Business
- Insurance Business
- Capital Markets

- Retail Banking, Capital Markets and Securities Services

- Capital Markets and Securities Services

- Retail Banking, Capital Markets and Securities Services

EMPLOYEES 2021

12,555

2020: 12,530

651

2020: 660

204

2020: 333

195

2020: 201

BRANCHES/OFFICES 2021

309

2020: 311

9

2020: 8

15

2020: 15

10

2020: 12

TOTAL REVENUE 2021

RM6,913.6 million

2020: RM6,439.1 million

SGD174.6 million

2020: SGD139.2 million

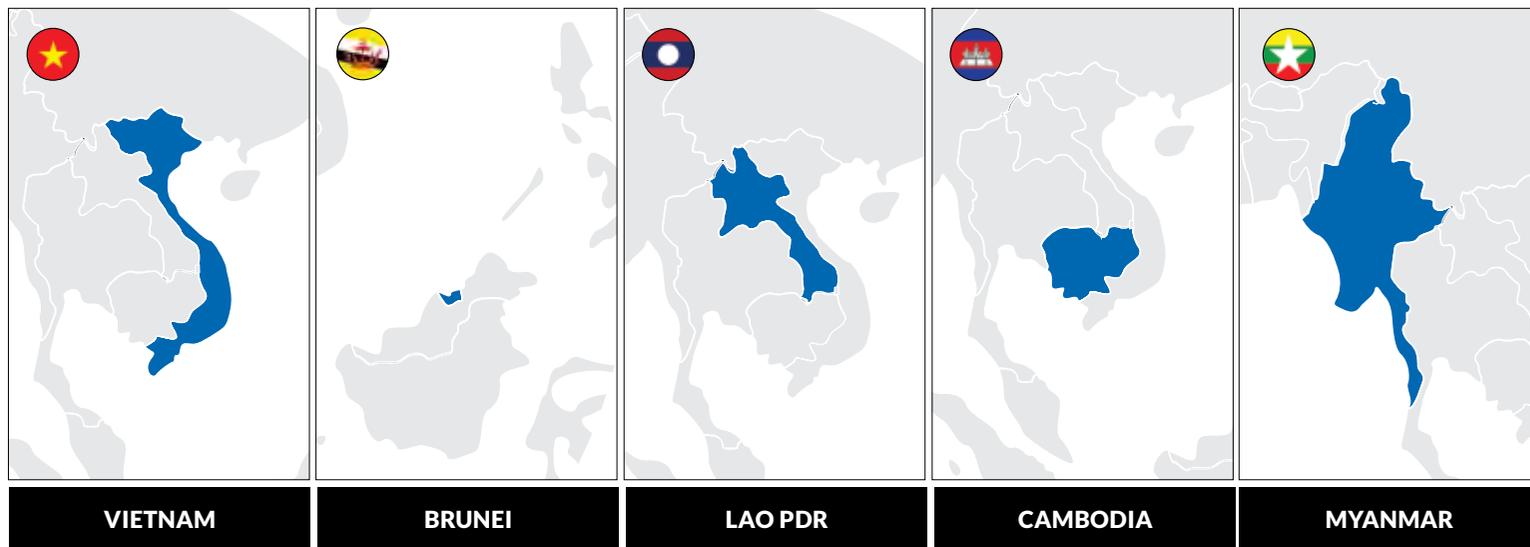
IDR209.1 billion

2020: IDR165.5 billion

THB902.7 million

2020: THB860.3 million

WHERE WE OPERATE



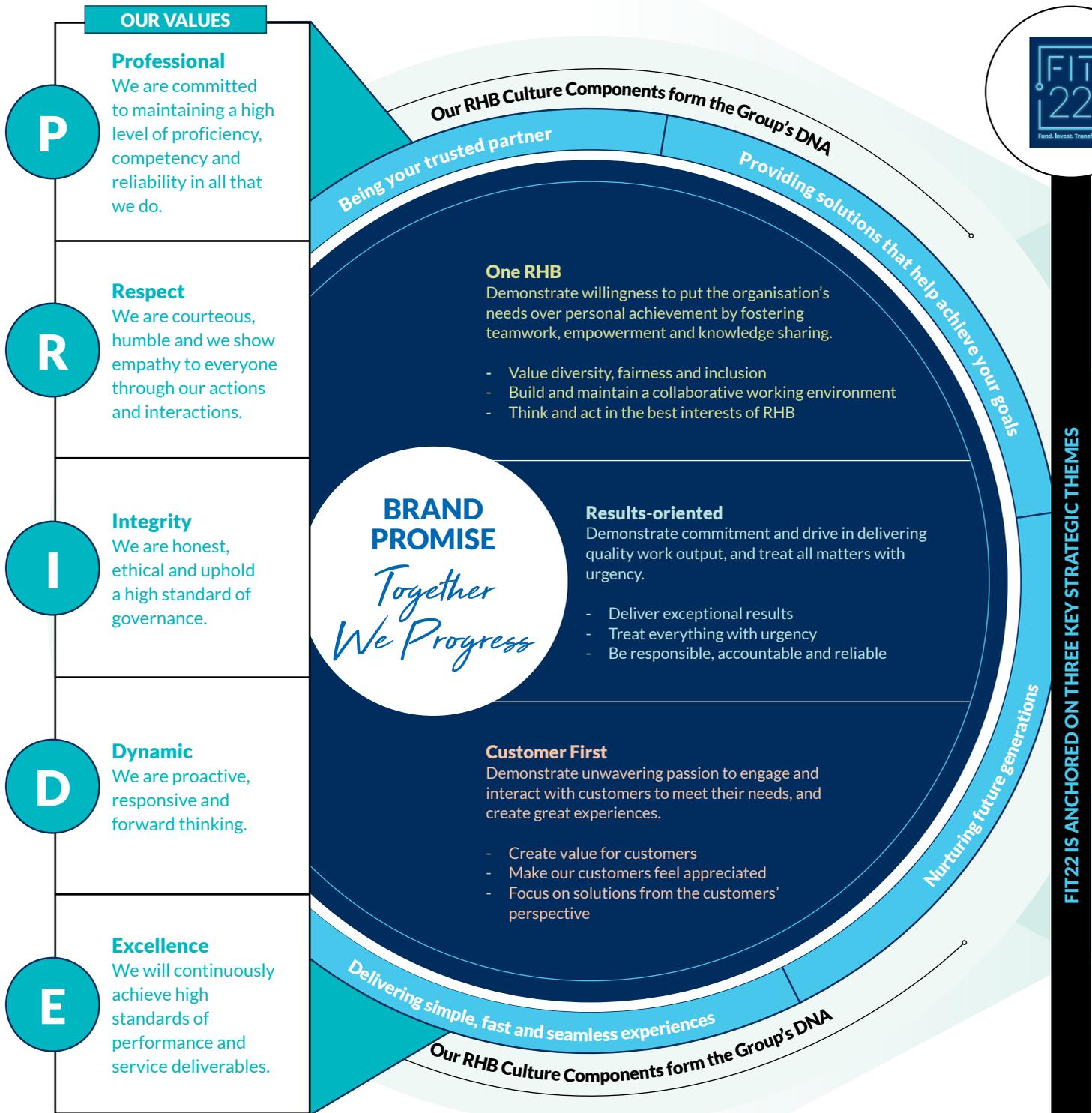
<ul style="list-style-type: none"> • Securities Services • Representative Office 	<ul style="list-style-type: none"> • Retail Banking Services 	<ul style="list-style-type: none"> • Retail Banking Services 	<ul style="list-style-type: none"> • Retail Banking, SME, Capital Markets and Securities Services 	Representative Office
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26	28	69	308
2020: 24	2020: 29	2020: 69	2020: 275

1	1	3	12
2020: 1	2020: 1	2020: 3	2020: 12

VND8.2 billion	BND4.1 million	LAK36.8 billion	USD31.3 million
2020: VND12.1 billion	2020: BND3.7 million	2020: LAK35.2 billion	2020: USD28.4 million

OUR INVESTMENT CASE



HOW WE SHARE VALUE



To reinvest in the Group Retained Profit



Depreciation, Amortisation & Written-off



To employees: Personnel Costs

OUR INVESTMENT CASE

SUSTAINABILITY VISION: BUILDING A SUSTAINABLE FUTURE

Building a sustainable future for the Group and contributing to sustainable development through impactful actions centred on three thematic pillars. Each pillar and its respective focus areas not only advance our sustainability journey, but also create value across our six capitals and positively contribute to the United Nations Sustainable Development Goals ("UN SDGs").

OUR MARKET POSITIONING IN 2021



SUSTAINABILITY FRAMEWORK

SUSTAINABLE & RESPONSIBLE BANKING

- Sustainable Financing
- Customer-centric Banking
- Digitalisation

Key Capitals



Primary SDGs:



EMBEDDING GOOD PRACTICES

- Ethics & Governance
- People & Workplace
- Environmental Stewardship
- Sustainable Procurement

Key Capitals



Primary SDGs:



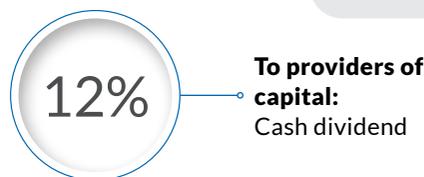
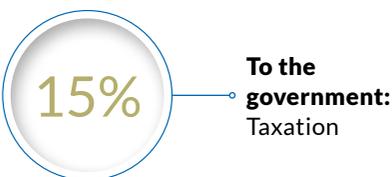
ENRICHING & EMPOWERING COMMUNITIES

- Community Enrichment
- Financial Education

Key Capitals



Primary SDGs:





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”).

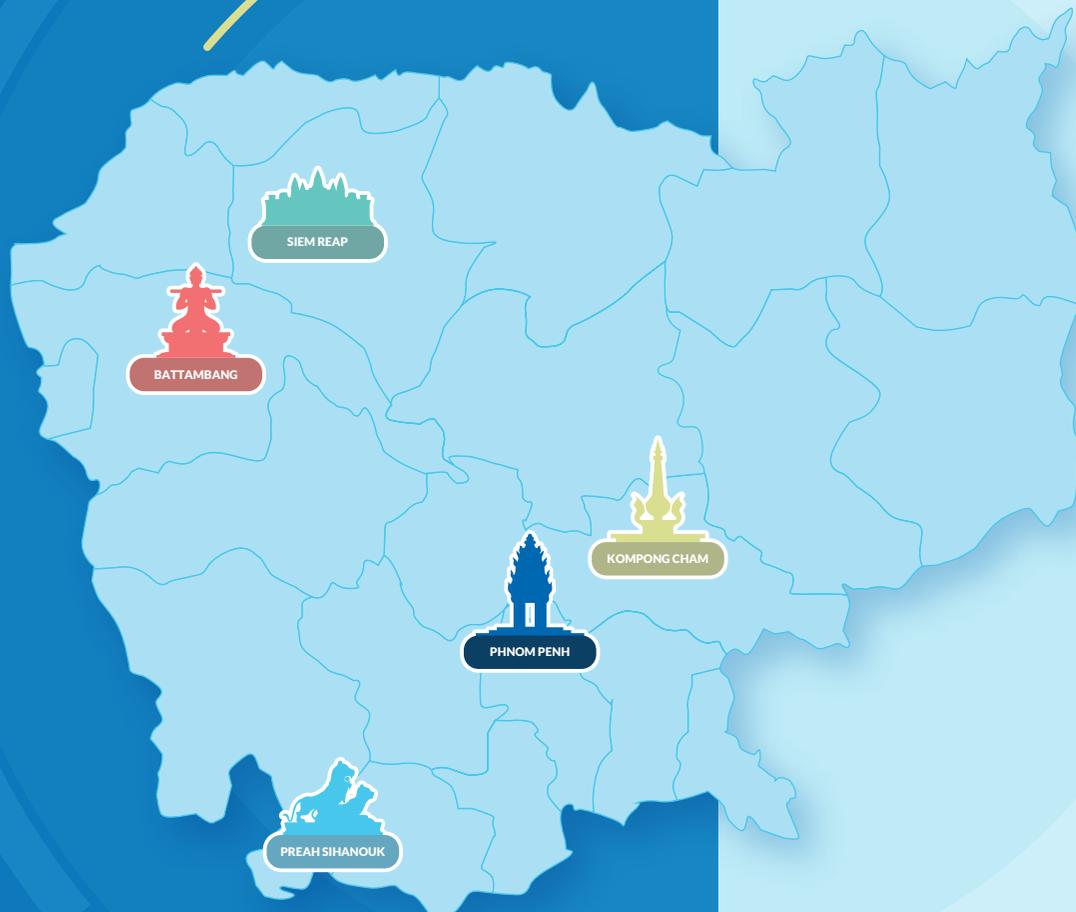
The registered office of the Bank is RHB Corporate Head Office, Level 1, M, 2nd and 9th Floor, Street 110 corner street 93, Phnom Penh, Cambodia.

OVERVIEW



WHERE WE OPERATE

OUR REGIONAL PRESENCE AND PERFORMANCE



308
employees

12
branches

CORPORATE HEAD OFFICE

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

Website: www.rhbgroup.com.kh

Facebook: facebook.com/RHBCambodia

Toll Free: 1800-20-8118



OUR BRANCH NETWORK

PHNOM PENH MAIN BRANCH

Addr: Level 1, OHK Tower,
Corner Street 110 and Street
93, Phnom Penh, Cambodia.
Tel: (855) 23 992 833
Fax: (855) 23 991 822

PET LOK SONG BRANCH

Addr: No. 1-3, Street 271,
Phnom Penh, Cambodia.
Tel: (855) 23 969 368
Fax: (855) 23 969 370

CITY MALL OLYMPIC BRANCH

Addr: Lot A3E0, Ground
Floor, City Mall Olympic,
Monireth Street, Phnom Penh,
Cambodia.
Tel: (855) 23 993 568
Fax: (855) 23 993 565

TUOL KOUK BRANCH

Addr: No. 18C, Kim IL Sung
(St. 289), Phnom Penh,
Cambodia.
Tel: (855) 23 989 600
Fax: (855) 23 989 606

STUENG MEANCHHEY BRANCH

Addr: Monireth Street
(St. 217) Corner of
Chaksomram Road, Phnom
Penh, Cambodia.
Tel: (855) 23 969 228
Fax: (855) 23 969 231

MAO TSE TUNG BRANCH

Addr: No. 281A, Mao Tse
Tung Blvd., Phnom Penh,
Cambodia.
Tel: (855) 23 989 881
Fax: (855) 23 989 885

BOENG KENG KANG BRANCH

Addr: No. 167, Preah
Norodom Blvd.,
Phnom Penh, Cambodia.
Tel: (855) 23 989 188
Fax: (855) 23 989 788

KBAL THNAL BRANCH

Addr: No. 530A - 530B,
Monivong Blvd. (Junction of
Street 271), Phnom Penh,
Cambodia.
Tel: (855) 23 993 598
Fax: (855) 23 993 593



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



BATTAMBANG BRANCH

Addr: No. 1-3-5-7,
Street No. 3, Battambang
Province, Cambodia.
Tel: (855) 53 952 811
Fax: (855) 53 952 966



PREAH SIHANOUK BRANCH

Addr: No. 129, Street 7
Makara, Preah Sihanouk
Province, Cambodia.
Tel: (855) 34 934 811
Fax: (855) 34 934 816



KOMPONG CHAM BRANCH

Addr: No. 41, National Road
No. 7, Kampong Cham
Province, Cambodia.
Tel: (855) 42 942 811
Fax: (855) 42 942 899

WINNING AWARDS FROM IFA

RHB Bank (Cambodia) Plc. had recently won 2 prestigious awards from International Finance Magazine for the year 2021. The awards by International Finance was a recognition of RHB's winning-edge digital offering launched this year; and lends credence to the hard work put in by the entire RHB Team collectively in Cambodia and supported by Head Office in Malaysia.

"RHB REFLEX" is an online service, that combines cash management and payment solutions as an integrated online business solution that allows customers to access the service 24/7 anywhere via internet banking and mobile banking app.

"goWave by RHB" is a financial literacy website developed by RHB Bank (Cambodia) Plc. (RHBBCP) to support the National Bank of Cambodia's agenda to increase financial literacy and inclusion of the Cambodian university students as well as the general public.



"With the digitalization drive for banks and promoting financial literacy awareness in Cambodia, the Bank has introduced goWave by RHB which is a financial literacy website developed to increase financial literacy and inclusion in accelerating Cambodian's financial awareness."

Leong Moon Fei
Head, Retail Banking

" RHB Reflex is another apps of the Bank's innovative product that was rolled out to complement its suite of digitalised services to delight and meet the constantly evolving needs of our customers."

Sok Leng
Head, Business Banking

WINNING AWARDS FROM IFA

Congratulations

RHB Bank (Cambodia) Plc.

for winning 2 awards for goWave by RHB and
RHB Reflex from International Finance



WINNING AWARDS FROM HR ASIA



WINNING AWARDS FROM HR ASIA



HR Asia
BEST COMPANIES
TO WORK FOR
IN ASIA 2021

Winner

of HR Asia Best Companies to Work for in Asia 2021

RHB Bank (Cambodia) Plc. had recently won a prestigious award from HR Asia for Best Companies To Work For in Asia for year 2021. The HR Asia Best Companies to Work For in Asia Awards is an award recognition programme for organisations that have been identified by their employees as one of Asia's employers of choice and the best employers to work for.

This award validates the collective effort put in by everyone in RHB Bank to create the best atmosphere and working environment for our employees. It motivates the bank and employees to grow and progress together to achieve excellence in everything that we do. We shall continue to challenge ourselves to do more to engage with employees in the organization.



Performance
review





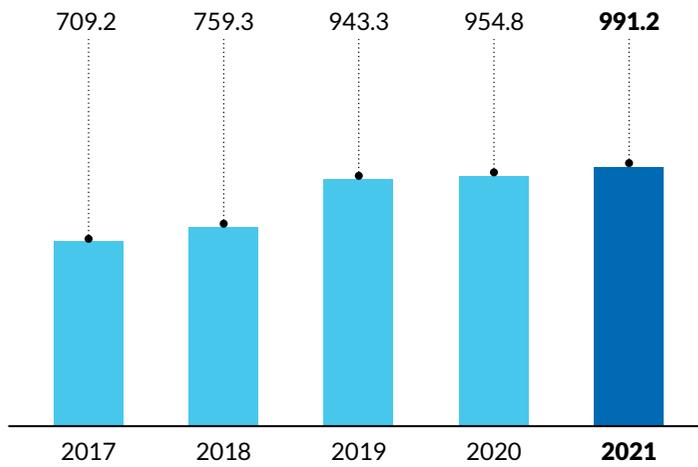
Q3

Q4

SUMMARY OF FIVE-YEAR FINANCIAL HIGHLIGHTS

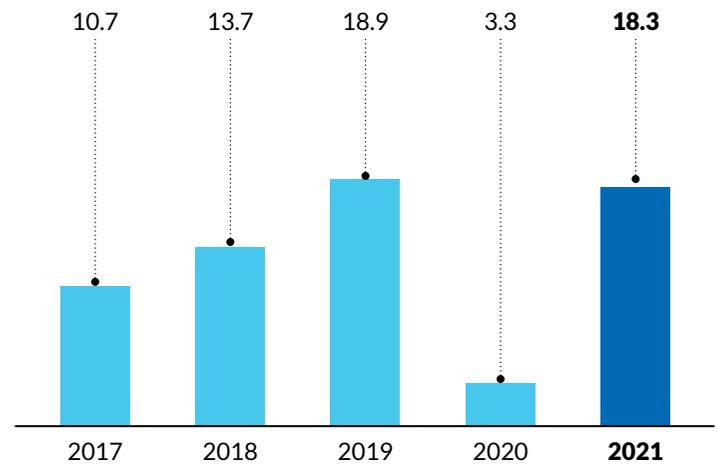
TOTAL ASSETS

(Million USD)



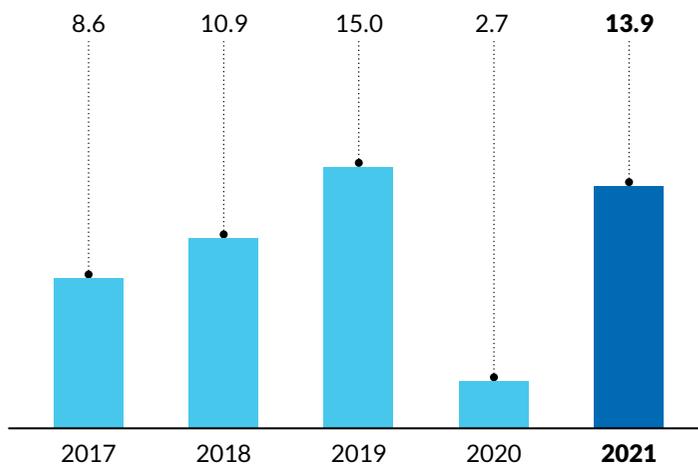
PROFIT/(LOSS) BEFORE TAX EXPENSE

(Million USD)



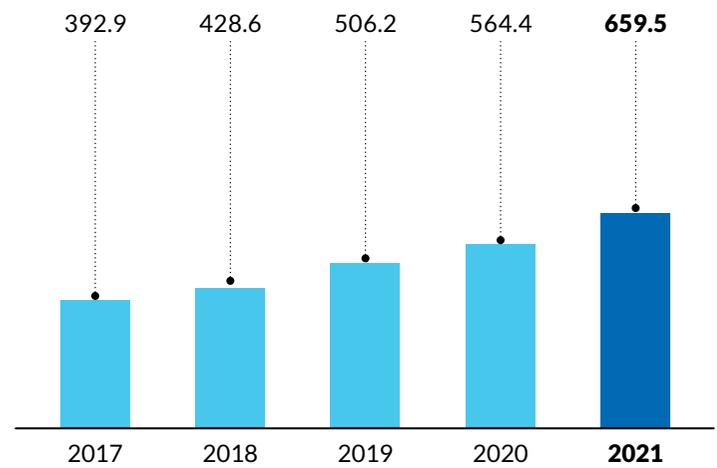
PROFIT/(LOSS) AFTER TAX EXPENSE

(Million USD)



LOANS AND ADVANCES

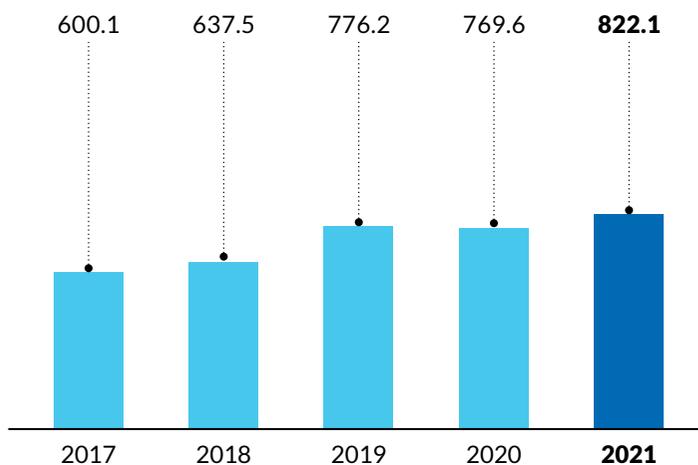
(Million USD)



659.5

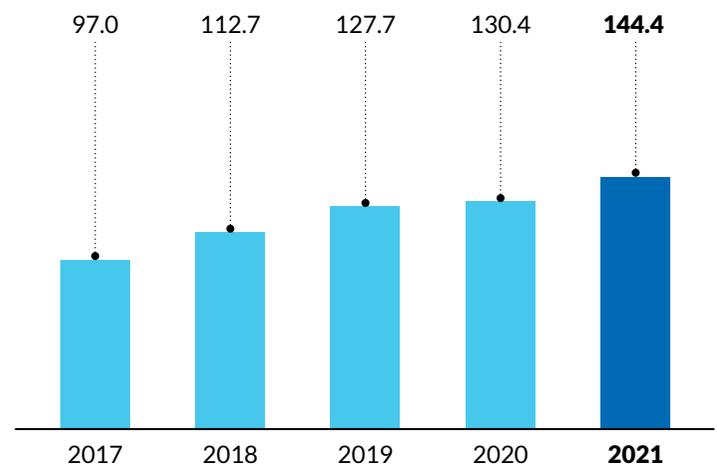
TOTAL DEPOSITS

(Million USD)



SHAREHOLDER'S EQUITY

(Million USD)



FIVE-YEAR FINANCIAL SUMMARY

	2021	2020	2019	2018	2017
PROFITABILITY (Million USD)					
Profit/(Loss) before tax expense	18.3	3.3	18.9	13.7	10.7
Profit/(Loss) after tax expense	13.9	2.7	15.0	10.9	8.6
FINANCIAL POSITION (Million USD)					
Total assets	991.2	954.8	943.3	759.3	709.2
Loans and advances	659.5	564.4	506.2	428.6	392.9
Total liabilities	846.8	824.3	815.6	646.6	612.2
Deposits from customers	577.0	599.1	632.8	585.6	470.1
Total deposits	822.1	769.6	776.2	637.5	600.1
Paid-up capital	75.0	75.0	75.0	75.0	71.0
Shareholder's equity	144.4	130.4	127.7	112.7	97.0
FINANCIAL RATIOS (%)					
Non-performing loans to total loans and advances	4.4	4.4	4.6	5.4	4.0
Net return on assets	1.4	0.3	1.8	1.5	1.3
Net return on equity	10.2	2.1	12.5	10.4	9.5
Loans/Customer Deposit Ratio	114.3	94.2	80.0	73.2	83.6
Loans/Deposit Ratio	80.2	73.3	65.2	67.2	65.5

A young child and an adult are shown from the chest down, planting a small green sapling into the ground. The child's hands are on the left, and the adult's hands are on the right, both reaching towards the base of the plant. The sapling has several bright green leaves and a thin stem. The ground is dark soil with some dry leaves and twigs. In the background, a blue plastic bucket is visible. The overall scene is outdoors and brightly lit.

Grow
with us today



PRODUCTS & SERVICES



Grow
your family's
finances



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

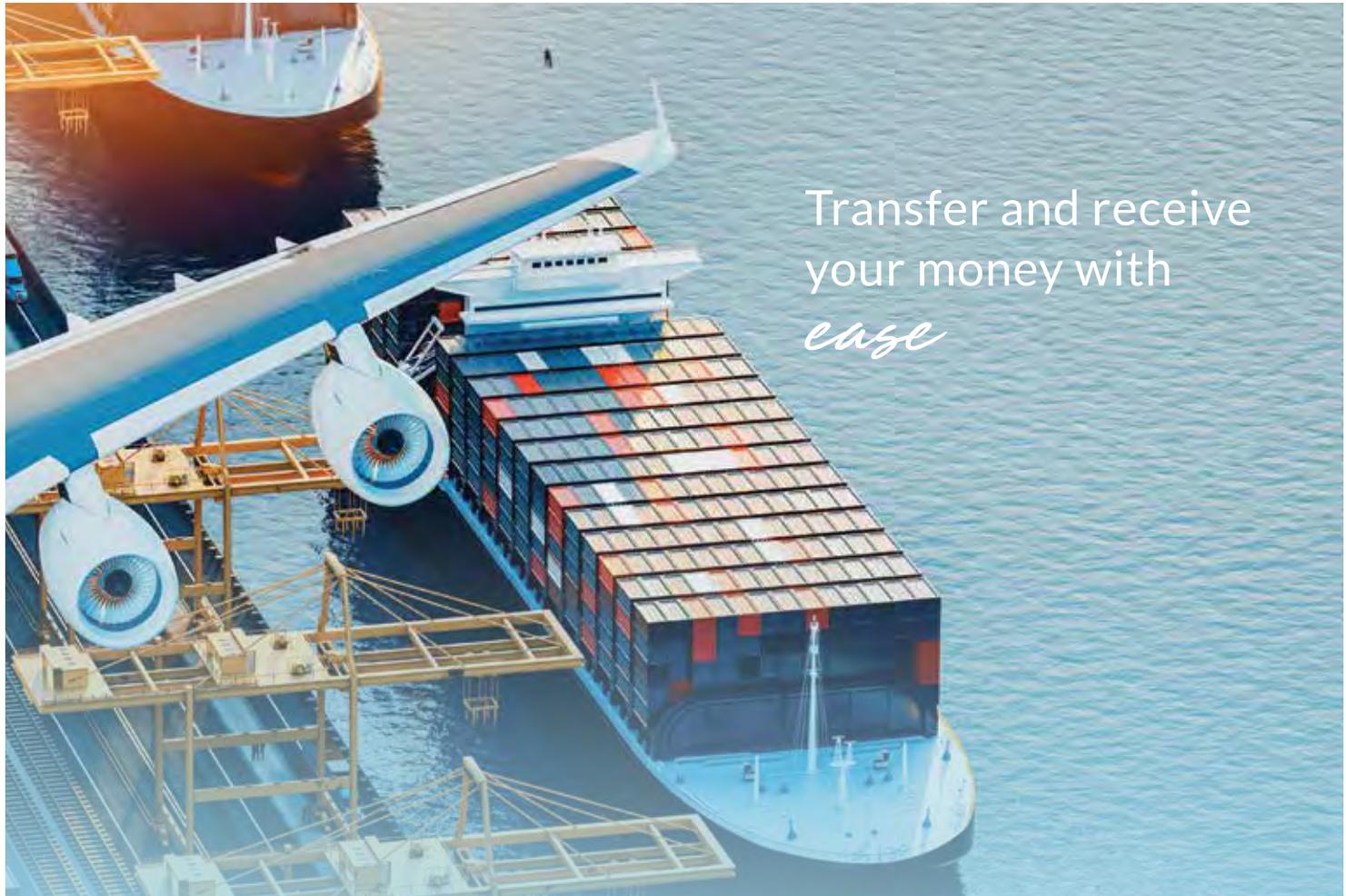
The banking products at your finger tips.

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.



Transfer and receive
your money with
ease



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.

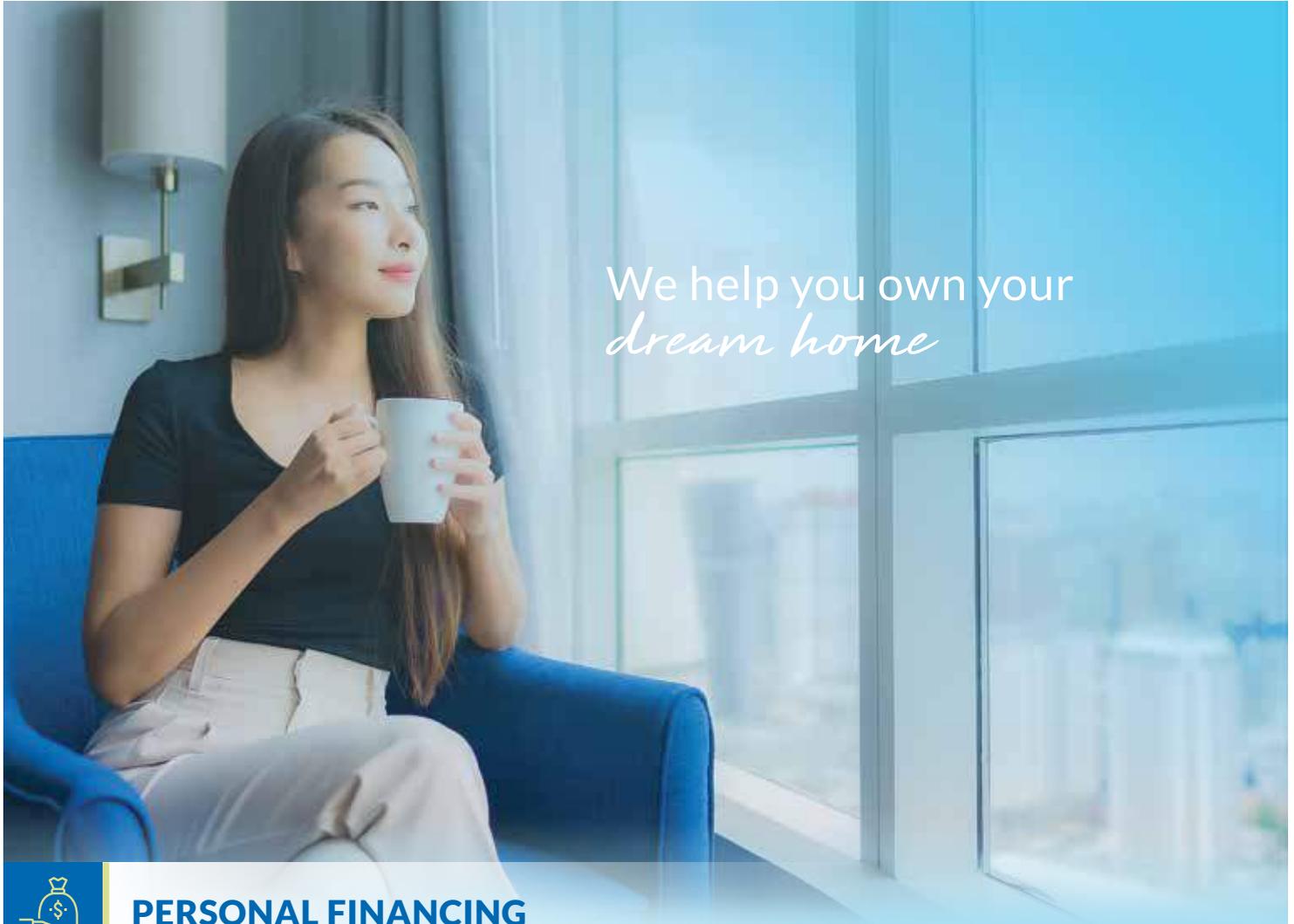
RHB Banker's Cheque is as good as Cash and you will have no problem making payment.

MONEY EXCHANGE

We offer competitive exchange rate for forex.

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

PRODUCTS & SERVICES



We help you own your
dream home



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.



Your business needs are our
priority



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

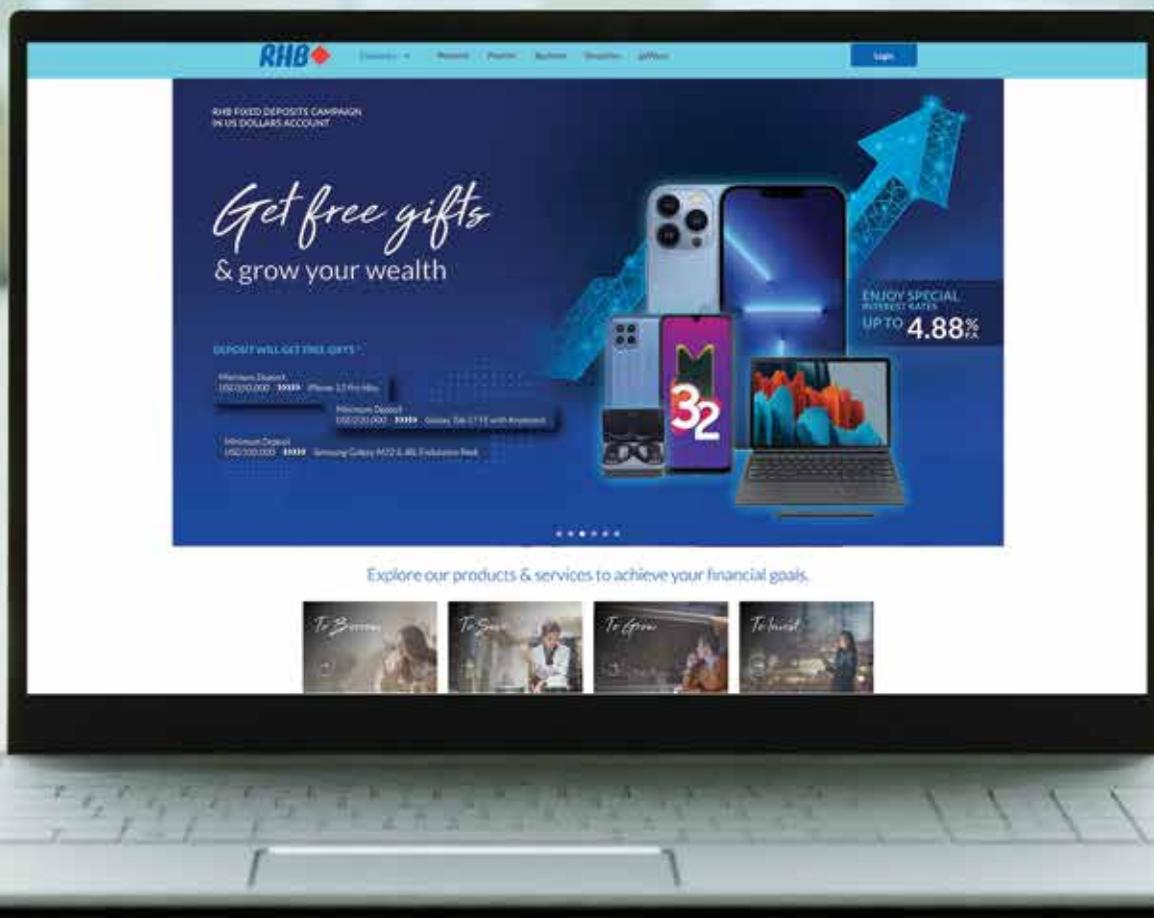




RHB Now

INTERNET BANKING

The Future. Right Here,
Right Now



RHB Now

MOBILE BANKING

Secure, reliable and
convenient

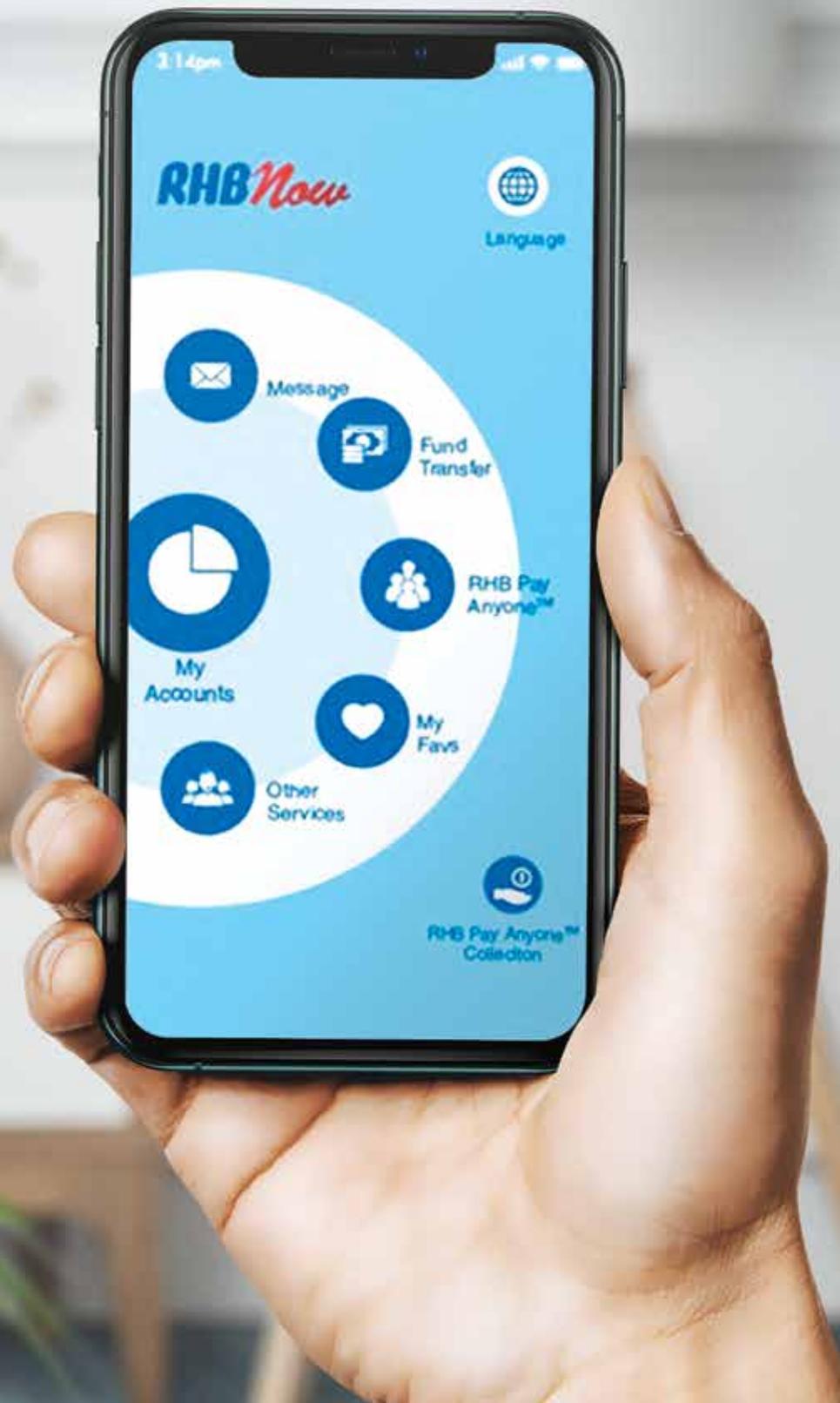
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For More
Information



<https://rhbnow.rhbgroup.com/kh/>



ATM NETWORK

PHNOM PENH



IN - BRANCHES

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



OFF - SITE ATM



- | | |
|--------------------------------------|--|
| ① ATM Pochentong Restaurant | ⑨ ATM Tela Petrol Station Chroy Changvar |
| ② ATM H Restaurant (Veng Sreng Road) | ⑩ ATM Park Café Airport |
| ③ ATM TK-Avenue | ⑪ ATM PSC |
| ④ ATM Tela Mart Phnom Penh Thmey | ⑫ ATM Park Café St.63 |
| ⑤ ATM AEON Mall | ⑬ ATM Park Café Sovanna |
| ⑥ ATM AEON MALL 2 | ⑭ ATM PTT Tep Phan |
| ⑦ ATM Himawari Hotel | ⑮ ATM MidTown Mall |
| ⑧ ATM Meguir Car Care No. Road 1 | ⑯ ATM Naga 1 |
| | ⑰ ATM Naga 2 |

PROVINCIAL



IN - BRANCHES



SIEM REAP



BATTAMBANG



PREAH SIHANOUK



KOMPONG CHAM



OFF - SITE ATM

- | | |
|---------------------|-----------------------|
| ① ATM Lucky Mall | ① ATM Jin Bei Hotel 1 |
| ② ATM Angkor Market | ② ATM Jin Bei Hotel 2 |

ATM NETWORK



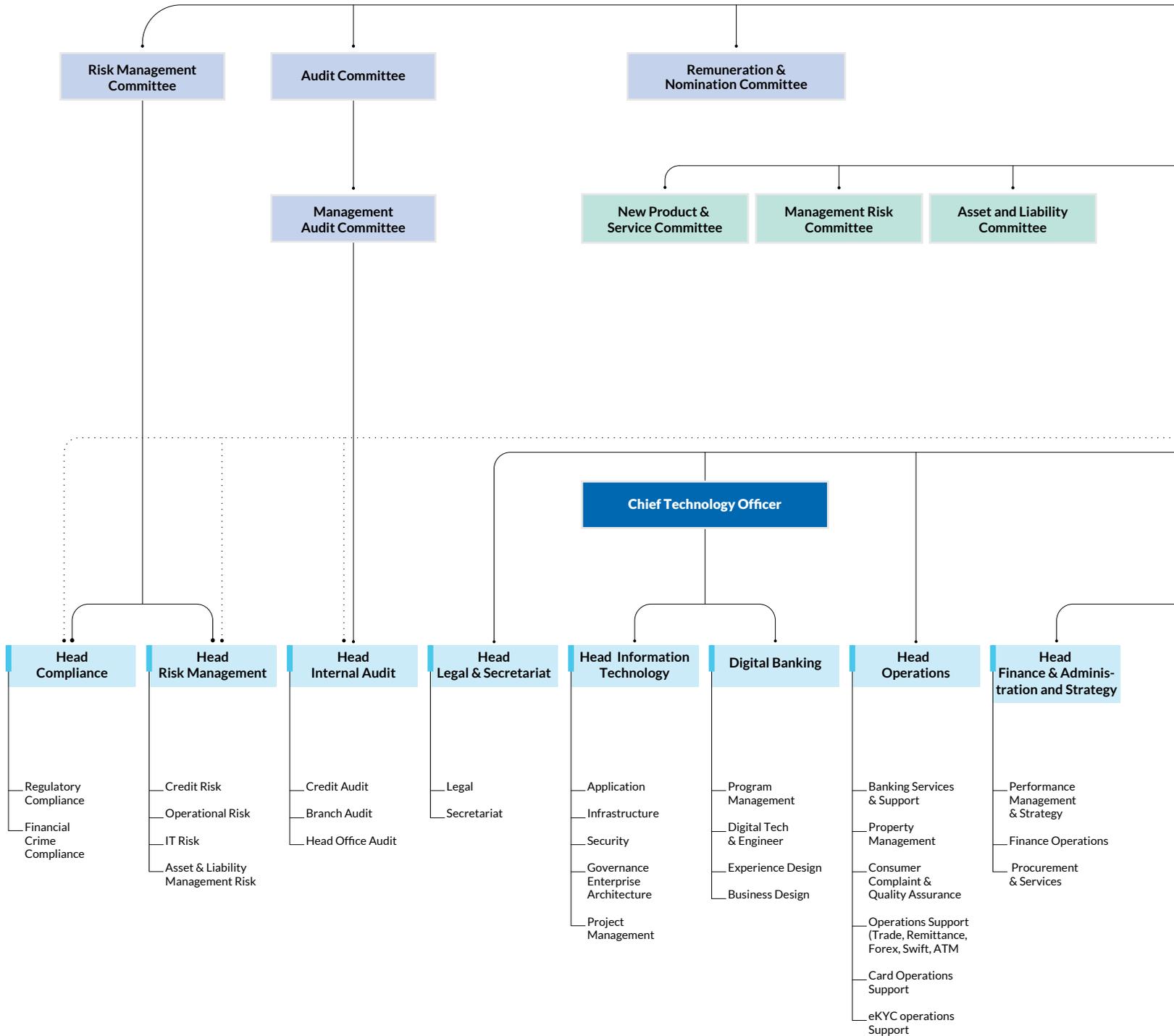
Organisation

structure

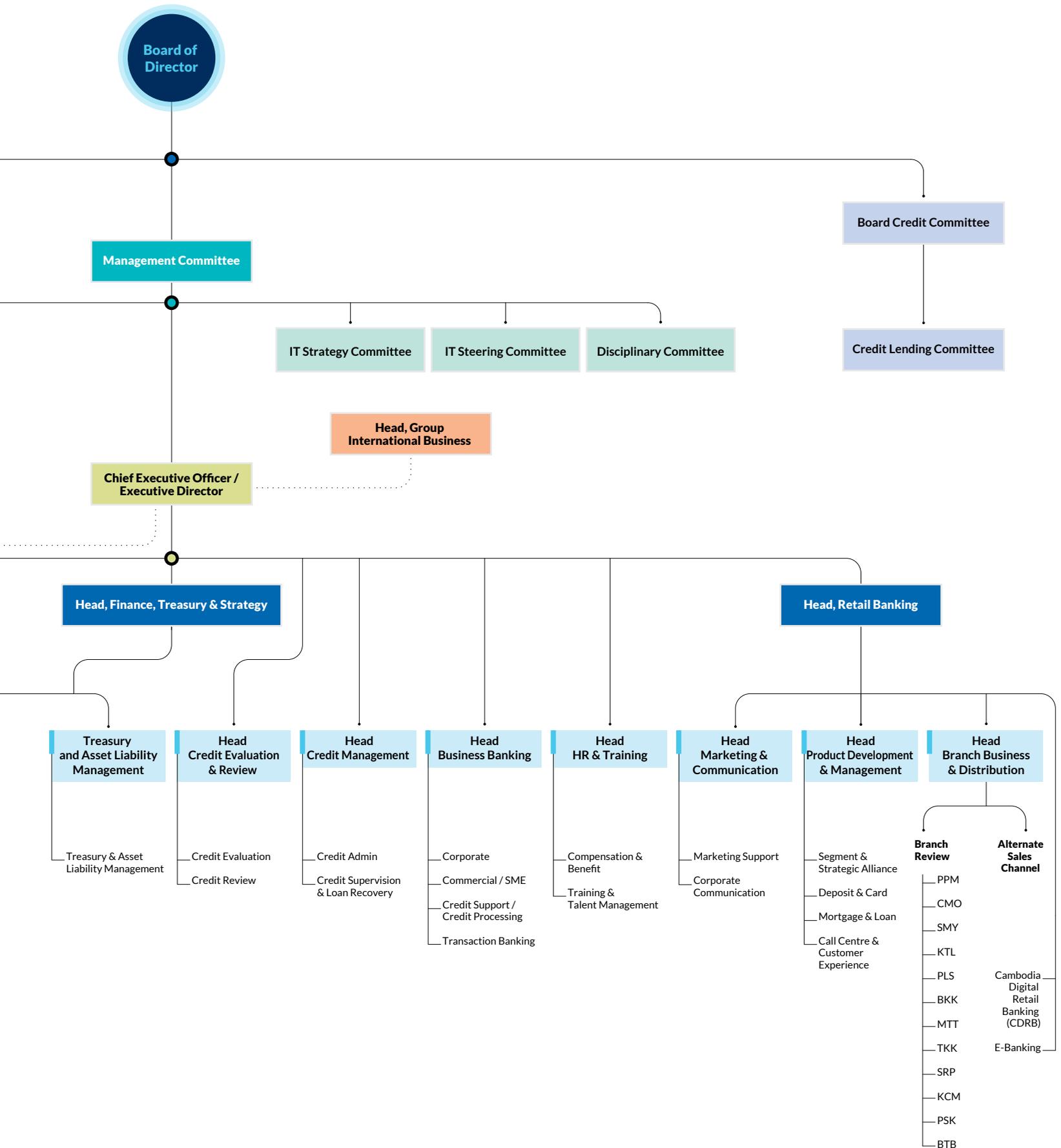




ORGANISATION CHART



ORGANISATION CHART



CHAIRMAN'S ANNUAL STATEMENT

The pandemic continued into another year of extraordinary global upheaval affecting countries across the world. It devastated the health, economies and livelihoods of communities and caused a terrible strain on the health system of many countries and Cambodia has not been spared. Thankfully for mass vaccinations, together with fiscal support and pent up demand, global economies have gradually rebounded towards the second half of the year.

During the year, many of our staff were adversely impacted in their personal or work lives. Despite these challenges, the bank is extremely proud of the ways in which our staff have continued to support our customers and communities during this period. The vast majority of our branches stayed open for business throughout the pandemic to serve our customers. Our people have continued to work hard to serve the community and they have adapted well to the mixed home/office environment.

The bank felt it was important to keep our staff morale high during this time and responded by supporting our staff with new benefits, health and wellness support which included handing out vitamin supplements to our employees. Our employees showed their appreciation through the internal employee engagement survey by giving the highest scores ever in the history of the bank.



CHAIRMAN'S ANNUAL STATEMENT

OUR PERFORMANCE

Against that backdrop, the bank reported a pre-tax profit of USD18.3m which is significantly higher than 2020 profit of USD3.3m on the back of a 9.4% increase in total income and the writing back of some of our pandemic related impairment provisions as the outlook improved.

Gross loans and advances grew at a robust 15.8% to USD674.7 million. Recovery of impaired accounts also improved by more than 50% in 2021 with the total recovery amount valued at USD3.1 million.

The spirit of our colleagues was commendable, despite the often difficult circumstances. They have been exemplary and I am proud of how we have all come out of 2021.

OUR COMMUNITIES

I believe in the role of a bank like RHB to support inclusion of all forms. It facilitates equitable economic growth, care for the vulnerable and the disadvantaged and reduces inequality. In June 2021, we launched "goWave by RHB" which is a financial literacy website developed by the bank to support the National Bank of Cambodia's agenda to increase financial literacy and inclusion.

It is a content platform with the aim of increasing the financial literacy of Cambodian young adults through useful bite-sized articles, video capsules and financial tools spread across the digital space, including its own website, as well as social media platforms (Facebook, Instagram, and YouTube). To date, goWave has managed to attract more than 200,000 young adults to its goWave Facebook page to connect with the chatbot to find out more about our financial knowledge content in a fun engaging platform.

We have also long recognised climate change as one of the greatest challenges of our time, given its widespread impact on the physical environment and human health, as well as its potential to hamper economic growth. The bank takes a holistic approach in its sustainability journey and is focused on minimising negative impacts and risks while identifying opportunities to create measurable positive influences on society and the environment. It also actively drives ESG across its lending guided by the RHB Group Sustainability Framework.

In 2021, in line with the bank's sustainability vision of Building a Sustainable Future, the bank entered into a green financing facility agreement to finance the development of a new 20MW solar power plant by a Malaysia-based electrical power technology company in Svay Teab District, in Svay Rieng Province of Cambodia. The facility granted by the bank led to the successful development and commissioning of the plant in January 2022.

With the objective of having a greater impact on the country's ESG agenda, the bank is also member of the Sustainable Finance Committee and the Financial Inclusion Committee of the Association of Banks in Cambodia (ABC).

OUTLOOK

The global recovery appears to be on track and the macroeconomic outlook is improving, supported by the successful vaccine rollout in Cambodia. However, we are not totally out of the woods yet as we continue to see new COVID-19 variants emerging. Overall prospects remain challenging as the coronavirus continues to have a significant impact on the people, businesses and communities of Cambodia and the world.

Although the outlook for the world remains uncertain especially with the regards to new variants, I am confident Cambodia will see recovery through tourism revival and rising exports. Cambodia's trade is further bolstered with the ratification of RCEP (the Regional Comprehensive Economic Partnership), the Cambodia-China FTA and Cambodia - Korea FTA which will provide preferential market access and transfer of production technology for the economy. This is expected to also attract foreign direct investment inflows to boost the external sector and investment. The consensus is the economy will expand by around 5.5% in 2022, with recovery expected in the tourism sector and exports of non-garment products such as electrical spare parts and bicycles.

At the time of writing, the conflict of Ukraine is now casting a long shadow on the outlook for growth and RHB will have to be vigilant and nimble.

OUR APPRECIATION

I would like to take this opportunity to thank the National Bank of Cambodia for the continued support and guidance. Last but not least, none of this could have taken place without the continued commitment and dedication of our people who have gone over and beyond to support our customers and communities. On behalf of the Board, I would like to extend my sincere gratitude to the staff of RHB Cambodia.

Together We Progress



Chin Yoong Kheong
Chairman

CHIEF EXECUTIVE OFFICER'S ANNUAL STATEMENT



**TOTAL
ASSETS USD 991 million ▲**



**Net Profit
USD13.9 million**



**16%
Gross Loans**

As we look back on 2021, I do not think many of us would have imagined the toll that the pandemic has exacted on the economy and lives of the people of Cambodia. While it has been an incredibly difficult period for many, the future does look much brighter as we adapt to a new way of life. If we have taken anything from this experience, it has been the resilience and adaptability that our colleagues and customers have demonstrated during the pandemic.

CHIEF EXECUTIVE OFFICER'S ANNUAL STATEMENT

REVIEWING FINANCIAL PERFORMANCE FOR 2021

For 2021, the bank delivered a solid financial performance despite the challenging operating environment. We achieved a Return on Equity (ROE) of 10.2% whilst our capital buffers remained at a healthy level of 18.3%.

Net profit grew five-fold from previous year to USD13.9m. The increased profits was partly attributed to higher income which grew by 9.4% YoY to USD30.2m in FY2021. This was mainly supported by net fund based income growth of 12.5% as the net interest margin (NIM) improved by about 10 basis points compared to the previous year. The expansion in NIM was the result of active management of our funding cost and also improvement in our management of assets towards more profitable investments. This was achieved without compromising the support that we give to our customers as we continue to ensure readily available funding with our healthy liquidity coverage ratio of 111%, which is well above the regulatory requirement of 100%.

The higher net fund based income was also driven by robust loans growth of 15.8% driven by our Retail Banking franchise and increase in corporate lending which grew by 16% and 21% respectively.

Cost-to-income ratio increased marginally to 43% and this was mainly attributed to our investments in IT systems upgrade and Cambodia Digital Retail Banking (CDRB) as we continue to build capacity and capability to improve customer experience and to develop world class products and services for our customers.

These numbers are affirmation of the trust that the community has placed with the bank and also the relentless commitment by the employees of the bank to continuously deliver delightful product and services to our targeted segments of customers.

OUR PEOPLE

As a well-recognised employer of choice, we continue to invest in our staff to help them succeed. We focus on talent development while embedding sustainability practices in the management of our human capital.

All these efforts were translated into a significant reduction in our staff turnover as we continued to focus on the health and wellbeing of our people; with retention rate of high performers also higher compared to previous years. As a testament of the management's success in improving employee engagement, care and working

environment as well as fostering an outstanding teamwork culture, the bank was awarded HR Asia 2021 Best Companies to Work For in Asia.

The next step for the bank is to build the future resilience of our people by empowering them with digital skills whilst we continue to enhance their motivation levels by making sure employees are safe, healthy and professionally enriched.

DELIVERING ON OUR PROMISES

As we transition into the new normal, one of the key imperatives is to accelerate our digital initiatives. If anything, the pandemic has underlined the absolute necessity of fully embracing digitalisation in order to support new ways of working and connecting with our customers. Continuing with the bank's IT strategy roadmap, the bank launched a number of customer-centric products such as goWave by RHB and RHB Reflex in 2021, which were both award winning products by the bank.

The awards by International Finance was a recognition of RHB's leading edge digital offering launched in 2021. "RHB Reflex" is an integrated banking solution which combines cash management, trade and payment capabilities that allows customers to access the service 24/7 anywhere via internet banking and mobile banking app. "goWave by RHB" is a financial literacy website which contain information about finance to help Cambodians to increase their financial literacy. The goWave app, which utilizes Amazon Web Services (AWS) advanced technologies enable the bank to scale horizontally and vertically.

In 2022, we will be leapfrogging to a more seamless and efficient experience for our customers as we roll out the RHB Cambodia Digital Retail Bank, which will transform our internet and mobile banking platforms. So watch this space.

I am also pleased to share that RHB's website was ranked in the top four of Cambodia's financial industry by Amazon Alexa in 2021, up from a mid-teen ranking previously.

The bank had also implemented the Branch Transformation Initiatives in 2021 to further improve service delivery and to lay the foundation of operational excellence in the long term. One noticeable achievement arising from this initiative was the improvement in the average waiting time, with 98% of our customers served within 5 minutes for over-the-counter transactions at our branches.

CHIEF EXECUTIVE OFFICER'S ANNUAL STATEMENT

COMPLIANCE AND RISK CULTURE

Ensuring strong corporate governance and compliance to rules and regulations will continue to be top on our agenda. We believe in the importance of ensuring compliance and we will heighten our efforts to educate our employees to create greater awareness on the latest developments on regulatory requirements, regulations and latest non-compliance trends in the industry and embed compliance as a key work culture. This sound culture will help build a bank that is strong, resilient and disciplined so that our shareholders can enjoy the benefits of customer confidence and sustained growth.

Identifying and managing risks is also central to the bank's business and operations. We are committed to adopting a culture of excellence not just in serving our customers but also in ensuring operational excellence and a strong compliance culture, towards enhancing shareholder value.

JOURNEY AHEAD

The Cambodian economy currently looks set to register a strong growth in 2022, due to the reopening of borders across the globe, the huge success of mass vaccinations and fiscal stimulus packages provided by Royal Government of Cambodia to bolster businesses and low-income households across country. These measures are centred on the severely-hit industries that include textiles, garments, footwear, travel goods and tourism sectors. In addition, various schemes launched by government agencies to further support businesses including those offered by the Credit Guarantee Corporation of Cambodia (CGCC), such as the Co-financing Guarantee Scheme, Business Recovery Guarantee Scheme and Women Entrepreneurs Guarantee Scheme also augur well in the recovery efforts.

Although we are hopeful for year 2022 to be a recovery year, the key downside risk is the economic impact attributed to geopolitical tensions in other parts of the world. Nevertheless, RHB is committed to support the economic recovery of the Kingdom of Cambodia by ensuring that financial support is readily available to our customers to help strengthen their financial position when needed.

APPRECIATION

The year 2021 has witnessed significant business disruptions due to the pandemic and other externalities; yet RHB has steadfastly delivered an encouraging set of financial results. This is only possible due to the unfailing dedication of all our employees. On behalf of the bank, I would like to acknowledge our terrific team who has done an outstanding job for our customers, our shareholders and our community, particularly as we navigated the impacts of Covid-19 on our own lives.

I would also like to take this opportunity to extend my deepest appreciation to our valued customers and partners for your support and close collaboration with the bank all these years. We share our success with you and we look forward to continue working closely with you to scale greater heights together.

To the Chairman and members of the Board, I would like to express my sincerest gratitude for your continued trust, support and guidance. Last but not least, my heartfelt appreciation to the National Bank of Cambodia for your constant support and guidance given to the bank.

Together We Progress

Wong Kee Poh
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S ANNUAL STATEMENT







Board of
directors

PROFILES OF THE BOARD OF DIRECTORS



CHIN YOONG KHEONG
INDEPENDENT NON-EXECUTIVE CHAIRMAN
MALAYSIAN

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

Mr. Chin also serves as a Chairman of Risk Management and Board Credit Committee, a Member of the Audit Committee and 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 Securities (Thailand) Public Company Limited, RHB Securities Vietnam Company Limited, RHB Bank Lao Sole Co., Ltd, RHB Securities (Cambodia) Plc and Ayer Holdings Berhad, a company listed on the Kuala Lumpur Stock Exchange.

PROFILES OF THE BOARD OF DIRECTORS

**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 directorships include RHB Bank Lao Sole Co., Ltd and RHB Securities (Cambodia) Plc. Dato' Adissadikin holds external membership in the Board of Islamic Banking and Finance Institute Malaysia ("IBFIM") and is the President and Council Member, Association of Islamic Banking Institutions Malaysia ("AIBIM").

PROFILES OF THE BOARD OF DIRECTORS



SYED AHMAD TAUFIK ALBAR
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
MALAYSIAN

Mr Syed Ahmad Taufik Albar (“Mr Syed”) was appointed as the Non-Independent Non-Executive Director of RHB Bank (Cambodia) Plc. (RHBBCP) on 12 May 2021.

Mr Syed also serves as a Member of Audit Committee, Remuneration & Nomination Committee, Risk Management Committee and Board Credit Committee.

He was appointed as Head, Group International Business on 2 February 2021. In his new role, Mr Syed’s main responsibility is to oversee the growth and performance of the Group’s international businesses which covers commercial, investment banking and asset management, synergising the functions and resources across the Group and within the countries that RHB is present. Mr Syed will also oversee the non-Retail Loan Recovery business with a focus of boosting recovery efforts.

Prior to this appointment, he was the Group Chief Financial Officer since 1 December 2016.

Mr Syed has more than 20 years of experience as an accountant and a finance professional with domestic and international exposures in Oil & Gas, mobile telecommunications and infrastructure, as well as property development and construction. He started his career in finance with Shell and worked in various Shell offices in Malaysia, Australia and the Netherlands. Prior to joining RHB, he was the Group Chief Financial Officer of UEM Group Berhad and Chief Financial Officer of Smart Axiata (Cambodia) before that.

Mr Syed holds a Master of Economics and a Bachelor of Accounting degrees from International Islamic University Malaysia. He is a fellow of Chartered Institute of Management Accountant (CIMA) and a member of Malaysian Institute of Accountants (MIA).

Mr Syed’s other directorships include RHB Bank Lao Sole Co., Ltd, RHB (Philippines) Inc, RHB Securities Vietnam Company Limited, RHB Investment Ltd and Banfora Pte Ltd.

PROFILES OF THE BOARD OF DIRECTORS



SAMVUTHEARY MAO
INDEPENDENT NON-EXECUTIVE DIRECTOR
CAMBODIAN

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 Audit Committee and Remuneration & Nomination Committee and a Member of Risk Management Committee and Board Credit Committee.

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

litigation attorney. Ms. Samvutheary also accredited as Legal Trademark Agent from Ministry of Commerce and membership application of the Securities and Exchange Regulator of Cambodia (SERC). Ms. Samvutheary represents clients in hundreds of 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 Cambodian entertainment company for its Initial Public Offering (IPO) valued at 369 million for its listing on the Hong Kong Stock Exchange and become the first Cambodian Company to issue offshore bonds raising USD 300 million.

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

PROFILES OF THE BOARD OF DIRECTORS

**WONG KEE POH**

CHIEF EXECUTIVE OFFICER/ NON-INDEPENDENT
EXECUTIVE DIRECTOR

MALAYSIAN

Mr. Wong Kee Poh 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 35 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 Audit Committee and Credit Lending 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.

BOARD OF DIRECTORS & BOARD COMMITTEES

BOARD OF DIRECTORS

Mr. Chin Yoong Kheong

Chairman
(Independent Non-Executive Director)

Mr. Syed Ahmad Taufik Albar

Member (Non-Independent Non-Executive Director)

Ms. Mao Samvutheary

Member (Independent Non-Executive Director)

Dato' Adissadikin Bin Ali

Member (Non-Independent Non-Executive Director)

Mr. Wong Kee Poh

Member (Non Independent - Executive Director)

BOARD COMMITTEE

Audit Committee

Ms. Mao Samvutheary

Chairman

Mr. Syed Ahmad Taufik Albar

Member

Mr. Chin Yoong Kheong

Member

Remuneration & Nomination Committee

Ms. Mao Samvutheary

Chairman

Mr. Syed Ahmad Taufik Albar

Member

Mr. Chin Yoong Kheong

Member

Risk Management Committee

Mr. Chin Yoong Kheong

Chairman

Mr. Syed Ahmad Taufik Albar

Member

Ms. Mao Samvutheary

Member

Board Credit Committee

Mr. Chin Yoong Kheong

Chairman

Mr. Syed Ahmad Taufik Albar

Member

Ms. Mao Samvutheary

Member



Management team



PROFILES OF THE MANAGEMENT TEAM



WONG KEE POH

COUNTRY HEAD/CHIEF EXECUTIVE OFFICER

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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.

PROFILES OF THE MANAGEMENT TEAM



LEONG MOON FEI
HEAD, RETAIL BANKING

Mr. Leong Moon Fei was appointed as Head, Retail Banking at RHB Bank (Cambodia) PLC in March 2020. He joined RHB Banking Group since October 2010. Mr. Moon 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.



YONG CHING SAN
HEAD, CREDIT MANAGEMENT

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

He has a total of 35 years of experience in the banking and financial sector with wide exposure in areas of Credit Management. Mr. Yong's local knowledge having worked more than 12 years in Cambodia adds credence to his ability to add value to the role undertaken.

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.

PROFILES OF THE MANAGEMENT TEAM



CAVIN YEAP KHOO HONG
HEAD, FINANCE, TREASURY & STRATEGY

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).



LIM CHIN WAN
CHIEF TECHNOLOGY OFFICER

Mr. Lim Chin Wan currently serves as Chief Technology Officer of RHB Bank Cambodia.

Prior to joining RHB Bank Cambodia, He served as CTO in two large locally owned Cambodian banks. He started his banking career in 2000 where he lead a team of e-Banking specialist to launched Malaysia's first Corporate Internet Banking.

He constantly challenges his team on many of the key issues in digital banking, in order to stimulate 'out-of-the-box' thinking to help his team generate new visions, strategies, products, and services.

He holds a Bachelor of Science degree in Computer Science from Campbell University and has been on various speaker panel in banking conferences around the region.

PROFILES OF THE MANAGEMENT TEAM

**SOK LENG**

HEAD, BUSINESS BANKING

Mr. Sok 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.

**MOHAMMAD ROSYIED BIN AB RAHMAN**

HEAD, RISK MANAGEMENT

Mr. Rosyied Rahman 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 (Hon) Applied Accounting 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.

PROFILES OF THE MANAGEMENT TEAM



CHHIM SARETH
HEAD, OPERATIONS

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 13 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.



TANG SIEW HON
HEAD, CREDIT EVALUATION & REVIEW

Mr. Tang joined RHB Bank (Cambodia) Plc. since January 2014 and is currently the Head of Credit Evaluation & Review. He has a total of 14 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.

PROFILES OF THE MANAGEMENT TEAM



NORZARINA BINTI AHMAD
HEAD, HUMAN RESOURCE & TRAINING

Ms. Norzarina currently 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 and 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.



SOY SOKLINA
HEAD, CORPORATE SERVICES

Ms Soy Soklina joined RHB Bank (Cambodia) Plc. since December 2021 as Head of 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 8 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 Audit Firm in Cambodia.

PROFILES OF THE MANAGEMENT TEAM

**TAING LIDY**

HEAD, COMPLIANCE

Mr. Taing Lidy joined RHB Bank (Cambodia) Plc in January 2019 as the Head of Compliance. He has more than 18 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 regulation compliance.

He 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.

**MEN NARITH**

HEAD, INTERNAL AUDIT

Mr. Narith joined RHB Bank (Cambodia) Plc in August 2019 as the Head of Internal Audit. He has more than 16 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.

He 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.

MANAGEMENT COMMITTEES

Management Committee

- Mr. Wong Kee Poh**
Chairman
- Mr. Yong Ching San**
Member
- Mr. Leong Moon Fei**
Member
- Mr. Cavin Yeap Khoo Hong**
Member
- Mr. Lim Chin Wan**
Member
- Mr. Sok Leng**
Member
- Mr. Chhim Sareth**
Member
- Mr. Tang Siew Hon**
Member
- Mr. Norzarina binti Ahmad**
Member

Credit Lending Committee

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

Management Audit Committee

- Mr. Wong Kee Poh**
Chairman
- Mr. Chhim Sareth**
Member
- Mr. Men Narith**
Member
- Mr. Taing Lidy**
Member
- Mr. Mohammad Rosyied
Bin Ab Rahman**
Member

Asset and Liability Committee

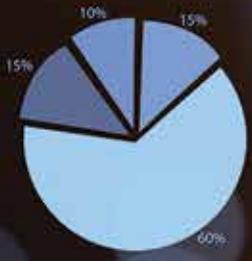
- Mr. Wong Kee Poh**
Chairman
- Mr. Cavin Yeap Khoo Hong**
Member
- Mr. Leong Moon Fei**
Member
- Mr. Sok Leng**
Member
- Mr. Mohammad Rosyied bin
Ab Rahman**
Member

Our accomplishment *review*





13.145343



15.756789

9.456346

11.345253

21.123154

66456

BUSINESS BANKING

The year brought with it a considerable amount of uncertainty following the outbreak of COVID-19, which led to strict lockdowns that brought economic activities to a standstill. The Cambodian economy has shown great resilience in 2021 to the COVID-19 challenges. The bank continued to offer customers help to ease their financial stress in the form of moratorium by reducing the monthly loan principal repayment amount, restructuring and rescheduling of loan accounts and lowering interest rates during this period. Despite the challenges and setback throughout the year, there were countless efforts by Business Banking to continue supporting customers and providing them with new or additional loans to those eligible to sustain their business activities during this difficult period.

As for the overall performance, Business Banking was one of the core contributor's to the overall RHB Bank (Cambodia) Plc. business performance in 2021. We managed to grow the commercial and SME loans by 17%, despite the outbreak in pandemic. The Business Banking's portfolio for loans and deposits stood at 61% and 72% respectively of the total Bank's portfolio.

PORTFOLIO
FOR LOANS
61%

PORTFOLIO
FOR DEPOSITS
72%

On 15th June 2021, RHB Bank (Cambodia) Plc. officially launched the bank's digital banking platform "RHB Reflex" to serve our corporate and business customers to continue doing their business outside the office during the lockdown. RHB Reflex is a Corporate Internet Banking system that provides a platform for customers to manage their financial transactions at their homes or offices without stepping into any of the bank branches. On 20 August 2021, RHB Bank (Cambodia) Plc. won an award from the International Finance Award's category for the most innovative new business banking payment solutions for its RHB Reflex.

RHB REFLEX
BUSINESS INTERNET & MOBILE BANKING

Simplified financial portal
for easier control of your finances.

RHB REFLEX
is an online service, combining cash management and payment solutions as an integrated online solution that allows customer to access the service 24/7 anywhere

KEY BENEFITS

- Always business-ready for you
- Bank anytime and anywhere with Secure Plus
- Speed up workflow and improve cash flow with custom roles
- Expedite your business payment processes via bulk payment

KEY FUNCTIONS

INFORMATION MANAGEMENT

- Account balance inquiry
- Account statement inquiry
- Transaction history inquiry
- Real-time payment status inquiry

PAYABLE MANAGEMENT

- Check/cash transfer
- 3rd party transfer
- INST payment
- Local transfer
- Overseas telegraphic transfer
- P2P

Stay on top of things with
RHB Reflex Mobile App

Available on the
App Store | Get it on
Google play

Free gift

RHB

* Whilst stocks last.

Toll Free: 1800-20-8118
Website: www.rhbgroup.com.kh | facebook.com/RHBCambodia

BUSINESS BANKING

RHB LOAN CAMPAIGN

Making your finances easier with us

Loan amount up to **150%** | Repayment up to **7 Years***

CGCC guarantee coverage up to **80%** | Interest Rate Term Loan & Overdraft **8% p.a.**

Have a peace of mind for your business with Credit Guarantee for Term Loan & Overdraft

RHB ♦

* Special offer till 12 February 2022. Subject to eligibility criteria, other terms and conditions.
Toll Free: 1800-20-8118
Website: www.rhbgroup.com.kh | facebook.com/RHBCambodia

RHB LOAN UNDER SME CO-FINANCING SCHEME II IN KHMER RIEL & US DOLLARS

Together we grow your business

ENJOY OUR SPECIAL OFFER

INTEREST | LOAN | PROCESSING

RHB LOAN REFINANCING CAMPAIGN In Khmer Riel & US Dollars

A better financial choice

Housing Loan Refinancing | Term Loan | Overdraft

ENJOY SPECIAL INTEREST RATE

6.50%* P.A. with our Housing Loan, Term Loan and Overdraft.

Loan Amount Up to 85% of collateral value | Repayment Up to 25 years

RHB ♦

* For the first year only. Special offer till 25 January 2022. Subject to eligibility criteria, other terms and conditions.
Toll Free: 1800-20-8118
Website: www.rhbgroup.com.kh | facebook.com/RHBCambodia

On 16th June 2021, RHB Bank (Cambodia) Plc. and Credit Guarantee Corporation of Cambodia (CGCC) Plc. conducted an official signing ceremony for partnership agreement. 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. As of December 2021, the Bank loans guaranteed by CGCC was about USD3.0 million.

RETAIL BANKING

NAVIGATING COVID-19 AND CHALLENGES
PRESENTED

During the pandemic, our top priority was putting customer and employee safety at the forefront with strict SOPs in place at all our physical touchpoints, including temporarily closing branches in high-risk areas, shortening opening hours and limiting the number of customers allowed into branches at any one time.

The Bank offered comprehensive debt advisory and payment assistance programs to ensure the advice we provided were consistent and structured. In addition, industries that were most severely impacted were identified and maximum assistance was offered to customers within these industries.

COMING SOON

Cambodia Digital Retail Banking (Digital Banking)

- To target untapped segments including students and young professionals
- Enrollment of Bakong to be a part of the Awards for Excellence in the Nikkei Superior Products and Services Awards (Bakong by NBC) "for its innovative technology and impact on the country's economic and social development,"

Debit Card

- To be part of Cambodian payment ecosystem and driving payment business to drive deposit and fees income.
- To provide a complete suite of product to our retail customers.

Banca partnership with a leading insurance provider

- To provide a complete suite of product to our retail customers.

OUTLOOK AND PROSPECTS

The retail banking sector in general will remain challenging given the uncertainty surrounding COVID-19, and will also be largely dependent on how the impact of new strains of the virus are managed. This evolving situation will once again see a balancing act between protecting lives and livelihoods and the need to maintain the normalcy achieved thus far. Alongside the rebound in growth with the expected economic recovery in 2022, Retail Banking remains committed to finding innovative ways to better serve existing customers through a comprehensive digital ecosystem while attracting new customers. Much of what we will

do going forward involves leveraging technology and digitisation, either to improve our own internal processes or to find more effective ways to serve our customers. For example, NBC's call to introduce Bakong will ultimately lead to a comprehensive digital ecosystem and financial inclusion. As such, we are gearing ourselves to continue meeting the challenges of a competitive industry in order to grow our market share by enhancing our product propositions and improving productivity and service availability.

FINANCIAL INCLUSION

The Bank has launched 'goWave by RHB' in June 2021, a financial literacy website that aims to increase financial literacy and inclusion among young adults. Featuring articles and educational videos on financial matters, the website shares tips on budgeting and saving in various ways, as well as quizzes to make financial education fun and accessible. The website also utilises online platforms such as YouTube, Facebook and Instagram, as well as Key Opinion Leaders ("KOL"), to increase engagements and awareness; and support the National Bank of Cambodia's agenda to increase financial literacy among Cambodians. The Facebook page attracted more than 102,364 followers as at December 2021 and moving forward, RHB Cambodia plans to launch a goWave Lite App and a full App by the third quarter of 2022. The goWave Lite App would feature the financial literacy articles as well as games to keep the followers entertained. Meanwhile, the goWave Full App would carry the full suite of the Bank product and services such as Online Account Opening, Debit Card Application and many others.

RHB Bank (Cambodia) moving forward with Financial Inclusion and Literacy

goWave by RHB is a financial literacy website developed by RHB Bank (Cambodia) Plc. (RHBBC) to support the National Bank of Cambodia's agenda to increase financial literacy and inclusion. It was launched in June 2021 and is a content-rich platform with the aim of increasing the financial literacy of Cambodia's young adults through useful bite-sized articles, video capsules and financial tools spread across the digital space, including its own website, as well as social media platforms (Facebook, Instagram and YouTube).

Since its launch in June 2021 which was done virtually with a supporting message from RHB Bank of Cambodia until now, goWave has managed to attract more than 200,000 young adults (University Students) to their goWave Facebook page to connect with the chatbot to find out more about our financial knowledge content in a fun engaging platform. The usage of KOL to engage with them in a fun with video content explaining about the importance of financial literacy, also plays an important factor to connect with them personally. In order to obtain more in depth information, they can view our goWave Microsite.

goWave by RHB addresses a long-term view towards preparing our younger generation, providing them the education, tools and solutions needed for them to make a better financial decision throughout their adulthood," as quoted by Mr. Wong Kee Poh, Country Head/CEO of RHB Bank Cambodia.

Some of the features and topics goWave offers on the platform include:

- Finance 101 (if you're unsure about personal finance),
- saving and budgeting,
- Fitting your finances in your lifestyle,
- information about taking out loans,
- investments and the importance of it,
- Budget calculator to plan your month,
- Telco calculator that fits your mobile needs.

With goWave by RHB as a one-stop personal finance hub, Cambodians will be able to interact with an automated chatbot through Facebook which will then provide them with the latest updates, related media and recommendations most relevant to them. There will be virtual workshops held by influencers with RHB to further discuss interesting financial topics or their social platforms too.

For more information on goWave by RHB please visit: <http://www.gowave-rhbgroup.com.kh>

ABOUT RHB BANK CAMBODIA
RHB Banking Group is among the top fully integrated financial services institution in Malaysia with more than 100 years of service excellence and significant presence in ASEAN countries. With more than 14,000 employees Group wide, RHB has strong market leadership in Malaysia and ASEAN across targeted products and segments.
RHB Bank (Cambodia) Plc. was established on 9th July 2008 and currently has 12 branches operating in Phnom Penh and the provinces.
RHB banking group in Cambodia also offers investment banking services that cover capital market and brokerage, to complement the services of its commercial banking activities <https://www.rhbgroup.com.kh>

(L-R) Ms. Po Sim, Head of Product Development; Mr. Wong Kee Poh, Country Head/CEO; Mr. Leong Moon Fai, Head of Retail Banking and Mr. Borey Nim, Head of Branch Business & Distribution. Supplied

OPERATIONS



We are available
24/7 for any enquiries

Customer satisfaction and convenience are our top priority.

As such, we want our customers to have the best services, be it a branch visit, Self-Service Banking, Automated Teller Machine (ATM), Cash/Cheque Deposit Machines which allow our customers to perform transactions over the counters, from home, cash deposits and withdrawals and cheque deposits after banking hours. The Bank has a total of 40 ATMs (in-branch and off-site ATMs) to serve customers and additional ATMs are in the pipeline to be installed in the near future.



SCAN HERE
FOR MORE INFORMATION



Call our Customer Care Centre:

1800-20-8118

We will do our best to help resolve any issue you may have



In addition to improving our service quality, we are constantly taking measures to ensure customers' inquiries or requests are resolved immediately. Our Contact Center will continue to monitor, provide support, and handle all customers' request from all fronts, including the hotline, live chat and social media platform. We have continuously updated our Complaint Management Manual to ensure our Consumer Complaint Unit receive, take action, and solve customers' complaints immediately. This unit is crucial in the bank because their duty is to ensure transparency and urgency in the Bank's handling of customers' complaints.

As part of our international operations strategy, we continuously work to increase our international partnership and presence. In 2021, we established SGD account with DBS Bank Singapore 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.

Policies, procedures 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. In 2021, Operations Department had initiated certain initiatives such as updated Branch Operations Control Framework to ensure appropriate controls are in place to manage risks inherent to branch operations and Branch Transformation Initiatives (BTI) to lay down a strong foundation towards operational excellence. BTI's objectives are geared towards strengthening operational control and compliance, including identifying gaps and executing appropriate action plans to close the identified gaps. BTI is also targeted to build up the staff competence over time, and to increase efficiency and effectiveness, which are crucial elements of operational excellence.



The COVID-19 pandemic has triggered a global health and economic crisis, presenting banks with new operational challenges. Amid the trying times, the Cambodian government encouraged the development of the digital economy and promote the use of digital technologies in the public sector to boost efficiency, fairness, transparency, and convenience for the people. The Bank responded well by activating BCP pandemic strategy and implementing precautionary measures to ensure compliance with the regulatory requirements.

Some of the measures implemented by the Bank / staff include:



Implementing 3 Dos & Don'ts advocated by the government.



Practicing good personal hygiene and following the health advisory.



Social distancing & avoiding crowded places.



Personal Protection Equipment (PPE) such as surgical masks, hand sanitizer and installing the intelligent thermal for temperature screening for all branches and Head Office.



Arranging for daily cleaning and disinfection at common areas.



Splitting teams to work from home, alternate site and in-office.



Engaging panel clinic for staff to do PCR test

The Bank remains resolute to play its part to stop Covid-19 in 2021 and strongly encourage our staff and customers to always take temperature checks before entering the Bank's premises, wearing of face mask, sanitizing hands with alcohol gel and practicing social distancing at all times.

HUMAN RESOURCE

Being one of the top 15 prominent banks in Cambodia and a well recognized employer of choice, we continue to foster talent development while embedding sustainability practices in the management of our human capital. To ensure long-term growth of our business, we manage our diverse workforce by prioritizing talent management, employee training and education, employee health and safety as well as diversity and equal opportunity.

Winner

of HR Asia Best Companies to Work for
in Asia 2021



HR Asia
BEST COMPANIES
TO WORK FOR
IN ASIA 2021



HUMAN RESOURCE

We aspire to be a preferred employer with a highly productive and engaged workforce that delivers exceptional services to our customers. This is validated when RHB Cambodia was awarded Best Companies to Work For in Asia 2021 by HR Asia. We manage our talent by prioritizing talent development and management, which are major elements of succession planning and building the leadership pipeline. Our goal is to build a workforce that is diverse and future-proof, while we focus on talent attraction, retention and development.



DIGITAL & INFORMATION TECHNOLOGY



BANKING FOR THE BETTER,
Together we progress

Digital & IT touches every sector and segment of society. Supporting clients at moments that matter has always been our role, our responsibility, and our relevance. So we are taking a stand with a clear purpose: **Banking for better, together we progress.**

To help Digital & IT achieve this purpose, we pursue a strategy based on three pillars: support our clients' transition to digital, reinvent the customer experience, and build a future-proof bank. Our strategy goes beyond creating purely financial value: it is about creating lasting value for all our stakeholders. We want to build a bank fit for the future, able to adapt to a rapidly changing social and economic environment.

In 2021, Digital & IT helped RHB Bank (Cambodia) PLC. launch a number of customer-centric products such as goWave by RHB and User Experience Enhancement for RHB Reflex. Behind the scenes, we completed our Core Banking upgrade within budget and on time.

RHB Bank (Cambodia) PLC. also upgraded its Simplivity Hyperconverged system and Nimble Storage capacity in 2021. Simplivity and Nimble are data center solutions that are centrally managed, AI-driven intelligence, with built-in data protection technology to ensure robust system deployment.

DIGITAL & INFORMATION TECHNOLOGY

NEW CORE BANKING SYSTEM

RHB Bank (Cambodia) Plc. upgraded our core banking system upgrade in 2021. We understand that the core banking system is the heart of all IT systems in the Bank, which is why we upgraded to the next generation of core banking that brings sustainable innovation through targeted, modular business solutions that synergize with the Bank's existing technologies.

The upgrade was a year-long project that enriched our IT ecosystem with multiplatform tools. With this upgrade, RHB Bank (Cambodia) Plc. is now able to extend customer 360° visualization and analysis to include both product and peer relationships. We will also be able to implement personal-driven services to generate value for our customers.

**GOWAVE BY RHB**

The Digital Banking team developed and launched the goWave platform where RHB Bank (Cambodia) PLC. can share knowledge about finance and help Cambodians in increasing financial literacy!

The goWave platform will have multiple channels to reach Cambodians and our customers:

1. Website: <https://gowave.rhbgroup.com.kh/>
2. Mobile App: <https://app.gowave.rhbgroup.com.kh/>

goWave is one of the first few apps that fully utilize AWS advanced technologies. With AWS, RHB Bank (Cambodia) PLC. is able to scale horizontally and vertically.

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 2021.

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 2021 are set out in the statement of profit or loss and other comprehensive income on page 139.

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 32.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.

DIRECTOR'S REPORT

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)
Mr. Syed Ahmad Taufik Albar	Member (Non-Independent Non-Executive Director) - Appointed on 12 May 2021
En Abdul Aziz Peru Mohamed	Member (Independent Non-Executive Director) - Resigned on 12 May 2021

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 2021 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:

- i). adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii). comply with the disclosure requirements of CIFRS or, if there have been any departures in the interest of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- iii). maintain adequate accounting records and an effective system of internal controls;
- iv). 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
- v). 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 2021 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
28 March 2022

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 2021, 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 2021;
- 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.

INDEPENDENT AUDITOR'S REPORT

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 **Kuy Lim**
Partner

Phnom Penh, Kingdom of Cambodia
31 March 2022

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 Risk Management Committee ("RMC")

and Audit Committee ("AC") 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.

The Board has also obtained assurance from the Executive Director and the Head of Finance, Treasury & Strategy that the Bank's risk management and internal control system is operating adequately and effectively.

Management Responsibility

The Management is responsible for the overall implementation 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:

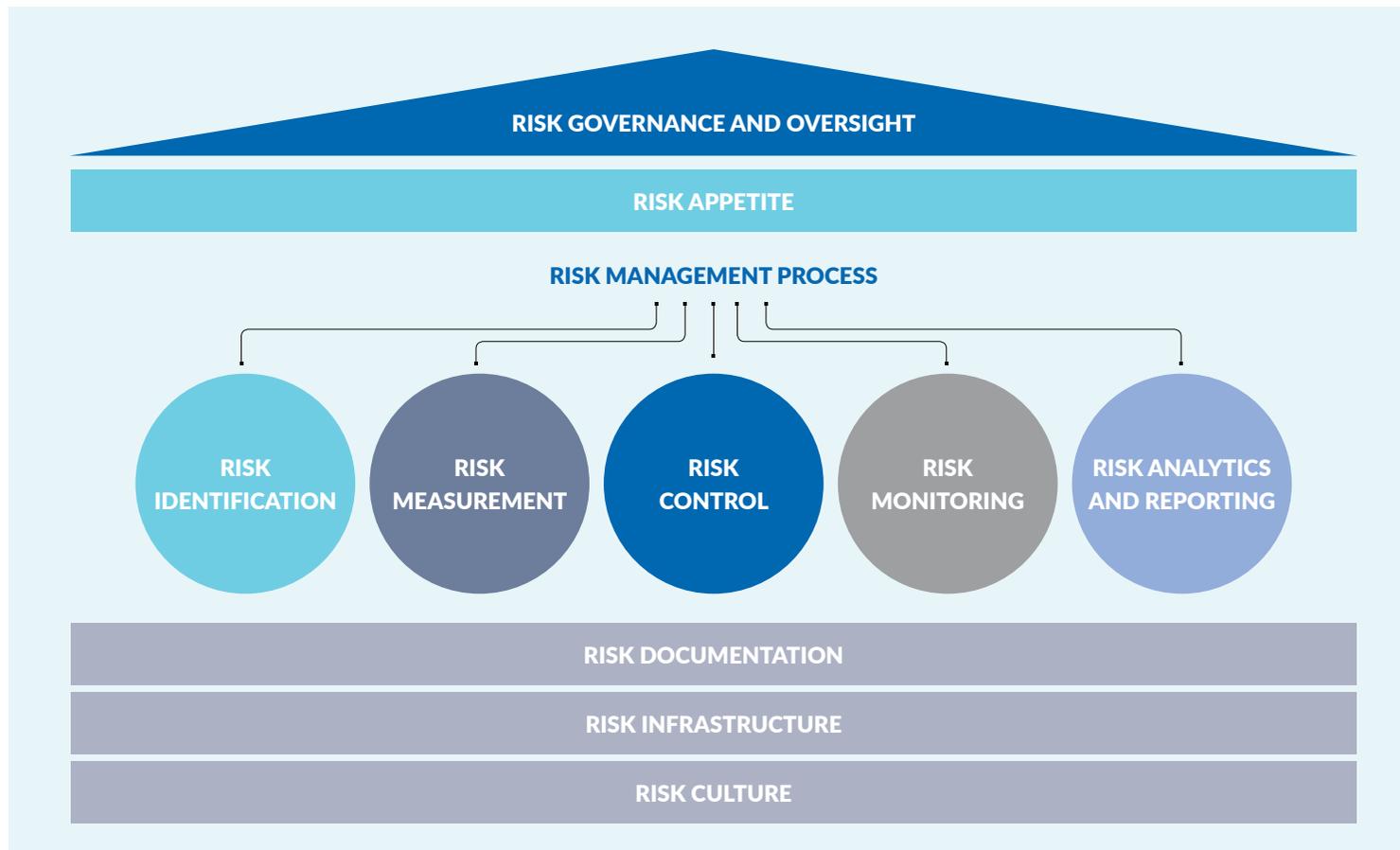
- Identifying and evaluating the risks relevant to the Bank's business and achievement of its business objectives and strategies;
- Designing and implementing the risk management framework in accordance with the Bank's strategies and risk appetite, and monitoring its effectiveness;
- Reporting in a timely 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 is operating adequately and effectively with the necessary processes having been implemented.

INTERNAL CONTROL REPORT

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 risk 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. RMC 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 Risk Management Department including senior management of the Bank and which reports to the relevant Board Committees and the Management Committee. The RMC is responsible for oversight of risk management matters relating to Bank's business whilst the Bank Asset and Liability Committee ("ALCO") oversees market risk, liquidity risk and balance sheet management.

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 Management Processes

The risk management processes within the Bank seek to identify, evaluate, measure, monitor and control risk so that risk exposures are adequately managed and the expected returns adequately compensate for the risks taken.

- **Identification:** The identification and analysis of the existing and potential risks is a continuing process, in order to facilitate and ensure that the 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.
- **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 that the Bank is aware of the condition of its exposure 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, relevant committees and Boards to ensure that the risks identified remain within the established appetite and to support an informed decision-making process.

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 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 risk management framework of the Bank.

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.

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.

Risk Assessment

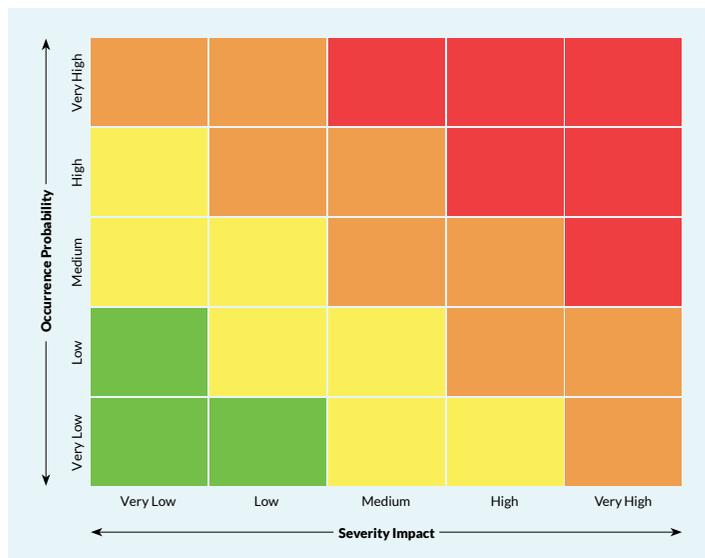
The Bank has an established and comprehensive process for risk identification at every stage of the risk taking activities, namely transactional, product and even at the entities level. Risks are also identified through Operational Risk Loss Event reporting and Portfolio thematic analysis. As part of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

INTERNAL CONTROL REPORT

ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

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:

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 consists 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 Procedures

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.

INTERNAL CONTROL REPORT

**ORGANISATION OF INTERNAL CONTROL SYSTEM
(CONTINUED)****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 challenged 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.

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 of Directors, Senior Management and all employees within the Bank.

INTERNAL CONTROL REPORT

**ORGANISATION OF INTERNAL CONTROL SYSTEM
(CONTINUED)**

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. This enables the decision makers to 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 RMC, AC and 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.

Management Audit Committee

Management Audit Committee (“MAC”) is established to ensure timely rectification of any audit findings and the underlying causes highlighted by the internal and external auditors, and regulators. The status of rectification of all audit findings and the mitigation actions plans implemented by Management to adequately address the underlying causes are closely monitored by the MAC at every meeting.

The MAC comprising senior level representatives from different function is chaired by Chief Executive Officer/Executive Director of the Bank. The MAC meet monthly or as determined by the Chairman and the minutes of meeting together with the relevant audit reports are subsequently tabled to the AC for information, deliberation and direction for further action where required.

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

INTERNAL CONTROL REPORT

**ORGANISATION OF INTERNAL CONTROL SYSTEM
(CONTINUED)**

compliance monitoring framework which includes, amongst others, implementation of comprehensive compliance policies, frequent compliance reviews and testing, 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.

◆ AUDIT COMMITTEE

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

Term of Reference of the 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 AC 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 AC.
2. Sign off on 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.
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 Managing Director/ Group Managing 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.

Duties and Responsibilities

The AC 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 Audit Committee:

INTERNAL CONTROL REPORT

ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

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 review the adequacy of the scope, functions, competency and resources of the internal audit function, Internal Audit Charter and that it has the necessary authority to carry out its work.
- vii. 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.
- viii. To ensure that all findings and recommendations are reviewed and resolved effectively and in a timely manner.
- ix. To conduct periodic controls that is independent from permanent controls on a periodic basis and report on its findings to the Chairman of the AC.
- x. 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.

- xi. 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 Audit Committee.
- xii. 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 members and provide resigning staff an opportunity to submit reasons for resigning, where necessary.
- xiii. 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 function:

- 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.

INTERNAL CONTROL REPORT

**ORGANISATION OF INTERNAL CONTROL SYSTEM
(CONTINUED)**

- 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 AC 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 half yearly results and 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. Internal Controls:

- i. Review the effectiveness of internal controls and risk management processes, policy, 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.
- ii. Periodically review and provide constructive challenge to management on the credibility and robustness of the risk management policy, framework and risk information reporting to ensure that there are no material gaps or weaknesses.

5. 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.

6. 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.

Reporting

Whilst the Committee reports to the Board, regular audit reports are to be tabled to Group Board Audit Committee (BAC) as part of the oversight if deem it necessary.

Composition**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 member of committee for the reason of ceases to be a member of the Committee with the result that the number of member reduce below three (3), The Board may appoint a new member of the Committee as soon as able to find for qualified successor.

INTERNAL CONTROL REPORT

**ORGANISATION OF INTERNAL CONTROL SYSTEM
(CONTINUED)**

- iv. No AC 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 AC. In addition, members of the AC shall not be directly responsible for, or part of any committee involved in, the management functions within the Bank.
- v. Collectively, the AC 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 AC 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 AC members

A Director who is appointed as a member of the AC shall hold position for a period of up the 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. 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.
- 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 AC meeting shall be kept and distributed to all members of the AC. The minutes of the AC meeting shall be presented at the Board Meeting and the Chairman or the Acting Chairman (In the absence of Chairman) of the AC shall report on material issues which have been deliberated at AC meeting to the Board.

Confidentiality of Information

All members of the AC and its invitees shall treat any information disclosed in-out 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.

INTERNAL CONTROL REPORT

ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)**Composition and Attendance of Meetings**

A total of four (4) AC meetings were held during the financial year ended 31 December 2021. The AC comprises the following members and the details of attendance of each member at the AC meetings held during the year are as follows:

Composition of AC	Number of Meetings Attended
Mao Samvutheary Chairperson/Independent Non-Executive Director Re-designated as Chairperson of the AC on 30 January 2020	4/4
Chin Yoong Kheong Member/Independent Non-Executive Director Appointed as Member of the AC on 22 July 2019	4/4
Syed Ahmad Taufik Albar Member/Non-Independent Non-Executive Director Appointed as Member of the AC on 12 May 2021	3/3
Abdul Aziz Peru Mohamed Member/Independent Non-Executive Director Resigned as Member of the AC on 12 May 2021	1/1

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

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

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

Summary of AC Activities in 2021

The work carried out by the AC 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 the following matters identified during the statutory audit for the financial year ended 31 December 2020 as highlighted in their Communication with Audit Committee Report:
 - Significant audit and accounting matters including measurement of expected credit loss allowance due to the impact of COVID-19;
 - Other required communication; and
 - Summary of corrected misstatements.

INTERNAL CONTROL REPORT

ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

Internal Audit

- a) Review the audit activities undertaken by Internal Audit for the financial year covering the planned audit assignments and ad-hoc audit.
- b) 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.
- c) Reviewed and approved the Balanced Scorecard for Head of Internal Audit taking into consideration the relevant and importance of the key performance indicators set for the year.
- d) Reviewed and deliberated on the minute of MAC meetings, internal audit reports, audit recommendations and Management's responses to these recommendations as well as the timely mitigation actions taken by Management to improve the system of internal controls and its processes on the areas highlighted.
- e) Reviewed the status update of outstanding findings of regulatory report 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 2021 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 AC's views and directions on the areas of concern where necessary.
- c) Met with the external auditors on 15 February 2021 without the presence of Management to enable the external auditors to discuss matters with the AC 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 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 Risk Management Committee 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 AC and administratively to the Chief Executive Officer/Executive Director

INTERNAL CONTROL REPORT

**PERIODIC CONTROL (INTERNAL AUDIT)
(CONTINUED)**

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 appointment and performance appraisal, as well as the Internal Audit scope of work and resources, are approval by the AC.

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 areas to be audited are documented in the internal audit plan that is developed based on a risk-based approach and is approved by the AC annually. Audit reports which include detailed audit findings, IA's comments and recommendations, and Management's response are tabled to MAC regularly and AC on a quarterly basis.

The established MAC is tasked to ensure that issues raised by IA, external auditor and regulators are addressed within an appropriate and agreed timeline. Confirmation to this effect must be provided by Management to IA for verification before the issues concerned can be closed at the MAC.

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 AC and the Chief Executive Officer/Executive Director, decides on the appropriate resources required for the IA taking into consideration the size and complexity of operations of the Bank.

As at 31 December 2021, 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 2021 amounted to USD175,183.

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") in order for them to be proficient and competent in the relevant disciplines.

In 2021, the internal auditors attended the relevant technical as well as management programme via e-learning and virtual training offered by RHB Academy, the Group's Learning and Development Centre, and external programmes provided by the Institute of Banking & Finance.

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 professionals. The appointment of independent reviewer 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

INTERNAL CONTROL REPORT

**PERIODIC CONTROL (INTERNAL AUDIT)
(CONTINUED)**

best practices. The results of review by the independent reviewer are documented in a report which is tabled to the BAC.

The latest external quality assessment was conducted in 2021 where GIA was assessed to be in conformance with all the applicable rules, standards and requirements stipulated in The IIA's International Standards for the Professional Practice of Internal Auditing. The results of review were tabled by the independent reviewer to the BAC.

Summary of IA's Activities

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

- a. Prepared the annual risk-based audit plan for Bank which includes the audit objectives and scope, and manpower requirements for each planned auditable unit.
- b. Conducted audits as per the approved audit plan as well as ad hoc review and provided independent assessment and objective assurance over the adequacy and effectiveness of risk management, internal controls and governance of the units audited.
- c. Audited key areas during the financial year which included the Branches, Business Banking, Credit Evaluation & Review, Credit Management, Human Resources & Training, Digital Banking and IT Operations and Management.
- d. Monitored and followed up through the MAC 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 AC on a quarterly basis.
- e. 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.
- f. Participated in new IT system or new product development activities to provide recommendations upfront on the relevant control features to be considered by Management.
- g. Attended Management meetings as permanent invitee on a consultative and advisory capacity to provide independent feedback where necessary on internal control related matters.
- h. Organised MAC meetings, preparing meeting materials as well as preparing minutes of meetings for submission to AC.
- i. Prepared the Annual Internal Control Report 2020 for submission to the National Bank of Cambodia and publication in the Annual Report of RHB Bank (Cambodia) Plc upon approval by the AC.

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:

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

INTERNAL CONTROL REPORT

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 RMC/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 RMC/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:

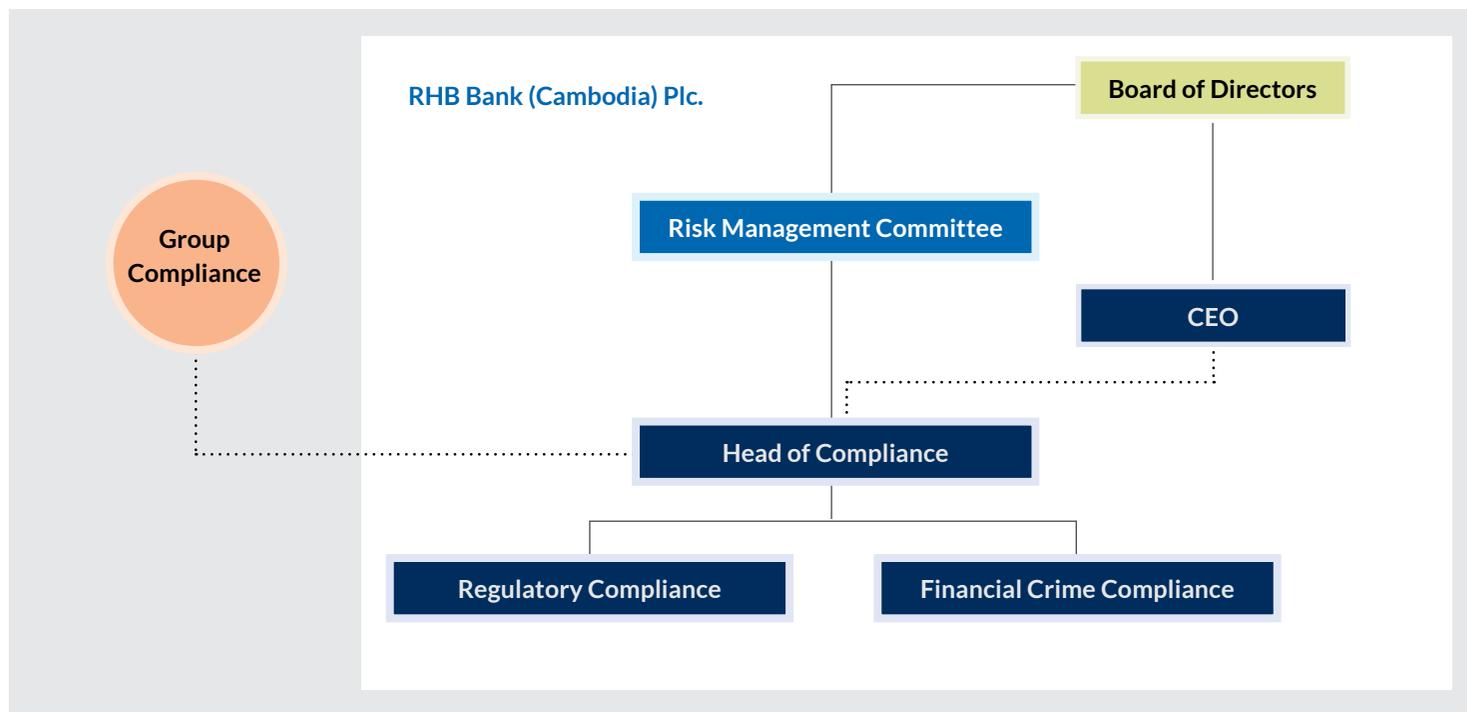
- Develop, review & implement all compliance strategy & action plan to govern overall bank policy, process, procedure, manual, guideline and banking activities while support the business growth.
- Review all banking policies, manual, procedures & process. Report to management and propose improvement 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.

INTERNAL CONTROL REPORT

COMPLIANCE (CONTINUED)

In 2021, the organization chart of compliance department has been revised and approved by BOD as follow:

**RESOURCE PROVIDED**

There are five (5) staff 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 is 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.

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 joining 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 was 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 were conducted to ensure that the Bank was not exposed to the threat of ML/FT through the correspondent accounts.

INTERNAL CONTROL REPORT

COMPLIANCE (CONTINUED)

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 June 2021.

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 ML/FT 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.

INTERNAL CONTROL REPORT

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 2021.

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.

The financial statements are audited annually by an International Professional Accounting Firm which has been endorsed by Audit

Committee and approved by the Board of Directors. For the financial year ending 31 December 2021, NBC has requested for the Bank to appoint a second auditor to specifically assess the quality of the Bank's assets.

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.

◆ RISK MANAGEMENT COMMITTEE

During the financial year ended 31 December 2021 ("year"), a total of four (4) Risk Management Committee ("RMC") meetings were held.

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

Composition of RMC	Number of Meetings Attended
Chin Yoong Kheong Chairman/Independent Non-Executive Director Re-designated as Chairman of the RMC on 12 May 2021	4/4
Mao Samvutheary Member/Independent Non-Executive Director Appointed as Member of the RMC on 6 May 2019	4/4
Syed Ahmad Taufik Albar Member/Non-Independent Non-Executive Director Appointed as Member of the RMC on 12 May 2021	3/3
Abdul Aziz Peru Mohamed Chairman/Independent Non-Executive Director Resigned as Chairman of the RMC on 12 May 2021	1/1

INTERNAL CONTROL REPORT

RISK MANAGEMENT POLICIES, PROCEDURES AND PROCESS (CONTINUED)

Reporting Line of the Risk Management Committee



- Risk Management 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.
- Risk Management Department reports to Risk Management Committee: The reporting line from Risk Management Department direct to Risk Management Committee of the Bank.
- Risk Management Department reports to Regional Risk Management (Group Risk Management): The matrix reporting line to the Regional Risk Management is 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.
- Risk Management Department 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 Risk Management 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 access 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.

INTERNAL CONTROL REPORT

RISK MANAGEMENT POLICIES, PROCEDURES AND PROCESS (CONTINUED)

- 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 Risk Management Committee's Minutes

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

- a. Credit risk management
- b. Asset & liability Management
- c. Operational Risk Management
- d. 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 escalate up to Board Risk Committee i.e. Risk Management Committee or Audit Committee 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. Battambang Branch
2. Beoung Keng Kang Branch
3. Kbal Thnal Branch
4. Mao Tse Tong Branch
5. Presh Sihanouk Branch
6. Siem Reap Branch
7. Steoung Meanchey Branch
8. Business Banking Department
9. Credit Evaluation & Review Department
10. Credit Management Department
11. Digital Banking Unit
12. Human Resources & Training Department
13. Post Approval Credit Review
14. Information System Audit on IT Operations & Management

INTERNAL CONTROL REPORT

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 and procedure 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 2021, the Bank has conducted Business Continuity Plan Testing on 10 December 2021, with the objective to enhance the abilities of our frontline personnel and customer service agents in responding and managing crisis including communicating confidently and effectively with stakeholders during crisis. The Bank has also successfully conducted DRP simulation on its critical systems (hardware, systems, application and network) on 15 & 16 May 2021 and 5 December 2021. These exercises were to gauge the readiness and resolving any gaps of the Bank in facing any possible crisis.

2021 continued to be a challenging year due to ongoing COVID-19 pandemic outbreak. The Management has taken proactive and precautionary measures to mitigate and manage the outbreak and risk of infection while ensuring continuous provision of essential services. The Bank has activated its Business Continuity Plan ("BCP") 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.

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 Compliance Officer overseeing the compliance risk management of the Bank.

MATERIAL RISK	ACTION TAKEN
 <p>CYBERSECURITY Cybercrime continues to increase and become more sophisticated, more frequent and widespread. As the Bank moves towards embracing digitalisation and automation, the threat to information security becomes imminent, more so, due to the current COVID-19 pandemic where digital channels became a necessity.</p>	<ul style="list-style-type: none"> • 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.
 <p>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.</p>	<ul style="list-style-type: none"> • 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 Institution 1999. • Heightened oversight and monitoring vis-à-vis handling of customer information including ensuring strict observance to NBC's Professional Secrecy.
 <p>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.</p>	<p>Instilling a strong compliance culture across all functions of the Bank through the following compliance monitoring framework:</p> <ul style="list-style-type: none"> • 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

COMPLIANCE AMIDST COVID-19

As the world continued to fight its battle against the COVID-19 pandemic, the Bank continue to operate through the various lockdowns and experience 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 was no compromise to the Bank's regulatory obligations amidst the uncertainties and focused on strengthening its oversight responsibilities.

The following are some of the key initiatives by Compliance for 2021 in its effort to remain vigilant amidst the COVID-19 pandemic:

INITIATIVES	OUTCOMES
<ul style="list-style-type: none"> Organised focused compliance clinics where topics were selected based on the outcome of compliance reviews. Optimised the usage of alternative learning platforms such as 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. Raised both employees and customer awareness to prevent scams and frauds
<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 minimising non-compliance risks amidst the new normal. Timely compliance risks identification and solutions to address the same.
<ul style="list-style-type: none"> Launched the Compliance Culture and Behavioral Assessment Survey to better understand staff perception towards compliance and assess the state of compliance of the Bank. Conducted various refresher / 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"> 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 2022

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 organisation.

The following are our key priorities for 2022:

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 defence 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 2022. With the uncertainties surrounding the economic environment due to the continuous threat posed by the pandemic, the Bank will not underestimate the emergence of new compliance risks and the need to come up with improve strategies to combat the same and protect its stakeholder's interest.



Calendar
of events 2021



CALENDAR OF EVENTS 2021

CHINESE NEW YEAR 2021

16 February 2021

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.

RHB Bank held a small staff gathering to celebrate the auspicious occasion. Chinese New Year Best Decorated Branch Competition was held at all branches as an effort to improve employee engagement and RHB Cambodia branding.



CALENDAR OF EVENTS 2021

INTERNATIONAL WOMEN'S DAY

5 March 2021

International Women's Day is celebrated in many countries around the world on every 8th March. It is a day when women are recognized for their achievements without regard to divisions, whether national, ethnic, linguistic, cultural, economic or political.

In conjunction with International Women's Day 2021, we distributed gifts to all of the female staff of RHB Bank (Cambodia) PLC and RHB Securities (Cambodia) PLC. This is part of the bank's initiative to appreciate the invaluable contribution and support provided by them.



CALENDAR OF EVENTS 2021

RHB BANK CAMBODIA PROMOTES FINANCIAL LITERACY FOR ADOPTION OF NATIONAL CURRENCY

22 March 2021

With Cambodia's evolving financial landscape and the National Bank of Cambodia's reintroduction of the national currency, RHB Bank (Cambodia) Plc. fully supports the initiative by mapping its financial literacy strategies of getting its customers to use Riel for banking products and activities.

The Bank promotes the use of KHR through various attractive loan and deposit campaigns launched from time-to-time. The Bank also engages staff to continuously promote KHR products to our customers as well as to educate them on the preferred choice of KHR through the Bank's various campaigns that are launched.



JOB ANNOUNCEMENT
CLICK FOR DETAILS

KHMER TIMES

National Business គ្រឹះស្ថាន 中文新闻 Khmer Times TV Editorial Opinion Property Sport Pr

Supplements March 22, 2021

RHB Bank (Cambodia) Plc. promotes financial literacy for adoption of national currency



RHB Bank (Cambodia) Plc. Country Head/CEO Wong Kee Poh, says the bank is already promoting the use of Riel in its products and services. Supplied

What are your views on the possibility of more US dollar denominations being removed from circulation such as the USD20 and USD20 bill?

This will improve the general acceptance of RHR among the public and in the broader economy to meet the objective to increase KHR circulation.

What are your steps to support de-dollarizing of the economy?

We encourage customers to transact in KHR, including loans and deposits. In addition, we continue to enhance our operational efficiencies to support and facilitate RHR transactions, in particular improving our over-the-counter service for RHR transactions and through our digital banking platform.

Does RHB promote staff wages to be paid in Riel, for lower funding staff?

RHB Bank (Cambodia) Plc. is currently paying staff salary in US Dollars. However, we will adhere to NBC's directive if any in future.

What are your views on the stability of Cambodian Riel?

We are optimistic on the stability of RHR, which stems from the economic performance of Cambodia having averaged 7% GDP growth over the last decade together with the stability of the Cambodian Government and also the NBC's actions by the NBC to require all financial institutions to comply with the 10% RHR loan requirement by 2019 has also played an important role in improving RHR circulation within the economy.

Does your ATM machines accept Riel and what percentage of these are in Riel compared to Dollars (if the ATM accepts Riel)?

RHB Bank (Cambodia) Plc. was the first bank in Cambodia to introduce the ATM machine in 2006. Our ATM currently accept only US Dollars and the machines can easily be calibrated to accept RHR when the need arises. However, our ATM machines allow RHR withdrawal and also allow cross-currency RHR transactions.

Khmer Times is on iPhone and Download the app to read this news from the go!

Hong Kye Pih says the bank fully supports the initiative by mapping its financial literacy strategies of getting its customers to use Riel in key life stages for banking products and activities.

Can you please enlighten us on the measures and activities taken by RHB to support and promote the Cambodian Riel?

RHB Bank (Cambodia) Plc. promotes the use of KHR through various attractive loan and deposit campaigns launched from time-to-time. The Bank also engages staff to continuously promote KHR products to our customers as well as to educate them on the preferred choice of KHR through the Bank's various campaigns that are launched.



What percentage of the businesses in RHB is in Riel?

Currently, 13% of business is in RHR as at December 2020 and this is above the requirements set by NBC.

Has RHB met the NBC regulation of 10% loans to be in Riel denomination?

RHB Bank (Cambodia) Plc. is always mindful in complying with the guidelines and directives set by the regulators. In this regard, the Bank has complied with NBC's requirement of 10% loan in RHR denomination.

Are your interest on deposits and loans more preferential than the USD?

Yes, we do offer preferential interest rates for both our Loan and Deposit products as the Bank is supportive of NBC's initiative to promote the use of KHR in the broader economy. The preferential rates are also prevalent in the campaigns that we launch to promote the Bank's products denominated in KHR.

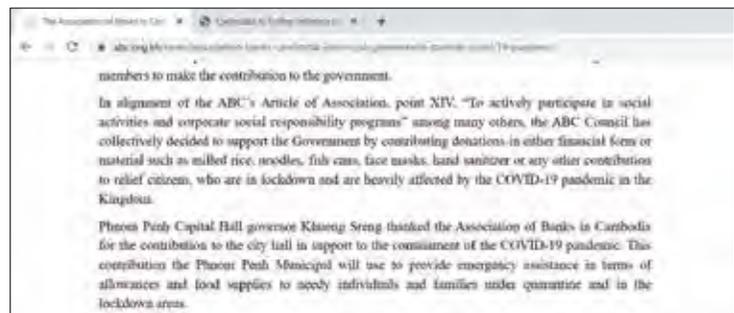
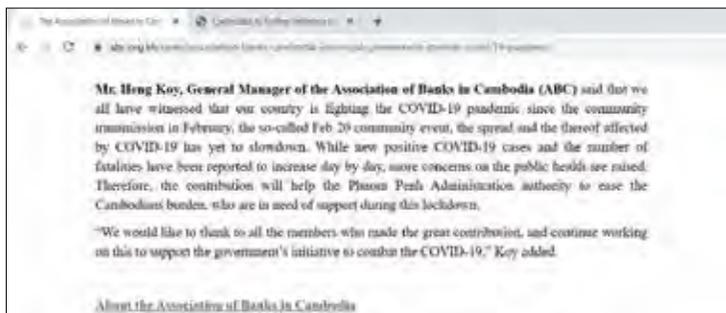
CALENDAR OF EVENTS 2021

RHB BANK CAMBODIA CONTRIBUTION IN SUPPORT TO THE FIGHT OF COVID-19

6 May 2021

The Association of Banks in Cambodia (ABC) and its members made contributions to support initiatives of the Phnom Penh Capital Hall to contain the spread of COVID-19 and handed over KHR 10,000,000 contribution along with 23 tons of milled rice, 1,129 packs of canned fish, 5,700 boxes of protective masks, 2,700 bottles of hand sanitizer, and 1,200 liters of alcohol in the presence of H.E. Khuong Sreng, Governor of Phnom Penh City, on May 5 at Phnom Penh Capital Hall. The Association of Banks in Cambodia continues working with its members to make the contribution to the government.

ABC acknowledged to all the members who made the contribution, and to continue working on this to support the government’s initiative to combat the COVID-19. RHB Bank (Cambodia) Plc. continues to support any form of contribution to support the Kingdom of Cambodia.



CALENDAR OF EVENTS 2021

RHB BANK CAMBODIA WELCOMING CLIENTS AS LOCKDOWNS LIFT

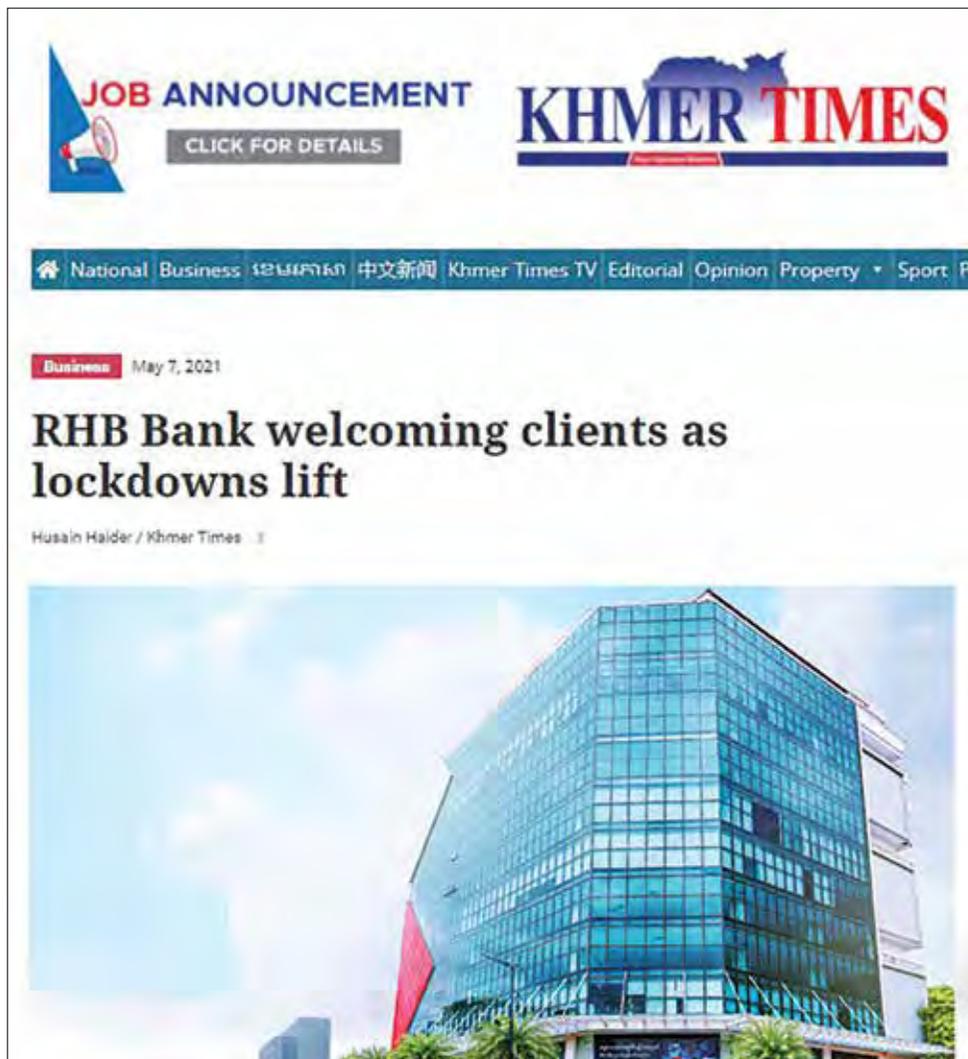
7 May 2021

At RHB Bank Cambodia, we believe in keeping our customers and staff safe during this outbreak. In the recent event of the 3rd Community Outbreak on 20th February 2021, the Bank has taken strict hygiene protocol as per the National Bank of Cambodia directive - Strengthening Measure to Prevent the Out-Break of Covid-19 Feb 20 Community Event.

The Bank enforced the practice of taking body temperatures of all our customers and staff on a daily basis and also the enforcement of checking in with QR code at stopcovid.gov.kh.

Banking halls were sanitized regularly, front liners wore face shield and masks, practiced 1.5meter social distancing, and the branch controlled the number of customers in the banking hall at any one time.

Here at RHB Bank Cambodia, we are United Against Covid-19 and encourage customers to use RHB Internet Banking and RHB Now Mobile Banking services for their daily transactions.



JOB ANNOUNCEMENT
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KHMER TIMES

National Business គំរូអក្សរ 中文新闻 Khmer Times TV Editorial Opinion Property Sport Pr

Business May 7, 2021

RHB Bank welcoming clients as lockdowns lift

Husain Haider / Khmer Times

The image shows a screenshot of a news article from Khmer Times. At the top, there is a 'JOB ANNOUNCEMENT' banner with a 'CLICK FOR DETAILS' button. Below that is the Khmer Times logo and a navigation bar with categories like National, Business, គំរូអក្សរ, 中文新闻, Khmer Times TV, Editorial, Opinion, Property, and Sport. The main article is dated May 7, 2021, and is titled 'RHB Bank welcoming clients as lockdowns lift' by Husain Haider. The article features a large photograph of a modern glass skyscraper, likely an RHB Bank branch. The text of the article is partially visible, mentioning that RHB Bank Cambodia is welcoming clients as lockdowns lift, and that the bank has implemented strict hygiene protocols to ensure safety during the outbreak.

All 79 automated teller machines across the Kingdom are also operating to service clients, according to RHB Bank (Cambodia) Plc.

RHB Banking Group, a subsidiary of RHB Bank, is the fourth largest fully integrated financial services group in Malaysia. On Wednesday the group launched its new RHB Top 10 Malaysia Small Cap Companies Index.

The fund encompasses 79 stocks with a market capitalisation of below \$1 billion. The average market cap of the firms selected was approximately \$165,000 with the industrial services and consumer sectors being represented the most.

THE POS THAT UNDERSTANDS RESTAURANT

RHB Bank's Managing Director for RHB Banking Group said that strong investor interest spurred by low interest rates during the pandemic had helped small cap companies adapt to the "COVID business environment".

"Overall, the small cap index has been encouraging - generating returns of 10.7 percent YTD (year-to-date) as compared with 8.9 percent in 2020 and we see this upward trend continuing," he said.

Despite trading large-cap stocks for most of 2020, small caps outperformed their heavier counterparts at the US exchange in the fourth quarter as the global recovery begins to take shape.

"For investors that can tolerate potential risks, small cap stocks may offer opportunities for meaningful upside, particularly as the economic recovery strengthens in 2021," David Lebowitz, global market strategist at JP Morgan Chase, said.

MYTAMAC

Most Phnom Penh branches will operate from 8.15 am until 3.15 pm. These include Phnom Penh Main Office at the Citic Tower as well as the Premier Banking Centre and Safe Deposit Centre.

RHB banks in Toul Kevh, Mao Tei Dong, Borey King Kong, City Mall Olympic, Chai Chud, Pin Lek Long and Money Market have re-opened.

Renov7 Series

The other branches in Kampong Cham, Kampong Chhnang and Santarabong provinces however, will be operating at normal banking hours from 8.15 am until 4.15 pm.

However, we do believe in the safety of our customer and staff and encourage clients to use our RHB Internet Banking and RHB Now Mobile Banking services for their daily transactions," the bank added.

All 79 automated teller machines across the Kingdom are also operating to service clients, according to RHB Bank (Cambodia) Plc.

CALENDAR OF EVENTS 2021

RHB BANK CAMBODIA BRINGS HARI RAYA JOY TO THE UNDERPRIVILEGED

10 May 2021

RHB Bank (Cambodia) Plc. in collaboration with Hospital Beyond Boundaries had arranged for a charity event for the poor Muslim families in the RHB Cambodia Hari Raya charity drive. A total of 40 underprivileged families were identified for this occasion by giving them USD 100 worth of food in preparation for their Hari Raya celebration at Masjid Nurul Naim in Chrang Chomreh KM 8, Phnom Penh. The charity event was also attended by His Excellency Morn Kriya, Secretary of State, Ministry of Labor and Vocational Training who delivered a short speech to thank the Bank for its efforts to assist the needy during this time of need; and in conjunction with the spirit of giving in the holy month of fasting, also known as Ramadan.



CALENDAR OF EVENTS 2021

158TH YEAR ANNIVERSARY OF WORLD RED CROSS AND RED CRESCENT DAY

21 May 2021

RHB Bank Cambodia continued to show its commitment towards humanitarian efforts by alleviating difficulties of the victims of various disasters, helping the underprivileged, and providing emergency assistance especially during this current COVID-19 pandemic affecting the Kingdom of Cambodia and the economy.

In conjunction with the 158th year anniversary of World Red Cross and Red Crescent Day, RHB branches in Siem Reap and Battambang had recently contributed monetary aid to support the Cambodian Red Cross in their humanitarian activities.



CALENDAR OF EVENTS 2021

RECOGNITION OF RHB HEROES

21 May 2021

The Royal Government of Cambodia had imposed the lockdown of Phnom Penh for two weeks, effective April 14 midnight through April 28, as Cambodia continued to grapple with the ongoing community outbreak of COVID-19. The lockdown period may be extended in view of the continued daily increases in COVID-19 infections detected.

During the lockdown period, public institutions were instructed to minimize the number of staff and enforced having lunch at the workplace to ensure employee safety and operational sustainability.

As a result of the lockdown requirement by the government, RHB Bank Cambodia managed to operate only 1 branch (Phnom Penh Main Branch) in order to ensure business continuity. Staff who had turned up to ensure smooth running of the branch were hosted an appreciation breakfast by the Chief Executive Officer, Mr. Wong Kee Poh; and were each issued an appreciation Letter.

This recognition is an appreciation of staff who we called RHB Heroes, who had risked their safety to work at office during the lockdown period.



CALENDAR OF EVENTS 2021

RHB BANK CAMBODIA TO IMPROVE FINANCIAL LITERACY AMONGST KHMER YOUTH THROUGH DIGITAL SAVINGS

7 June 2021

National Bank of Cambodia (NBC) is seeking to promote financial literacy among Cambodians and boosting awareness of financial issues has become a greater priority as the industry continues to develop and become more complex. Financial literacy is a long-term agenda with financial institutions' participation to accelerate financial awareness amongst Cambodians.

RHB Bank Cambodia has introduced an initiative called goWave by RHB. It's a holistic digital content platform designed to further boost financial literacy amongst Cambodian young adults through useful bite-sized articles, video capsules and financial tools spread across the digital space including through its website as well as on various social media platforms.

RHB Bank (Cambodia) moving forward with Financial Inclusion and Literacy

"goWave by RHB" is a financial literacy website developed by RHB Bank (Cambodia) Plc. (RHBBCP) to support the National Bank of Cambodia's agenda to increase financial literacy and inclusion. It was launched in June 2021 and is a content platform with the aim of increasing the financial literacy of Cambodia's young adults through useful bite-sized articles, video capsules and financial tools spread across the digital space, including its own website, as well as social media platforms (Facebook, Instagram and YouTube).



(L-R) Ms. Po Siim, Head of Product Development, Mr. Wong Kee Poh, Country Head/CEO, Mr. Leong Moon Fei, Head of Retail Banking and Mr. Borey Nhim, Head of Branch on Business & Distribution. Supplied

Since its launch in June 2021 which was done virtually with a supporting message from National Bank of Cambodia until now, goWave has managed to attract more than 200,000 young adults (University Students) to their goWave Facebook page to connect with the chatbot to find out more about our financial knowledge content in a fun engaging platform. The usage of KOL's to engage with them in a fun with video content explaining about the importance of financial literacy, also plays an important factor to connect with them personally. In order to obtain more in depth information, they can view our goWave Microsite.

"goWave by RHB addresses a long-term view

by Mr. Wong Kee Poh, Country Head/CEO from RHB Bank Cambodia.

- Saving and budgeting,
- Fitting your finances in your lifestyle,

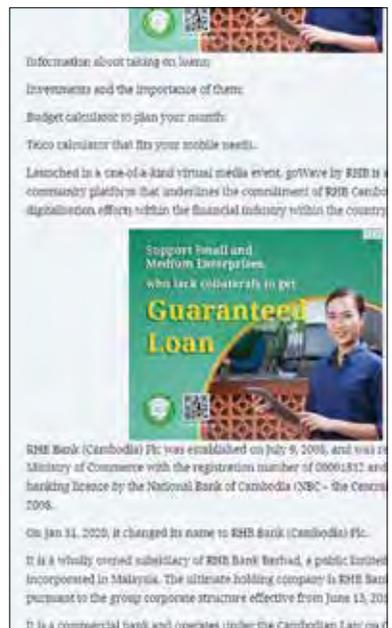
With goWave by RHB as a one-stop personal finance hub, Cambodians will be able to interact with an automated chatbot through Facebook which will then provide them with the latest updates, related media and recommendations most relevant to them. There will be virtual workshops held by influencers with RHB to further discuss interesting financial topics on their social platforms too.

For more information on goWave by RHB, please visit: <http://www.gowave.rhbgroup.com.kh>

ABOUT RHB BANK CAMBODIA

RHB Banking Group is among the top fully integrated financial services institution in Malaysia with more than 100 years of service excellence and significant presence in ASEAN countries. With more than 14,000 employees Group wide, RHB has strong market leadership in Malaysia and ASEAN across targeted products and segments.

RHB Bank (Cambodia) Plc. was established on 9th July 2008 and currently has 12 branches operating in Phnom Penh and the provinces. RHB banking group in Cambodia also offers

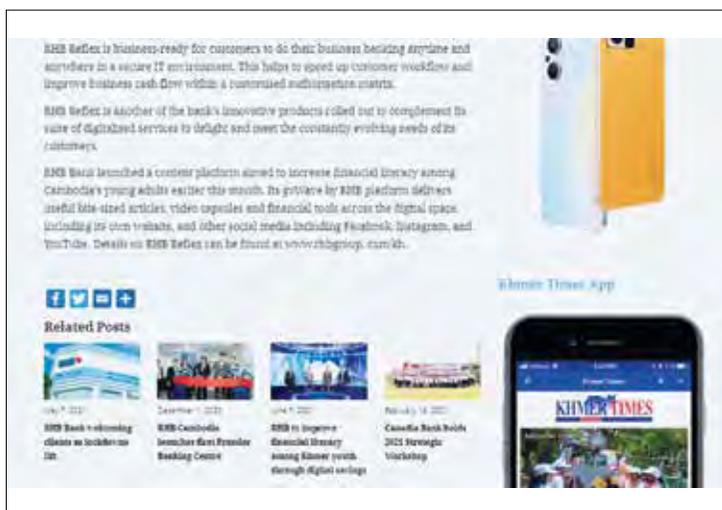


CALENDAR OF EVENTS 2021

RHB BANK CAMBODIA DELIVERS NEW INTEGRATED ONLINE BUSINESS SOLUTION FOR SME, COMMERCIAL AND CORPORATE CLIENTS

15 June 2021

RHB Bank (Cambodia) Plc. has introduced a new web-based financial solution called RHB Reflex to put real control in the hands of its SME, commercial and corporate clients. RHB Reflex combines cash management and payment solutions as an integrated online business solution to allow RHB Customers 24/7 access to bank services anywhere via the internet or their mobile banking apps.

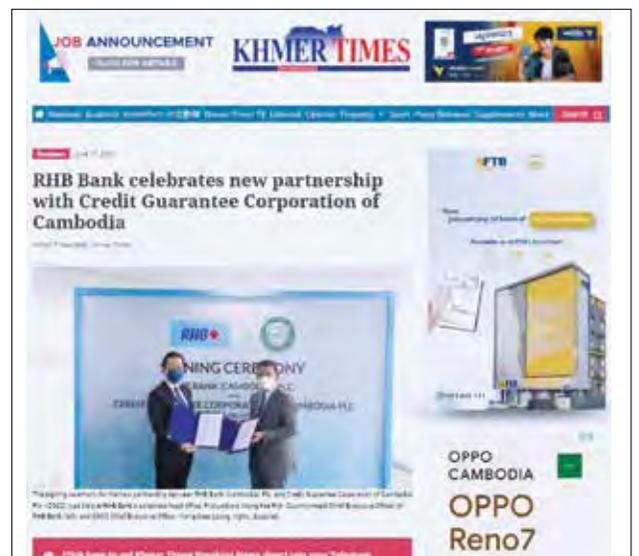


CALENDAR OF EVENTS 2021

RHB BANK CAMBODIA CELEBRATES NEW PARTNERSHIP WITH CREDIT GUARANTEE CORPORATION OF CAMBODIA

16 June 2021

This partnership would allow RHB Bank (Cambodia) Plc. to take part in the Business Recovery Guarantee Scheme (BRGS) with CGCC that aims to support businesses including Micro, Small and Medium Enterprises (SMEs) and Large Firms to enhance their access to formal loans for both working capital and investment or business expansion.



CALENDAR OF EVENTS 2021

RHB BANK CAMBODIA PRIZE GIVING CEREMONY FOR PREMIER BANKING DEPOSIT CAMPAIGN

25 June 2021

The Bank had introduced a Premier Banking Deposit Campaign, which was held between January and June of 2021. The campaign was specially tailored for the Premier Customers who deposited with the Bank and the Grand Prize was 4 luxury watches and 20 mini iPads.

It was a great opportunity for the Bank to recognize and congratulate the Grand Prize winners by having a small but meaningful event to commemorate the occasion. The special prize giving ceremony was attended by the Grand Prize winners whilst another 20 lucky draw winners who won mini iPads were contacted by the bank separately, due to restrictions on crowd gathering.



The Bank is always developing specially tailored campaigns to be launched from time-to-time to enhance our value proposition for our existing customers as well as building our portfolio in our targeted segments* as quoted by Mr. Wong Kee Poh, Country Head / CEO of RHB Bank (Cambodia) Plc.

RHB Premier Banking services are exclusively designed to reward affluent customers with special privileges offered and added touch of prestige and sophistication in serving their financial needs. The RHB Bank (Cambodia) Plc. is the first bank in Cambodia to offer Safe Deposit Boxes to customers as part of our value proposition.

The Premier Banking customers are able to enjoy a wide range of products and services at preferential rates of fee waiver for Inward Telegraphic Transfers, Premier Current Account with returns of up to 2.85% and privileges such as access to the



CALENDAR OF EVENTS 2021

RHB CAMBODIA TOWNHALL 2021

16 September & 16 December 2021

The Bank had organized 2 TownHalls in 2021 with the main objective 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 to facilitate opportunities for staff to mingle up-close-and-personal with the Bank's senior management.

The first TownHall was organized in Head Office and also virtually via Workplace. It was a great session where the staff got together and was aligned with the latest news about the Bank's performance as well as strategic initiatives.

The second TownHall was held at Legend Cinema, Eden Garden and the staff were treated to a special premiere of Spiderman - No Way Home movie. The Town Hall was attended by 230 staff from RHB Cambodia Bank and RHB Securities. Employee Recognition award was also held during this TownHall to recognize staff who had performed well in their respective areas of work.



CALENDAR OF EVENTS 2021

RHB CAMBODIA RECOGNITION AWARD

16 September & 16 December 2021

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 was held in conjunction with the Bank's TownHall for maximum exposure and engagement between Management and staff.



CALENDAR OF EVENTS 2021

RHB BANK CAMBODIA HACKATHON 2021 WINNERS FETED AT SPECIAL DINNER

10 October 2021

Fifty-eight teams made up of 170 university students participated in the first-ever hackathon, held by the Bank. After six weeks of frenetic activity there could only be one winner. Team Kak was selected as the winners by the experienced judges from RHB Bank Cambodia, who jointly hosted the event with Amazon Web Services.

The competitive hackathon was held with the aim of challenging the community to create technological initiatives and solutions, while searching for young talent for the future of the banking industry in Cambodia.

This initiative was spearheaded by the bank's human resources, retail banking, information technology and marketing departments

POST FOCUS
BANKING

RHB Bank's 'Build On, Cambodia 2021 Hackathon' won by Team Kak

RHB

RHB Bank Cambodia has announced the winners of the first ever 'Build On, Cambodia 2021 Hackathon' with the judges highly impressed with the standard of innovation that the young teams have put.

A hundred and twenty university students in 18 teams were given six weeks of frenetic activity submitted ideas to judge - with Team Kak declared the winners on May 26.

Jointly hosted by RHB Bank and Amazon Web Services (AWS), the competitive hackathon was held with the aim of challenging the community to create technological initiatives and solutions for the banking industry.

"The hackathon was very successful. We were very impressed with the talent on display. All the participants gave us such very solid ideas and solutions, and the judges had a hard time selecting the winners."

"The winners were Team Kak, who were particularly innovative in creating business solutions, and their originality was extraordinary when addressing their requirements against with their use of the 'low' approach to solving various scenarios onsite."

"Back the winners and runner-up created apps that help the youth engage more with banking, particularly by addressing some of the issues more specific to them," said RHB Bank Cambodia chief technology officer Lim Kim Yim.

The winning team are a group of 11 students from Phnom Penh's S-Perk Business School with the RHB Bank Cambodia and Amazon Web Services team to share their own learning experience and create an awareness on building a career in the industry.

"Build On, Cambodia is a competitive hackathon that challenges the community to create technological initiatives and solutions to address challenges faced by RHB Bank."

"Through this event, participants get the opportunity to learn, share, develop, and compete, with mentoring by experts from AWS and RHB Bank Cambodia. This

RHB Bank hopes to inspire a new generation of financial innovators with events such as the hackathons.

It was a great honor to be the grand finale on May 26, which was held virtually due to COVID-19 restrictions.

The finalists presented their ideas and solutions, pitched their business plans, demonstrated their prototypes and answered tough questions from the panel judges, who it was made up of AWS and RHB Bank Cambodia management.

"RHB Bank is proud to be a financial institution that actively supports innovation in Cambodia and offers innovative banking services."

As a financial institution that actively supports innovation in Cambodia, the RHB Bank group in Cambodia also offers innovative banking services.

"With this event, RHB Bank hopes to inspire a new generation of financial innovators to come up with ideas that can help propel Cambodia into a digital economy where every individual can enjoy banking facilities wherever they are, wherever they want," Lim said.

And for the winners, the Build On, Cambodia Hackathon could serve as a stepping stone for their successful future.

"As well as their plans, the winners will be invited on a three-month mentoring programme from AWS in which we will develop their ideas and develop them further."

"Even though the event was held virtually, we could sense the spirit and the young talents from the participants, we just imagine how it would be if it was done on-site."

"This is why we are already so excited about next year's event" and about the young talent in Cambodia," Lim said.

Welcome To The Finale

BUILD ON, BUILDING YOUR FUTURE

The Phnom Penh Post
This is the first time that RHB Bank Cambodia has held a hackathon.

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RHB Bank's 'Build On, Cambodia 2021 Hackathon' winners feted at special dinner

Week end 10 October 2021 | 10:05 ICT

RHB Bank Cambodia (RHB) on Tuesday (October 05) announced the winners of the RHB Bank Cambodia Hackathon 2021. The winning team, Team Kak, were awarded a certificate and a cash prize of \$1,000. The winners were feted at a special dinner at the RHB Bank Cambodia headquarters in Phnom Penh. The event was attended by RHB Bank Cambodia executives and staff members. The winners were congratulated by RHB Bank Cambodia executives and staff members. The winners were also awarded a certificate and a cash prize of \$1,000. The winners were feted at a special dinner at the RHB Bank Cambodia headquarters in Phnom Penh. The event was attended by RHB Bank Cambodia executives and staff members. The winners were congratulated by RHB Bank Cambodia executives and staff members. The winners were also awarded a certificate and a cash prize of \$1,000.

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RHB BANK CAMBODIA
RHB Bank Cambodia is a leading financial institution in Cambodia, providing a wide range of services to its customers. The bank is committed to innovation and digital transformation, and is looking for young talent to join its team. The RHB Bank Cambodia Hackathon 2021 was a great opportunity for students to showcase their skills and ideas, and to win a cash prize and a certificate. The winners will be invited to join the RHB Bank Cambodia team and work on their ideas. The RHB Bank Cambodia Hackathon 2021 was a success, and we are looking forward to the next one.

The Phnom Penh Post

CALENDAR OF EVENTS 2021

INTERNATIONAL MEN'S DAY

23 November 2021

International Men's Day is celebrated in many countries around the world on every 19th November. It celebrates the positive value men bring to the world, their families and communities. One of the six pillars of International Men's Day is to improve gender relations and promote gender equality not only for men but for women too. RHB Cambodia also took the opportunity to recognize to appreciate the contribution and support provided by them.



CALENDAR OF EVENTS 2021

RHB BANK CAMBODIA WINS TWO AWARDS FROM INTERNATIONAL FINANCE

3 December 2021

RHB Bank (Cambodia) Plc. had won 2 prestigious awards from International Finance Magazine for the year 2021. The awards by International Finance is a recognition of RHB's winning-edge digital offering launched this year; and lends credence to the hard work put in by the entire RHB Team collectively in Cambodia and supported by Head Office in Malaysia.

The awards won are for goWave by RHB for Most Innovative New Online Financial Literacy Platform 2021 and RHB Reflex for Most Innovative New Business Banking Payment Solutions App 2021 in Cambodia.



CALENDAR OF EVENTS 2021

MALAYSIA DAY CYCLING EVENT 2021

11 December 2021

The much awaited 2021 Malaysian Unity ride finally took place on 11 December with about 60 riders comprising Malaysians, Malaysian Embassy staff and guest Cambodian riders taking part in the 27-kilometre ride. The ride was flagged off by Malaysian Ambassador H.E. Eldeen Husaini Mohd Hashim at the Malaysian Embassy pre-dawn, with the first stop at NagaWorld and on to Chroy Changva with another stop at the new Ministry of Land Management building, to Toul Kork, Camko City before finishing for a sumptuous breakfast held at the RHB Cambodia Bank Headquarters.

RHB Bank Cambodia was one of the main sponsors of the successful event.



CALENDAR OF EVENTS 2021

MEMORANDUM OF UNDERSTANDING CEREMONY (MOU) WITH BOREY KIM SOING

30 December 2021

RHB Bank Cambodia has developed a strategic partnership with one of the prominent property developer in Phnom Penh which is Borey Kim Soing.

The signing of MOU between RHB Bank Cambodia and Borey Kim Soing took place at the Borey Kim Soing head office. The main goal of the partnership is to synergistically serve customers with innovative products and financial solution geared towards home ownership for Cambodians.

Moving forward, the Bank will continue to establish strategic partnerships with reputable partners to deliver ease of owning a dream home.



CALENDAR OF EVENTS 2021

COFFEE SESSION WITH CEO

6 batches in year 2021

The Bank has started Coffee Session with CEO as part of an effective channel for the CEO to engage with staff who have been identified for their contributions and good performance. These sessions are part of the Bank's efforts to enhance Employee Value Proposition (EVP) with high impact initiatives.

These Coffee Sessions allow the employees to engage in casual conversation with the CEO and to talk anything formal and informal with him. This platform is a great opportunity for the employees to get to know the CEO better in an informal setting.

A total of 6 sessions and 54 employees attended the Coffee Session with CEO in 2021 and will continue to be held in the coming year due to encouraging staff feedback of the sessions held.



We Make
Progress
Happen



TOGETHER WE PROGRESS

FINANCIAL STATEMENTS

STATUTORY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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141	Statement of Cash Flows
142	Notes to the Financial Statements

For Everyone



STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021		2020	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Cash on hand	4	10,841,092	44,166,609	8,769,975	35,474,549
Deposits and placements with the central bank	5	158,173,499	644,398,835	183,956,924	744,105,758
Deposits and placements with other banks	6	77,577,807	316,051,986	83,802,399	338,980,704
Financial assets at fair value through other comprehensive income	7	25,000	101,850	25,000	101,125
Loans and advances at amortised cost	8	659,518,657	2,686,879,009	564,375,625	2,282,899,403
Statutory deposits with the central bank	9	58,462,376	238,175,720	87,770,662	355,032,328
Property and equipment	10	2,946,372	12,003,520	3,038,646	12,291,323
Right-of-use assets	11	12,839,723	52,309,032	13,932,784	56,358,111
Intangible assets	12	6,337,788	25,820,148	3,868,109	15,646,501
Deferred tax assets	13	-	-	1,282,072	5,185,981
Other assets	14	4,452,048	18,137,644	3,935,903	15,920,728
TOTAL ASSETS		991,174,362	4,038,044,353	954,758,099	3,861,996,511
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks and financial institutions	15	245,089,711	998,495,483	170,530,774	689,796,981
Deposits from customers	16	577,018,792	2,350,774,559	599,105,848	2,423,383,155
Borrowings	17	2,641,263	10,760,505	34,252,438	138,551,112
Lease liabilities	11	13,898,620	56,622,980	14,689,970	59,420,929
Deferred tax liabilities	13	483,988	1,971,767	-	-
Current income tax liabilities	18	1,659,181	6,759,503	2,040,554	8,254,041
Employee benefits		191,090	778,501	177,333	717,312
Other liabilities	19	5,833,114	23,764,106	3,550,866	14,363,253
TOTAL LIABILITIES		846,815,759	3,449,927,404	824,347,783	3,334,486,783
EQUITY					
Share capital	20	75,000,000	305,550,000	75,000,000	303,375,000
Retained earnings		31,661,199	127,776,458	40,876,586	165,264,653
Regulatory reserves		12,697,404	51,729,224	4,533,730	18,338,938
Non-distributable reserves		25,000,000	101,850,000	10,000,000	40,450,000
Other reserves		-	1,211,267	-	81,137
TOTAL EQUITY		144,358,603	588,116,949	130,410,316	527,509,728
TOTAL LIABILITIES AND EQUITY		991,174,362	4,038,044,353	954,758,099	3,861,996,511

The accompanying notes on pages 142 to 204 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021		2020	
		US\$	KHR'000	US\$	KHR'000
Interest income	21	51,240,973	208,448,278	46,524,964	189,682,278
Interest expense	21	(23,247,761)	(94,571,892)	(21,648,585)	(88,261,281)
Net interest income	21	27,993,212	113,876,386	24,876,379	101,420,997
Fee and commission income	22	2,283,257	9,288,289	2,313,003	9,430,113
Fee and commission expense	22	(9,054)	(36,832)	(9,416)	(38,389)
Net fee and commission income	22	2,274,203	9,251,457	2,303,587	9,391,724
Other operating income	23	93,315	379,605	93,170	379,854
Other (losses)/gains - net	24	(190,641)	(775,528)	312,471	1,273,944
Total operating (loss)/income		(97,326)	(395,923)	405,641	1,653,798
Credit impairment losses	25	1,607,725	6,540,225	(14,007,120)	(57,107,028)
Net other operating income/(loss)		1,510,399	6,144,302	(13,601,479)	(55,453,230)
Personnel expenses	26	(6,522,418)	(26,533,196)	(4,455,257)	(18,164,083)
Depreciation and amortisation charges	27	(3,154,913)	(12,834,186)	(2,550,824)	(10,399,709)
Other operating expenses	28	(3,848,033)	(15,653,798)	(3,319,746)	(13,534,604)
Profit before income tax		18,252,450	74,250,965	3,252,660	13,261,095
Income tax expenses	29	(4,304,163)	(17,509,334)	(511,223)	(2,084,255)
Profit for the year		13,948,287	56,741,631	2,741,437	11,176,840
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss</i>					
Currency translation differences		-	1,130,130	-	(1,608,119)
Other comprehensive income for the year, net of tax		-	1,130,130	-	(1,608,119)
Total comprehensive income for the year		13,948,287	57,871,761	2,741,437	9,568,721
Profit attributable to:					
Owners of the Bank		13,948,287	56,741,631	2,741,437	11,176,840
Total comprehensive income attributable to:					
Owners of the Bank		13,948,287	57,871,761	2,741,437	9,568,721

The accompanying notes on pages 142 to 204 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Bank											
	Share capital		Retained earnings		Regulatory reserves		Non-distributable reserves		Other reserves		US\$	KHR'000
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000		
Balance as at 1 January 2020	75,000,000	305,625,000	39,746,544	160,657,470	12,922,335	52,278,958	-	-	-	1,689,256	127,668,879	520,250,684
Profit for the year	-	-	2,741,437	11,176,840	-	-	-	-	-	-	2,741,437	11,176,840
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	-	-	(1,608,119)	-	(1,608,119)
Total comprehensive income for the year	-	-	2,741,437	11,176,840	-	-	-	-	-	(1,608,119)	2,741,437	9,568,721
Transactions with owners in their capacity as owners:												
Transfer to non-distributable reserves	-	-	(10,000,000)	(40,770,000)	-	-	10,000,000	40,770,000	-	-	-	-
Transfer to regulatory reserves	-	-	8,388,605	34,200,343	(8,388,605)	(34,200,343)	-	-	-	-	-	-
Currency translation differences	-	(2,250,000)	-	-	-	260,323	-	(320,000)	-	-	-	(2,309,677)
Total transactions with owners	-	(2,250,000)	(1,611,395)	(6,569,657)	(8,388,605)	(33,940,020)	10,000,000	40,450,000	-	-	-	(2,309,677)
Balance as at 31 December 2020	75,000,000	303,375,000	40,876,586	165,264,653	4,533,730	18,338,938	10,000,000	40,450,000	-	81,137	130,410,316	527,509,728
Balance as at 1 January 2021	75,000,000	303,375,000	40,876,586	165,264,653	4,533,730	18,338,938	10,000,000	40,450,000	-	81,137	130,410,316	527,509,728
Profit for the year	-	-	13,948,287	56,741,631	-	-	-	-	-	-	13,948,287	56,741,631
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	-	-	1,130,130	-	1,130,130
Total comprehensive income for the year	-	-	13,948,287	56,741,631	-	-	-	-	-	1,130,130	13,948,287	57,871,761
Transactions with owners in their capacity as owners:												
Transfer to non-distributable reserves	-	-	(15,000,000)	(61,020,000)	-	-	15,000,000	61,020,000	-	-	-	-
Transfer from regulatory reserves	-	-	(8,163,674)	(33,209,826)	8,163,674	33,209,826	-	-	-	-	-	-
Currency translation differences	-	2,175,000	-	-	-	180,460	-	380,000	-	-	-	2,735,460
Total transactions with owners	-	2,175,000	(23,163,674)	(94,229,826)	8,163,674	33,390,286	15,000,000	61,400,000	-	-	-	2,735,460
Balance as at 31 December 2021	75,000,000	305,550,000	31,661,199	127,776,458	12,697,404	51,729,224	25,000,000	101,850,000	-	1,211,267	144,358,603	588,116,949

The accompanying notes on pages 142 to 204 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021		2020	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Cash used in operations	31 a	(17,276,308)	(70,280,022)	(91,593,344)	(373,431,499)
Interest received		48,695,169	198,091,947	47,693,029	194,444,479
Interest paid		(21,339,952)	(86,810,925)	(19,230,670)	(78,403,442)
Seniority payments		(22,068)	(89,773)	-	-
Income tax paid	18	(2,919,479)	(11,876,441)	(3,175,033)	(12,944,610)
Net cash generated from/(used in) operating activities		7,137,362	29,034,786	(66,306,018)	(270,335,072)
Cash flows from investing activities					
Deposits and placements with the central bank - maturity later than three months		35,733,507	145,363,906	(10,105,573)	(41,200,421)
Deposits and placements with other banks - maturity later than three months		(16,499,997)	(67,121,988)	(7,056,373)	(28,768,833)
Purchases of property and equipment	10	(881,284)	(3,585,063)	(1,513,762)	(6,171,608)
Purchases of intangible assets	12	(3,293,351)	(13,397,352)	(2,967,940)	(12,100,291)
Proceeds from disposals of property and equipment		15,273	62,131	30,252	123,337
Net cash generated from/(used in) investing activities		15,074,148	61,321,634	(21,613,396)	(88,117,816)
Cash flows from financing activities					
Proceeds from borrowings	17	23,821,797	96,907,070	68,961,681	281,156,773
Repayments of borrowings	17	(54,860,088)	(223,170,838)	(62,793,572)	(256,009,393)
Principal element of lease payments	11	(2,219,540)	(9,029,089)	(984,919)	(4,015,515)
Net cash (used in)/generated from financing activities		(33,257,831)	(135,292,857)	5,183,190	21,131,865
Net decrease in cash and cash equivalents		(11,046,321)	(44,936,437)	(82,736,224)	(337,321,023)
Cash and cash equivalents at beginning of year		193,481,811	782,633,926	276,218,035	1,125,588,492
Currency translation differences		-	5,544,696	-	(5,633,543)
Cash and cash equivalents at end of year	30	182,435,490	743,242,185	193,481,811	782,633,926

The accompanying notes on pages 142 to 204 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL

RHB Bank (Cambodia) Plc (the Bank), established on 09 July 2008, was registered with the Ministry of Commerce with the registration number of 00001812 and was granted a banking license by the National Bank of Cambodia (NBC or the central Bank) on 03 October 2008. On 31 January 2020, the Bank's name has been changed to RHB Bank (Cambodia) Plc. 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 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 28 March 2022. 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 financial asset of equity instrument that 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 2021:

- Covid-19 Related Rent Concessions – amendment to CIFRS 16, and
- Interest Rate Benchmark Reform – Phase 2 – amendment to CIFRS 9, CIAS 39, CIFRS 7 and CIFRS 16.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 2021 reporting period and have not been early adopted by the Bank. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 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/period. Assets and liabilities for each statement of financial position presented and shareholders' capital are translated at the closing rates as at the reporting date. Resulting exchange differences arising from the translation of shareholders' capital and other 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 4,068 (2020: US\$ 1 to Riel 4,077) and the closing rate was US\$1 to Riel 4,074 (2020: US\$ 1 to Riel 4,045).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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
- 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 have 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:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.5 FINANCIAL ASSETS (CONTINUED)****c) Measurement (continued)**

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.5 FINANCIAL ASSETS (CONTINUED)****e) Impairment (continued)****(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.

(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 recalculate 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, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.6 FINANCIAL LIABILITIES (CONTINUED)**

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, borrowings, lease liabilities and other liabilities.

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

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 exceed the gross carrying amount of the loan, the ECL are 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 income statement during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.9 PROPERTY AND EQUIPMENT (CONTINUED)**

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

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 license and related costs, are stated at cost less accumulated amortisation and impairment loss. Acquired computer software licenses are capitalised on the basis of costs incurred to acquire the specific software license 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 asset 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.12 LEASES (CONTINUED)**

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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.

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 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisions on impairment. If the accumulated regulatory provision is higher than the accumulated impairment based on CIFRS 9, the 'topping up' will be recorded as regulatory reserves presented under equity. The reserve is subsequently reversed (up to zero) should the accumulated regulatory provision equal or be lower than accumulated impairment based on CIFRS 9. The regulatory reserve is set aside as a buffer, is non-distributable, is not allowed to be included in the net worth calculation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.15 RESERVES (CONTINUED)****b) Non-distributive reserve**

The non-distributable reserve is maintained following the approval on 02 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 buffer of banks and financial institutions. Any movement requires approval from the Board of Directors and the central bank.

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) 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.

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 net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.17 INTEREST INCOME AND EXPENSE (CONTINUED)**

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 behavior (e.g. the likelihood of customers defaulting and the resulting losses).

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- 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 impact of the COVID-19 pandemic remains uncertain and represents a material downside risk to the economy. While the methodologies and assumptions applied in the base ECL calculations remained unchanged, the Group and the Bank have incorporated the following estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of ECL:

- Forward looking macro-economic information and assumptions relating to the COVID-19 pandemic have been considered, including potential impacts of the COVID-19 pandemic, recognising uncertainty still exists in relation to the duration of the COVID-19 pandemic-related restrictions, the anticipated impact of government stimulus and regulatory actions; and
- 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)**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) Uncertain tax position and tax-related contingency

The Bank considers that the allowance for loan losses in its annual tax returns is tax deductible under Law on Taxation and Prakas on allowance for provision for loan losses to banks and financial institutions. The Bank has calculated current tax expense on this basis.

The Bank is of the opinion that additional tax liability exposures including penalty and interest that resulted from the tax re-assessment on the deductibility of allowance for loan losses and withholding tax on services from leasehold improvement purchases, is not probable that the Bank will have to pay the additional tax (Note 32.d).

4. CASH ON HAND

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
<i>Current:</i>				
US Dollars	9,150,435	37,278,872	7,515,169	30,398,859
Khmer Riel	1,690,657	6,887,737	1,254,806	5,075,690
	10,841,092	44,166,609	8,769,975	35,474,549

5. DEPOSITS AND PLACEMENTS WITH THE CENTRAL BANK

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
<i>Current:</i>				
Current accounts	120,534,533	491,057,687	109,384,282	442,459,421
Settlement accounts	4,715,664	19,211,615	5,915,833	23,929,544
Negotiable certificate of deposits (*)	32,923,302	134,129,533	68,656,809	277,716,793
	158,173,499	644,398,835	183,956,924	744,105,758

(*) Negotiable certificate of deposits

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. DEPOSITS AND PLACEMENTS WITH THE CENTRAL BANK (CONTINUED)

The Bank has pledged negotiable certificate of deposits (“NCD”) amounting to US\$4,219,097 (2020: US\$7,809,394) with the central bank as collateral for settlement clearing facility. Another NCD amounting to US\$2,700,000 (2020:US\$34,490,000) with the central bank is pledged as collateral for Liquidity Providing Collateralised Operation (“LPCO”) (Note 17). As at 31 December 2021, the Bank had yet utilised the overdraft on settlement clearing facility.

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

	2021	2020
Current accounts	Nil	Nil
Settlement accounts	Nil	Nil
Negotiable certificate of deposits	0.04% to 1.55%	0.70% to 1.60%

6. DEPOSITS AND PLACEMENTS WITH OTHER BANKS**a) By residency status**

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Deposits and placements with local banks	63,758,635	259,752,679	69,798,171	282,333,602
Deposits and placements with overseas banks	15,262,493	62,179,396	15,563,357	62,953,779
	79,021,128	321,932,075	85,361,528	345,287,381
Less: allowance for expected credit loss (Note 34.1.e)	(1,443,321)	(5,880,089)	(1,559,129)	(6,306,677)
Total – current	77,577,807	316,051,986	83,802,399	338,980,704

b) By account types

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
<i>Deposits and placements with local banks:</i>				
Current accounts	881,708	3,592,078	11,181,738	45,230,131
Fixed deposits	62,876,927	256,160,601	58,616,432	237,103,467
<i>Deposits and placements with overseas banks:</i>				
Current accounts	7,762,493	31,624,396	15,563,358	62,953,783
Fixed deposits	7,500,000	30,555,000	-	-
	79,021,128	321,932,075	85,361,528	345,287,381
Less: allowance for expected credit loss (Note 34.1.e)	(1,443,321)	(5,880,089)	(1,559,129)	(6,306,677)
Total - current	77,577,807	316,051,986	83,802,399	338,980,704

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

6. DEPOSITS AND PLACEMENTS WITH OTHER BANKS (CONTINUED)

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

	2021	2020
Current accounts	0-2%	Nil
Fixed deposits	1% to 7%	1% to 3.8%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Non-current				
<i>Unlisted securities</i>				
Investment in Credit Bureau Cambodia	25,000	101,850	25,000	101,125

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 2021 was US\$25,000.

Dividend received during the year was US\$19,440 (2020: US\$28,952). Please refer to Note 23.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

8. LOANS AND ADVANCES AT AMORTISED COST

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
<i>Commercial loans:</i>				
Term loans	378,380,861	1,541,523,628	320,602,429	1,296,836,825
Housing loan	4,606,033	18,764,978	4,909,458	19,858,758
Overdrafts	76,328,675	310,963,022	59,896,223	242,280,222
	459,315,569	1,871,251,628	385,408,110	1,558,975,805
<i>Consumer loans:</i>				
Term loans	77,799,797	316,956,373	86,845,311	351,289,283
Housing loans	121,092,329	493,330,148	92,088,101	372,496,369
Overdrafts	10,976,597	44,718,656	13,486,594	54,553,273
Staff housing loans	5,022,201	20,460,447	4,260,223	17,232,602
Staff vehicle loans	463,253	1,887,293	422,656	1,709,644.00
Other staff loans	2,376	9,680	15,316	61,954
	215,356,553	877,362,597	197,118,201	797,343,125
Total gross loans	674,672,122	2,748,614,225	582,526,311	2,356,318,930
Less: Allowance for expected credit loss (Note 34.1.f.i)	(15,153,465)	(61,735,216)	(18,150,686)	(73,419,527)
Total net loans	659,518,657	2,686,879,009	564,375,625	2,282,899,403

a) Allowance for expected credit loss

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

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
12-month ECL (Stage 1)	2,736,646	11,149,096	1,496,758	6,054,386
Lifetime ECL-not credit impaired (Stage 2)	11,307,440	46,066,511	14,265,222	57,702,823
Lifetime ECL-credit impaired (Stage 3)	1,109,379	4,519,609	2,388,706	9,662,318
	15,153,465	61,735,216	18,150,686	73,419,527

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

8. LOANS AND ADVANCES AT AMORTISED COST (CONTINUED)

b) Analysis by loan classification

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
<i>Performing</i>				
Gross amount	544,035,486	2,216,400,570	465,242,057	1,881,904,121
Exposure at default	580,604,443	2,365,382,501	496,425,912	2,008,042,814
Allowance for expected credit loss	2,736,646	11,149,096	1,496,758	6,054,386
<i>Under-performing</i>				
Gross amount	101,274,912	412,593,991	91,512,741	370,169,037
Exposure at default	101,216,598	412,356,420	93,401,175	377,807,753
Allowance for expected credit loss	11,307,440	46,066,511	14,265,222	57,702,823
<i>Non-performing</i>				
Gross amount	29,361,724	119,619,664	25,771,513	104,245,772
Exposure at default	29,389,332	119,732,139	25,823,258	104,455,079
Allowance for expected credit loss	1,109,379	4,519,609	2,388,706	9,662,318
Total				
Gross amount	674,672,122	2,748,614,225	582,526,311	2,356,318,930
Exposure at default	711,210,373	2,897,471,060	615,650,345	2,490,305,646
Allowance for expected credit loss	15,153,465	61,735,216	18,150,686	73,419,527

c) Analysis by exposure

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Large exposure	61,488,043	250,502,287	25,632,068	103,681,715
Non-large exposure	613,184,079	2,498,111,938	556,894,243	2,252,637,215
Total gross loans	674,672,122	2,748,614,225	582,526,311	2,356,318,930

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

8. LOANS AND ADVANCES AT AMORTISED COST (CONTINUED)

d) Analysis by relationship

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Related parties	1,396,668	5,690,025	633,782	2,563,648
Non-related parties	673,275,454	2,742,924,200	581,892,529	2,353,755,282
Total gross loans	674,672,122	2,748,614,225	582,526,311	2,356,318,930

e) Analysis by residency

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Residents	674,492,121	2,747,880,901	582,356,543	2,355,632,218
Non-residents	180,001	733,324	169,768	686,712
Total gross loans	674,672,122	2,748,614,225	582,526,311	2,356,318,930

f) Interest rates

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

	2021	2020
Commercial loans	4.50% - 13%	6.50% - 13%
Consumer loans	4% - 13%	4% - 13%

9. STATUTORY DEPOSITS WITH THE CENTRAL BANK

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
<i>Current</i>				
Reserve requirement (i)	50,962,376	207,620,720	80,270,662	324,694,828
<i>Non-current</i>				
Capital guarantee deposits (ii)	7,500,000	30,555,000	7,500,000	30,337,500
	58,462,376	238,175,720	87,770,662	355,032,328

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

9. STATUTORY DEPOSITS WITH THE CENTRAL BANK (CONTINUED)**(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 (2020: 7%). The reserve requirement on customers' deposits and borrowings bear 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

	2021	2020
Reserve requirement	Nil	Nil
Capital guarantee deposits	0.48%	0.48%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

10. PROPERTY AND EQUIPMENT

Non-current	Leasehold improvements US\$	Office equipment US\$	Furniture, fixtures and fittings US\$	Computer equipment US\$	Motor vehicles US\$	Work in progress US\$	Total US\$
For the year ended 31 December 2020							
Opening net book value	596,523	362,365	93,199	49,898	598,577	716,519	2,417,081
Additions	375,066	278,752	208,376	383,019	41,500	227,049	1,513,762
Transfers	289,332	-	-	437,691	-	(727,023)	-
Disposals	-	(12,114)	(15,968)	-	(5,735)	-	(33,817)
Depreciation charge	(234,137)	(207,192)	(68,337)	(200,425)	(148,289)	-	(858,380)
Closing net book value	1,026,784	421,811	217,270	670,183	486,053	216,545	3,038,646
As at 31 December 2020							
Cost	3,339,985	2,654,904	645,608	2,214,984	905,120	216,545	9,977,146
Accumulated depreciation	(2,313,201)	(2,233,093)	(428,338)	(1,544,801)	(419,067)	-	(6,938,500)
Net book value	1,026,784	421,811	217,270	670,183	486,053	216,545	3,038,646
<i>In KHR'000 equivalents</i>	4,153,341	1,706,225	878,857	2,710,890	1,966,084	875,926	12,291,323
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
<i>In KHR'000 equivalents</i>	3,784,079	1,425,118	602,092	4,050,778	1,396,742	744,711	12,003,520

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
<i>Right-of-use assets - non-current:</i>				
Buildings	12,839,723	52,309,032	13,932,784	56,358,111
<i>Lease liabilities:</i>				
Current	1,925,009	7,842,486	1,538,159	6,221,853
Non-current	11,973,611	48,780,494	13,151,811	53,199,076
	13,898,620	56,622,980	14,689,970	59,420,929

Additions to the right-of-use assets during the year were US\$ 265,057 (2020: US\$ 13,036,246).

b) Amounts recognised in the statement of profit or loss

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

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Depreciation charge of right-of-use assets (Note 27)	1,358,118	5,524,824	1,213,710	4,948,296
Interest expense on lease liabilities (Note 21)	581,570	2,365,827	539,146	2,198,098
Expense relating to short-term leases (included in other operating expenses) (Note 28)	105,736	430,134	153,285	624,943
	2,045,424	8,320,785	1,906,141	7,771,337

Total cash outflow for lease for 2021 was US\$ 1,743,713 (2020: US\$ 1,677,350).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

12. INTANGIBLE ASSETS

Non-current	Computer software US\$	Work in progress US\$	Total US\$
For the year ended 31 December 2020			
Opening net book value	1,378,903	-	1,378,903
Additions	1,123,285	1,844,655	2,967,940
Amortisation charge	(478,734)	-	(478,734)
Closing net book value	2,023,454	1,844,655	3,868,109
As at 31 December 2020			
Cost	4,334,206	1,844,655	6,178,861
Accumulated amortisation	(2,310,752)	-	(2,310,752)
Net book value	2,023,454	1,844,655	3,868,109
<i>In KHR'000 equivalents</i>	8,184,871	7,461,630	15,646,501
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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

13. DEFERRED TAX

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
<i>Non-current</i>				
Deferred tax assets	3,500,171	14,259,697	4,068,629	16,457,603
Deferred tax liabilities	(3,984,159)	(16,231,464)	(2,786,557)	(11,271,622)
Net deferred tax (liabilities)/assets	(483,988)	(1,971,767)	1,282,072	5,185,981

The movement of net deferred tax (liabilities)/assets during the year as follows:

i) Deferred tax assets:

	Lease liabilities US\$	Impairment losses US\$	Accelerated depreciation US\$	Employee benefits US\$	Unamortised loan fees US\$	Total US\$
As at 1 January 2020	366,475	-	113,089	23,992	497,829	1,001,385
(Charged)/credited to profit or loss	2,571,519	480,079	(21,092)	-	36,738	3,067,244
As at 31 December 2020	2,937,994	480,079	91,997	23,992	534,567	4,068,629
<i>In KHR'000 equivalent</i>	11,884,186	1,941,920	372,128	97,048	2,162,321	16,457,603
As at 1 January 2021	2,937,994	480,079	91,997	23,992	534,567	4,068,629
(Charged)/credited to profit or loss	(158,271)	(480,079)	3,332	14,226	52,334	(568,458)
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

ii) Deferred tax liabilities

	Right-of-use assets US\$	Impairment losses US\$	Total US\$
As at 1 January 2020	(260,796)	(1,269,128)	(1,529,924)
Credited/(charged) to profit or loss	(2,525,761)	1,269,128	(1,256,633)
As at 31 December 2020	(2,786,557)	-	(2,786,557)
<i>In KHR'000 equivalent</i>	(11,271,622)	-	(11,271,622)
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)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

14. OTHER ASSETS

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Advanced employee benefits	1,953,250	7,957,541	1,520,692	6,151,199
Legal fees receivables	1,425,765	5,808,567	1,292,796	5,229,360
Deposits	473,506	1,929,063	642,976	2,600,838
Supplies	76,510	311,702	188,990	764,464
Prepayments	347,954	1,417,565	179,716	726,952
Due from related parties (Note 33.c)	39,123	159,387	51,893	209,907
Others	195,970	798,381	227,022	918,304
	4,512,078	18,382,206	4,104,085	16,601,024
Less: allowance for expected credit loss (Note 34.1.e)	(60,030)	(244,562)	(168,182)	(680,296)
	4,452,048	18,137,644	3,935,903	15,920,728
Current	1,756,047	7,154,135	1,669,768	6,754,212
Non-current	2,696,001	10,983,509	2,266,135	9,166,516
	4,452,048	18,137,644	3,935,903	15,920,728

15. DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
<i>Current</i>				
Fixed deposits	221,945,605	904,206,395	149,837,194	606,091,450
Current accounts	22,495,549	91,646,867	18,268,291	73,895,237
Savings deposits	648,557	2,642,221	2,425,289	9,810,294
	245,089,711	998,495,483	170,530,774	689,796,981

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

	2021	2020
Current accounts	0%-2.70%	0%-2.78%
Savings deposits	0.50%	0.50%
Fixed deposits	0.89%-7.00%	0.89%-2.40%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

16. DEPOSITS FROM CUSTOMERS

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Fixed deposits	381,532,531	1,554,363,531	375,886,847	1,520,462,296
Current accounts	147,118,916	599,362,464	156,853,697	634,473,204
Savings deposits	48,367,345	197,048,564	66,365,304	268,447,655
	577,018,792	2,350,774,559	599,105,848	2,423,383,155
Current	572,164,361	2,330,997,607	585,455,339	2,368,166,846
Non-current	4,854,431	19,776,952	13,650,509	55,216,309
	577,018,792	2,350,774,559	599,105,848	2,423,383,155

Annual interest rates for deposits from customers are as follows:

	2021	2020
Current accounts	0% - 2.38%	0% - 2.38%
Savings deposits	0.50% - 1.25%	0.50% - 1.25%
Fixed deposits	1.50% - 6.50%	1.50% - 6.68%

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, which the Bank used NCD in US\$ as the collateral (Note 5). The annual interest rates are ranging from 3% to 5.25% (2020: 2.70% to 4.50%).

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
<i>LPCO with the central bank - current:</i>				
Principal amount	2,577,319	10,499,997	33,856,642	136,950,117
Interest payables	63,944	260,508	395,796	1,600,995
	2,641,263	10,760,505	34,252,438	138,551,112

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

17. BORROWINGS (CONTINUED)*Changes in liabilities arising from financing activities - borrowings*

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
At 1 January	34,252,438	138,551,112	27,611,158	112,515,469
Additions	23,821,797	96,907,070	68,961,681	281,156,773
Repayments	(54,860,088)	(223,170,838)	(62,793,572)	(256,009,393)
Interest charge during the year (Note 21)	679,052	2,762,384	1,222,616	4,984,605
Interest payments	(929,656)	(3,781,841)	(998,319)	(4,070,147)
Exchange differences	(322,280)	(1,311,035)	248,874	1,014,659
Currency translation differences	-	803,653	-	(1,040,854)
At 31 December	2,641,263	10,760,505	34,252,438	138,551,112

18. CURRENT INCOME TAX LIABILITIES

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
At 1 January	2,040,554	8,254,041	2,893,753	11,792,043
Current income tax (Note 29)	2,197,259	8,938,450	2,529,277	10,311,861
Income tax paid	(2,919,479)	(11,876,441)	(3,175,033)	(12,944,610)
Under/(over) estimated of current tax of prior year	340,847	1,386,564	(207,443)	(845,745)
Currency translation differences	-	56,889	-	(59,508)
At 31 December	1,659,181	6,759,503	2,040,554	8,254,041

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

19. OTHER LIABILITIES

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Cheques for collection	3,215,245	13,098,908	1,860,105	7,524,125
Accrued bonuses	1,274,006	5,190,300	414,031	1,674,755
Other taxes payables	381,896	1,555,844	269,474	1,090,022
Allowances on expected credit loss on credit commitment and financial guarantee contracts (Note 34.1.f.ii)	368,488	1,501,220	377,926	1,528,711
Accrued expenses	341,217	1,390,118	136,173	550,820
Others	252,262	1,027,716	493,157	1,994,820
	5,833,114	23,764,106	3,550,866	14,363,253
Current	5,721,903	23,314,259	3,439,655	13,910,068
Non-current	111,211	449,847	111,211	453,185
	5,833,114	23,764,106	3,550,866	14,363,253

20. SHARE CAPITAL

The total authorised numbers of shares of the Bank as at 31 December 2021 was 75,000,000 shares (2020: 75,000,000 shares) with a par value of US\$1 per share (2020: US\$1 per share). All authorised shares are issued and fully paid up by RHB Bank Berhad.

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
At 1 January	75,000,000	303,375,000	75,000,000	305,625,000
Currency translation differences	-	2,175,000	-	(2,250,000)
At 31 December	75,000,000	305,550,000	75,000,000	303,375,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

21. NET INTEREST INCOME

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
<i>Interest income from financial assets at amortised cost:</i>				
Loans and advances	49,301,935	200,560,272	44,524,656	181,527,023
Deposits and placements with other banks	1,864,184	7,583,501	1,610,273	6,565,083
Deposits and placements with the central bank	74,854	304,505	390,035	1,590,172
	51,240,973	208,448,278	46,524,964	189,682,278
<i>Interest expense on financial liabilities at amortised cost:</i>				
Deposits from customers	(19,370,805)	(78,800,434)	(17,501,956)	(71,355,475)
Deposits from banks and financial institutions	(2,616,334)	(10,643,247)	(2,384,867)	(9,723,103)
Borrowings	(679,052)	(2,762,384)	(1,222,616)	(4,984,605)
Lease liabilities	(581,570)	(2,365,827)	(539,146)	(2,198,098)
	(23,247,761)	(94,571,892)	(21,648,585)	(88,261,281)
Net interest income	27,993,212	113,876,386	24,876,379	101,420,997

Including in the interest income from loans and advances at amortised cost, interest income accrued on credit-impaired loans are US\$3,186,518 (2020: US\$1,615,771).

22. NET FEE AND COMMISSION INCOME

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
<i>Fee and commission income:</i>				
Fees from remittances	739,622	3,008,782	1,016,017	4,142,301
Early loan settlement charges	504,198	2,051,077	436,108	1,778,012
Overdraft commitment fees	299,105	1,216,759	284,686	1,160,665
Fees from trade finances	259,015	1,053,673	139,453	568,550
Others	481,317	1,957,998	436,739	1,780,585
	2,283,257	9,288,289	2,313,003	9,430,113
Fee and commission expense	(9,054)	(36,832)	(9,416)	(38,389)
Net fee and commission income	2,274,203	9,251,457	2,303,587	9,391,724

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

23. OTHER OPERATING INCOME

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Dividend income	19,440	79,082	28,952	118,037
Other income	73,875	300,523	64,218	261,817
	93,315	379,605	93,170	379,854

24. OTHER (LOSSES)/GAINS - NET

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Net (losses)/gains on foreign exchange	(205,479)	(835,889)	316,036	1,288,479
Net gains /(losses) on disposal of assets	14,838	60,361	(3,565)	(14,535)
	(190,641)	(775,528)	312,471	1,273,944

25. CREDIT IMPAIRMENT LOSSES

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
<i>Credit impairment written-back/(charge):</i>				
Loans and advances at amortised cost	1,263,409	5,139,548	(14,672,283)	(59,818,898)
Bad debts recovery	110,918	451,214	-	-
	1,374,327	5,590,762	(14,672,283)	(59,818,898)
Credit commitments and financial guarantees	9,438	38,394	(338,439)	(1,379,816)
Deposits and placements with other banks	115,808	471,107	779,504	3,178,038
Other financial assets at amortised costs	108,152	439,962	224,098	913,648
	1,607,725	6,540,225	(14,007,120)	(57,107,028)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

26. PERSONNEL EXPENSES

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Salaries and wages	4,505,957	18,330,233	3,738,734	15,242,819
Bonuses and incentive expenses	1,387,148	5,642,918	237,806	969,535
Seniority payments	288,290	1,172,764	158,705	647,040
Other employee benefits	341,023	1,387,281	320,012	1,304,689
	6,522,418	26,533,196	4,455,257	18,164,083

27. DEPRECIATION AND AMORTISATION CHARGES

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Depreciation charge of right-of-use assets (Note 11)	1,358,118	5,524,824	1,213,710	4,948,296
Depreciation charge of property and equipment (Note 10)	948,167	3,857,143	858,380	3,499,615
Amortisation charge of intangible assets (Note 12)	848,628	3,452,219	478,734	1,951,798
	3,154,913	12,834,186	2,550,824	10,399,709

28. OTHER OPERATING EXPENSES

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Repairs and maintenance	863,694	3,513,507	775,639	3,162,280
Security expenses	328,423	1,336,025	314,276	1,281,303
Legal and professional fees	286,243	1,164,437	123,290	502,653
License fees	272,863	1,110,007	272,323	1,110,261
Utilities	228,475	929,436	234,235	954,976
Insurance expense	217,933	886,551	195,707	797,897
Communication	174,341	709,219	123,682	504,252
Expenses for motor vehicles	127,532	518,800	110,801	451,736
Rental expenses related to short-term leases	105,736	430,134	153,285	624,943
Advertising and public relations	105,147	427,738	115,775	472,015
Stationery and supplies	75,199	305,910	72,732	296,528
Travel, accommodation and foods	55,297	224,948	51,196	208,726
Bank charges	53,918	219,338	237,259	967,305
Board of directors' fee (Note 33.e)	36,945	150,292	30,057	122,542
Printing and forms	3,778	15,369	61,815	252,020
Others	912,509	3,712,087	447,674	1,825,167
	3,848,033	15,653,798	3,319,746	13,534,604

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For the year ended 31 December 2021

29. INCOME TAX EXPENSES

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Current income tax	2,197,259	8,938,450	2,529,277	10,311,861
Under/(over) estimate of current tax of prior year	340,847	1,386,564	(207,443.00)	(845,745.00)
	2,538,106	10,325,014	2,321,834	9,466,116
Deferred income tax	1,766,057	7,184,320	(1,810,611)	(7,381,861)
	4,304,163	17,509,334	511,223	2,084,255

i) Reconciliation between income tax expenses and accounting profit

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Profit before income tax	18,252,450	74,250,965	3,252,660	13,261,095
Tax calculated at 20%	3,650,490	14,850,193	650,532	2,652,219
Tax effect of reconciling items:				
Expenses not deductible for tax purposes	93,574	380,659	68,134	277,781
Income not subject to tax	(112,965)	(459,542)	-	-
Unrecognised previous deferred tax	332,217	1,351,460	-	-
Under/(over) estimated of current tax of prior year	340,847	1,386,564	(207,443)	(845,745)
Income tax expenses	4,304,163	17,509,334	511,223	2,084,255

Under the Cambodian tax regulations, the Bank is subject to 20% Income Tax.

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 position taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

30. CASH AND CASH EQUIVALENTS

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Cash on hand (Note 4)	10,841,092	44,166,609	8,769,975	35,474,549
Deposits and placements with the central bank (Note 5):				
Current accounts	120,534,533	491,057,687	109,384,282	442,459,421
Settlement accounts	4,715,664	19,211,615	5,915,833	23,929,544
Negotiable certificate of deposits (maturity of three months or less)	26,000,000	105,924,000	26,000,000	105,170,000
Deposits and placements with other banks:				
Current accounts	8,644,201	35,216,474	26,745,096	108,183,914
Term deposits (maturity of three months or less)	11,700,000	47,665,800	16,666,625	67,416,498
	182,435,490	743,242,185	193,481,811	782,633,926

31. CASH FLOW INFORMATION

a) Cash used in operations

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Profit before income tax	18,252,450	74,250,965	3,252,660	13,261,095
Adjustments for:				
Depreciation and amortisation charges (Note 27)	3,154,913	12,834,186	2,550,824	10,399,709
Credit impairment losses	(1,496,807)	(6,089,011)	14,007,120	57,107,028
(Gains)/losses on disposals of property and equipment (Note 24)	(14,838)	(60,361)	3,565	14,535
Exchange gains/(losses) on borrowings and interest payments (Note 17)	(322,280)	(1,311,035)	248,874	1,014,659
Employee benefits	35,825	145,736	57,371	228,467
Net interest income (Note 21)	(27,993,212)	(113,876,386)	(24,876,379)	(101,420,997)
Changes in working capital:				
Reserve requirement deposits	29,304,893	119,212,305	(725,919)	(2,959,572)
Loans and advances at amortised cost	(91,557,551)	(372,456,117)	(74,005,575)	(301,720,729)
Other assets	(407,993)	(1,659,716)	(120,042)	(489,411)
Deposits from banks and financial institutions	74,313,105	302,305,711	27,101,123	110,491,278
Deposits from customers	(22,836,499)	(92,898,878)	(35,820,140)	(146,038,711)
Other liabilities	2,291,686	9,322,579	(3,266,826)	(13,318,850)
Cash used in operations	(17,276,308)	(70,280,022)	(91,593,344)	(373,431,499)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

31. CASH FLOW INFORMATION (CONTINUED)**b) Non-cash financing activities**

Non-cash financing activities disclosed in other 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	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Cash and cash equivalents	182,435,490	743,242,185	193,481,811	782,633,926
Borrowings	(2,641,263)	(10,760,505)	(34,252,438)	(138,551,112)
Lease liabilities	(13,898,620)	(56,622,980)	(14,689,970)	(59,420,929)
Net debt	165,895,607	675,858,700	144,539,403	584,661,885
Cash and liquid investments	182,435,490	743,242,185	193,481,811	782,633,926
Gross debt – fixed interest rates	(16,539,883)	(67,383,485)	(48,942,408)	(197,972,041)
Net debt	165,895,607	675,858,700	144,539,403	584,661,885

	Borrowings	Leases	Cash and cash equivalent	Sub-total
	US\$	US\$	US\$	US\$
Net debt as at 1 January 2020	(27,611,158)	(1,832,375)	276,218,035	246,774,502
Cash flows	(6,168,109)	984,919	(82,736,224)	(87,919,414)
New leases	-	(13,842,514)	-	(13,842,514)
Foreign exchange adjustments	(203,845)	-	-	(203,845)
Other changes (i)	(269,326)	-	-	(269,326)
Net debt as at 31 December 2020	(34,252,438)	(14,689,970)	193,481,811	144,539,403
In KH'000 equivalent	(138,551,112)	(59,420,929)	782,633,926	584,661,885
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

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

32. 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:

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
<i>Credit commitments:</i>				
Unused portion of overdrafts	21,621,284	88,085,111	22,669,612	91,698,581
Undisbursed portion of term loans	10,464,074	42,630,637	7,556,339	30,565,391
	32,085,358	130,715,748	30,225,951	122,263,972
<i>Financial guarantee contracts:</i>				
Letter of credits	15,000,000	61,110,000	15,000,000	60,675,000
Bank guarantees	5,175,459	21,084,820	3,624,230	14,660,010
	20,175,459	82,194,820	18,624,230	75,335,010
Total exposure	52,260,817	212,910,568	48,850,181	197,598,982
Credit commitments and financial guarantee contracts	52,260,817	212,910,568	48,850,181	197,598,982
Allowance for expected credit loss	(368,488)	(1,501,220)	(377,926)	(1,528,711)
Net exposure	51,892,329	211,409,348	48,472,255	196,070,271

b) Capital commitments

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Property and equipment	165,196	673,009	67,951	274,862
Intangible asset	1,151,147	4,689,773	281,173	1,137,345
	1,316,343	5,362,782	349,124	1,412,207

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

32. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)**d) Contingent liabilities – tax reassessment**

On 12 May 2020, the General Department of Taxation (GDT) issued the results 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 additional tax liability is mainly related to the deductibility of allowances for loan losses in the Bank's annual corporate income tax. The Bank submitted an objection letter on 5 June 2020 requesting the GDT to re-assess these results.

Subsequently, on 18 February 2021, the GDT issued the results of a comprehensive tax re-assessment of the Bank for 1 January 2015 to 31 December 2015, which required the Bank to pay additional tax liability including penalty and interest of KHR 5,699,868,862 (equivalent to US\$ 1,409,115). The additional tax liability is also related to the deductibility of allowances for loan losses in the Bank's annual corporate income tax and withholding tax on services from leasehold improvement purchased. The Bank submitted an objection letter on 17 March 2021 requesting the GDT to re-assess these results.

As of 31 December 2021, there has not been any response from the GDT to the objection letters. The Bank has not paid the additional taxes or recognised the exposure of that tax re-assessment as liabilities because the Bank is in the position that it is not probable that it will have to pay the taxes.

33. 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
Ultimate parent company	RHB Banking Group
Immediate parent company	RHB Bank Berhad
Related company	Entity under the same ultimate parent company
Key management personnel	All directors of the Bank who make critical decisions in relation to the strategic direction of the Bank and senior management staff (including their close family members)

b) Loans and advances to key management personnel

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Loans to key management personnel - net	1,387,033	5,650,772	631,070	2,552,678
Interest income	64,138	260,913	25,351	103,356

Loans and advances to key management personnel are net of allowance for expected credit loss of US\$ 9,635 (2020: US\$ 2,711), unsecured, and having interest rate of 4% per annum (2020: 4% per annum).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

33. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**c) Amounts due from related parties**

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Related companies	39,123	159,387	42,774	173,021
Immediate parent company	-	-	9,119	36,886
	39,123	159,387	51,893	209,907

Amount due from related parties are unsecured and are receivable in cash.

d) Deposits from related parties

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Immediate parent company	121,385,832	494,525,880	50,855,517	205,710,566
Related companies	10,208,811	41,590,696	10,047,352	40,641,539
Directors and key management	502,784	2,048,342	242,140	979,456
	132,097,427	538,164,918	61,145,009	247,331,561
Interest expenses	904,888	3,681,084	958,929	3,909,554

Annual interest rates during the year are as follows:

	2021	2020
Immediate parent company	0% - 2.8%	0% - 1%
Related companies	0% - 5.30%	0% - 5.25%
Directors and key management	0.00% - 4.8%	0.00% - 4.75%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

33. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**e) Key management compensation**

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Directors' fees	36,945	150,292	30,057	122,542
<i>Key management:</i>				
Short term benefits	1,304,311	5,305,937	1,315,663	5,363,958
Other long term benefits	64,726	263,305	68,189	278,007
	1,405,982	5,719,534	1,413,909	5,764,507

f) Other transactions with related parties

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Referral expenses to related company	80,000	325,440	-	-

Transactions with related parties were made on normal commercial terms and conditions.

34. FINANCIAL RISK MANAGEMENT

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Bank holds the following financial assets and financial liabilities:

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Financial assets				
Financial assets at amortised costs:				
Cash on hand	10,841,092	44,166,609	8,769,975	35,474,549
Deposits and placements with the central bank	158,173,499	644,398,835	183,956,924	744,105,758
Deposits and placements with other banks	77,577,807	316,051,986	83,802,399	338,980,704
Loans and advances at amortised cost	659,518,657	2,686,879,009	564,375,625	2,282,899,403
Other financial assets	1,980,264	8,067,596	1,951,163	7,892,454
	908,091,319	3,699,564,035	842,856,086	3,409,352,868
Financial assets at fair value through other comprehensive income	25,000	101,850	25,000	101,125
Total financial assets	908,116,319	3,699,665,885	842,881,086	3,409,453,993
Financial liabilities				
Financial liabilities at amortised cost:				
Deposits from banks and financial institutions	245,089,711	998,495,483	170,530,774	689,796,981
Deposits from customers	577,018,792	2,350,774,559	599,105,848	2,423,383,155
Borrowings	2,641,263	10,760,505	34,252,438	138,551,112
Lease liabilities	13,898,620	56,622,980	14,689,970	59,420,929
Other financial liabilities	4,177,212	17,017,962	2,867,361	11,598,476
Total financial liabilities	842,825,598	3,433,671,489	821,446,391	3,322,750,653
Net financial assets	65,290,721	265,994,396	21,434,695	86,703,340

34.1 CREDIT RISK

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)**34.1 CREDIT RISK (CONTINUED)****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 and other banks are considered to be low credit risk. The credit ratings of these assets are monitored for credit deterioration. Measurement for impairment is limited to 12-month expected credit loss. Other financial assets at amortised cost are monitored for its credit rating deterioration, and the measurement of impairment follows three-stage approach in Note 34.1.c).

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 instrument 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).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)**34.1 CREDIT RISK (CONTINUED)****c) Impairment (expected credit loss) policies (continued)**

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.

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 amount 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 interval 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 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 a 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.

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)**34.1 CREDIT RISK (CONTINUED)****c) Impairment (expected credit loss) policies (continued)**

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 collective basis.

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for 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 of 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.

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)**34.1 CREDIT RISK (CONTINUED)****c) Impairment (expected credit loss) policies (continued)**

iv. Forward-looking information incorporated into the ECL models

The calculation of ECL incorporate 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 house. 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 2020 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 2020 and 31 December 2021 are as follows:

	2021	2020
All portfolios weightings		
Base	50%	50%
Best	15%	15%
Worst	35%	35%
	100%	100%

Sensitivity analysis

The most significant assumptions affecting the ECL allowance is inflation, 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 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 CREDIT RISK (CONTINUED)

c) Impairment (expected credit loss) policies (continued)

Set out below are the changes to the ECL as at 31 December 2021 and 31 December 2020 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\$
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)
2020			
Inflation	+/- 6 basis point	352,000	(367,000)
Unemployment rate (*)	+/- 10 basis point	249,000	(258,000)
		601,000	(625,000)
<i>In KHR'000 equivalent</i>		2,431,045	(2,528,125)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)**34.1 CREDIT RISK (CONTINUED)****c) Impairment (expected credit loss) policies (continued)**

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.

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, excluding borrowers under moratorium repayment during the year due to Covid-19 pandemic.

viii. Off-balance sheet exposures

Off-balance sheet exposures are exposures such as trade finances facilities and undrawn portion of credit facilities. The Bank applied Credit Conversion Factor ("CCF") to estimate the EAD of off-balance sheet item. 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:

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Credit risk exposure related to on-balance sheet assets:				
Deposits and placements with other banks	79,021,128	321,932,075	85,361,528	345,287,381
Loans and advances at amortised cost	674,672,122	2,748,614,225	582,526,311	2,356,318,930
Other financial assets	2,040,294	8,312,158	2,119,345	8,572,750
Credit risk exposure related to off-balance sheet items:				
Credit related commitments	32,085,358	130,715,748	30,225,951	122,263,972
Financial guarantee contracts	20,175,459	82,194,820	18,624,230	75,335,010
Total gross credit exposure	807,994,361	3,291,769,026	718,857,365	2,907,778,043
Loss allowance (ECL)	(17,025,304)	(69,361,087)	(20,255,923)	(81,935,211)
Total net credit exposure	790,969,057	3,222,407,939	698,601,442	2,825,842,832

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)**34.1 CREDIT RISK (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, 83% for the Bank (2020: 81%) 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 range 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 were 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 assess 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 asset issued by central bank/government or guarantee by 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 expose to default risk.
Un-graded	Refers to financial asset which are currently not assigned with ratings due to unavailability of ratings models.
Credit impaired	Refers to the asset that is being impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 CREDIT RISK (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:

	2021				2020			
	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	31,528,692	-	-	31,528,692	34,174,922	-	-	34,174,922
Non-investment grade	47,492,436	-	-	47,492,436	51,186,606	-	-	51,186,606
Gross carrying amount	79,021,128	-	-	79,021,128	85,361,528	-	-	85,361,528
Less: Expected credit loss	(1,443,321)	-	-	(1,443,321)	(1,559,129)	-	-	(1,559,129)
Net carrying amount	77,577,807	-	-	77,577,807	83,802,399	-	-	83,802,399
<i>In KHR'000 equivalent</i>	316,051,986	-	-	316,051,986	338,980,704	-	-	338,980,704
Loans and advances at amortised cost								
Standard monitoring	544,035,488	-	-	544,035,488	465,225,541	-	-	465,225,541
Special monitoring	-	101,274,912	-	101,274,912	-	91,512,744	-	91,512,744
Default	-	-	29,361,722	29,361,722	-	-	25,788,026	25,788,026
Gross carrying amount	544,035,488	101,274,912	29,361,722	674,672,122	465,225,541	91,512,744	25,788,026	582,526,311
Less: Expected credit loss	(2,736,646)	(11,307,440)	(1,109,379)	(15,153,465)	(1,496,758)	(14,265,222)	(2,388,706)	(18,150,686)
Net carrying amount	541,298,842	89,967,472	28,252,343	659,518,657	463,728,783	77,247,522	23,399,320	564,375,625
<i>In KHR'000 equivalent</i>	2,205,251,482	366,527,482	115,100,045	2,686,879,009	1,875,782,928	312,466,226	94,650,249	2,282,899,403

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 CREDIT RISK (CONTINUED)

e) Credit quality of financial assets (continued)

	2021				2020			
	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\$	US\$	US\$	
Other financial assets at amortised costs								
Un-graded	2,040,294	-	-	2,040,294	2,119,345	-	-	2,119,345
Gross carrying amount	2,040,294	-	-	2,040,294	2,119,345	-	-	2,119,345
Less: Expected credit loss	(60,030)	-	-	(60,030)	(168,182)	-	-	(168,182)
Net carrying amount	1,980,264	-	-	1,980,264	1,951,163	-	-	1,951,163
<i>In KHR'000 equivalent</i>	8,067,596	-	-	8,067,596	7,892,454	-	-	7,892,454
Credit commitments and financial guarantee contracts								
Standard monitoring	51,586,083	674,734	-	52,260,817	47,214,137	1,636,044	-	48,850,181
Gross carrying amount	51,586,083	674,734	-	52,260,817	47,214,137	1,636,044	-	48,850,181
Less: Expected credit loss	(257,291)	(111,197)	-	(368,488)	(112,212)	(265,714)	-	(377,926)
Net carrying amount	51,328,792	563,537	-	51,892,329	47,101,925	1,370,330	-	48,472,255
<i>In KHR'000 equivalent</i>	209,113,499	2,295,849	-	211,409,348	190,527,287	5,542,984	-	196,070,271

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 CREDIT RISK (CONTINUED)

f) Loss allowance

i. Expected credit loss reconciliation – loans and advances

	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$		12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$	
Expected credit losses								
Loss allowance as at 1 January	1,496,758	14,265,222	2,388,706	18,150,686	696,655	36,057	9,458,412	10,191,124
<i>Changes due to exposure:</i>								
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	111,437	(111,437)	-	-	138,641	(138,641)	-	-
Transfer to stage 3	3,791	508,084	(511,875)	-	27,743	-	(27,743)	-
Net remeasurement of loss allowance (*)	108,673	(1,621,956)	1,209,099	(304,184)	375,023	14,216,901	(149,399)	14,442,525
New financial assets originated or purchased	1,241,937	-	-	1,241,937	500,106	150,905	-	651,011
Write-offs	-	-	(1,733,812)	(1,733,812)	-	-	(6,712,722)	(6,712,722)
Financial assets derecognised during the period other than write off	(225,950)	(1,732,473)	(242,739)	(2,201,162)	(241,410)	-	(179,842)	(421,252)
Loss allowance as at 31 December	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>In KHR'000 equivalent</i>	11,149,096	46,066,511	4,519,609	61,735,216	6,054,386	57,702,823	9,662,318	73,419,527
Gross carrying amount								
Gross carrying amount as at 1 January	465,242,057	91,512,741	25,771,513	582,526,311	481,452,317	11,456,218	23,509,575	516,418,110
<i>Changes due to financial instruments recognised:</i>								
Transfer to stage 1	12,544,675	(12,544,675)	-	-	-	-	-	-
Transfer to stage 2	(35,050,695)	35,050,695	-	-	(96,668,518)	96,668,518	-	-
Transfer to stage 3	(1,159,723)	(3,329,293)	4,489,016	-	(9,184,404)	-	9,184,404	-
Net remeasurement of loss allowance	(55,496,804)	678,976	2,414,353	(52,403,475)	99,187,393	(18,132,789)	(425,878)	80,628,726
New financial assets originated or purchased	229,037,268	-	-	229,037,268	146,415,714	1,012,510	-	147,428,224
Changes in interest accrual	(156,031)	963,729	1,570,747	2,378,445	222,771	508,284	1,615,771	2,346,826
Write-off	-	-	(1,733,812)	(1,733,812)	-	-	(6,712,722)	(6,712,722)
Financial assets derecognised during the period other than write off	(70,925,261)	(11,057,261)	(3,150,093)	(85,132,615)	(156,183,216)	-	(1,399,637)	(157,582,853)
Gross carrying amount as at 31 December	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>In KHR'000 equivalent</i>	2,216,400,570	412,593,991	119,619,664	2,748,614,225	1,881,904,121	370,169,037	104,245,772	2,356,318,930

(*) Impact of the measurement of ECL due to changes in PD and LGD during the year arising from regular refreshing of inputs to models.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 CREDIT RISK (CONTINUED)

f) Loss allowance (continued)

ii. Expected credit loss reconciliation – credit commitments and financial guarantee contracts

	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$		12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$	
Expected credit losses								
Loss allowance as at 1 January	453,898	1,074,813	-	1,528,711	160,384	526	-	160,910
<i>Changes due to exposure:</i>								
Transfer to stage 2	(66,789)	66,789	-	-	(265,714)	265,714	-	-
Net remeasurement of loss allowance	(214,230)	(1,030,404)	-	(1,244,634)	185,586	(70,638)	-	114,948
New exposure	88,176	-	-	88,176	38,364	70,112	-	108,476
Exposure derecognised or expired	(3,765)	-	-	(3,765)	(6,408)	-	-	(6,408)
Loss allowance as at 31 December	257,290	111,198	-	368,488	112,212	265,714	-	377,926
<i>In KHR'000 equivalent</i>	1,048,199	453,021	-	1,501,220	453,898	1,074,813	-	1,528,711
Exposure								
Exposure amount as at 1 January	47,214,136	1,636,045	-	48,850,181	42,399,863	89,190	-	42,489,053
<i>Changes due to financial instruments recognised:</i>								
Transfer to stage 1	416,976	(416,976)	-	-	-	-	-	-
Transfer to stage 2	(413,811)	413,811	-	-	(1,636,044)	1,636,044	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	(11,439,167)	(966,739)	-	(12,405,906)	(1,123,053)	(520,877)	-	(1,643,930)
New exposure	16,946,684	-	-	16,946,684	11,972,699	431,688	-	12,404,387
Exposure derecognised or expired	(1,130,142)	-	-	(1,130,142)	(4,399,329)	-	-	(4,399,329)
Gross carrying amount as at 31 December	51,594,676	666,141	-	52,260,817	47,214,136	1,636,045	-	48,850,181
<i>In KHR'000 equivalent</i>	210,196,710	2,713,858	-	212,910,568	190,981,180	6,617,802	-	197,598,982

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 CREDIT RISK (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 2021. For this table, the Bank has allocated exposure to countries based on the country of domicile of its counterparties.

	Cambodia US\$	USA US\$	Others US\$	Total US\$
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>	3,160,630,927	56,074,622	5,702,390	3,222,407,939
31 December 2020				
Deposits and placements with other banks	68,523,307	12,380,377	2,898,715	83,802,399
Loans and advances at amortised cost	564,205,857	-	169,768	564,375,625
Other financial assets	1,951,163	-	-	1,951,163
Credit commitments	29,867,103	-	-	29,867,103
Financial guarantee contracts	18,605,152	-	-	18,605,152
Total credit exposure	683,152,582	12,380,377	3,068,483	698,601,442
<i>In KHR'000 equivalent</i>	2,763,352,194	50,078,625	12,412,013	2,825,842,832

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 CREDIT RISK (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 US\$	Loans and advances US\$	Other financial assets US\$	Credit commitments US\$	Financial guarantee contracts US\$	Total 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>	316,051,986	2,686,879,009	8,067,596	129,597,973	81,811,375	3,222,407,939

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 CREDIT RISK (CONTINUED)

g) Concentration of financial assets with credit risk exposure (continued)

	Deposits and placements with other banks US\$	Loans and advances US\$	Other financial assets US\$	Credit commitments US\$	Financial guarantee contracts US\$	Total US\$
31 December 2020						
Financial institutions	83,802,399	19,600,559	-	1,161,471	-	104,564,429
Hotels and restaurants	-	71,527,203	-	1,898,380	-	73,425,583
Retail	-	70,958,105	-	5,412,443	-	76,370,548
Wholesale	-	25,772,972	-	4,168,107	-	29,941,079
Manufacturing	-	13,413,950	-	172,332	-	13,586,282
Agriculture, forestry and fishing	-	12,469,569	-	1,041,970	-	13,511,539
Mortgage, owner-occupied housing	-	99,118,094	-	1,439,027	59,806	100,616,927
Rental and operational leasing activities, excluded real estate, leasing and rental	-	40,612,205	-	42,378	-	40,654,583
Transport and storage	-	3,204,501	-	419,581	-	3,624,082
Utilities	-	3,328,606	-	325,502	14,993,518	18,647,626
Real estate activities	-	34,362,095	-	2,033,596	184,699	36,580,390
Construction	-	37,330,694	-	2,031,088	3,345,770	42,707,552
Other non-financial services	-	24,356,914	-	3,185,193	-	27,542,107
Information media and telecommunications	-	4,494,815	-	186,277	-	4,681,092
Others	-	103,825,343	1,951,163	6,349,758	21,359	112,147,623
Total credit exposure	83,802,399	564,375,625	1,951,163	29,867,103	18,605,152	698,601,442
<i>In KHR'000 equivalent</i>	338,980,704	2,282,899,403	7,892,454	120,812,432	75,257,839	2,825,842,832

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 2021 and 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)**34.2 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 do not use derivative financial instruments such as foreign exchange contract and interest rate swaps to hedge its risk exposure.

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 and Bank's financial instruments at their carrying amounts by currency in US\$ equivalent.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.2 MARKET RISK (CONTINUED)

a) Foreign exchange risk (continued)

	In US\$ equivalent			Total
	US\$	KHR	Other	
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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.2 MARKET RISK (CONTINUED)

a) Foreign exchange risk (continued)

	In US\$ equivalent			Total
	US\$	KHR	AUD	
As at 31 December 2020				
Financial assets				
Cash on hand	7,515,169	1,254,806	-	8,769,975
Deposits and placements with the central bank	165,659,753	18,297,171	-	183,956,924
Deposits and placements with other banks	80,359,615	3,404,545	38,239	83,802,399
Financial assets at fair value through other comprehensive income	25,000	-	-	25,000
Loans and advances at amortised cost	485,525,049	78,850,576	-	564,375,625
Other financial assets	1,951,163	-	-	1,951,163
Total financial assets	741,035,749	101,807,098	38,239	842,881,086
Financial liabilities				
Deposits from banks and financial institutions	160,275,512	10,255,262	-	170,530,774
Deposits from customers	594,004,731	5,101,117	-	599,105,848
Borrowings	-	34,252,438	-	34,252,438
Lease liabilities	14,689,970	-	-	14,689,970
Other financial liabilities	2,867,361	-	-	2,867,361
Total financial liabilities	771,837,574	49,608,817	-	821,446,391
Net position	(30,801,825)	52,198,281	38,239	21,434,695
<i>In KHR'000 equivalent</i>	(124,593,382)	211,142,047	154,677	86,703,342
Off-balance sheet				
Credit commitments	27,807,946	2,059,157	-	29,867,103
Financial guarantee contracts	18,605,152	-	-	18,605,152
	46,413,098	2,059,157	-	48,472,255
<i>In KHR'000 equivalent</i>	187,740,981	8,329,290	-	196,070,271

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

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)**34.2 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
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)	-	-
2020				
US\$/KHR exchange rate- increase by 2%	818,797	3,312,034	-	-
US\$/KHR exchange rate- decrease by 2%	(852,217)	(3,447,218)	-	-

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 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.2 MARKET RISK (CONTINUED)

c) Interest rate risk (continued)

	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total 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>	265,994,398
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>	211,409,348

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.2 MARKET RISK (CONTINUED)

c) Interest rate risk (continued)

	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
As at 31 December 2020							
Financial assets							
Cash on hand	-	-	-	-	-	8,769,975	8,769,975
Deposits and placements with the central bank	11,520,000	23,420,000	25,870,000	-	-	123,146,924	183,956,924
Deposits and placements with other banks	5,000,000	29,954,625	23,000,000	-	-	25,847,774	83,802,399
Financial assets at fair value through other comprehensive income	-	-	-	-	-	25,000	25,000
Loan and advances at amortised cost	39,863,685	29,832,155	77,232,461	233,513,758	183,933,566	-	564,375,625
Other financial assets	-	-	-	-	-	1,951,163	1,951,163
Total financial assets	56,383,685	83,206,780	126,102,461	233,513,758	183,933,566	159,740,836	842,881,086
Financial liabilities							
Deposits from banks and financial institutions	61,864,083	73,261,010	35,405,681	-	-	-	170,530,774
Deposits from customers	260,940,624	56,353,153	268,161,562	13,650,509	-	-	599,105,848
Borrowing	1,506,213	6,809,388	25,936,837	-	-	-	34,252,438
Lease liabilities	1,199,686	205,554	924,991	4,660,581	7,699,158	-	14,689,970
Other financial liabilities	-	-	-	-	-	2,867,361	2,867,361
Total financial liabilities	325,510,606	136,629,105	330,429,071	18,311,090	7,699,158	2,867,361	821,446,391
Total interest repricing gap	(269,126,921)	(53,422,325)	(204,326,610)	215,202,668	176,234,408	156,873,475	21,434,695
<i>In KHR'000 equivalent</i>	<i>(1,088,618,395)</i>	<i>(216,093,305)</i>	<i>(826,501,137)</i>	<i>870,494,792</i>	<i>712,868,180</i>	<i>634,553,207</i>	86,703,342
Off-balance sheet							
Credit commitments	22,337,410	4,378,768	3,150,925	-	-	-	29,867,103
Financial guarantee contracts	18,542,925	62,227	-	-	-	-	18,605,152
Total off-balance sheet interest repricing gap	40,880,335	4,440,995	3,150,925	-	-	-	48,472,255
<i>In KHR'000 equivalent</i>	<i>165,360,955</i>	<i>17,963,825</i>	<i>12,745,491</i>	<i>-</i>	<i>-</i>	<i>-</i>	196,070,271

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)**34.2 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.

34.3 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 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.3 LIQUIDITY RISK (CONTINUED)

c) Non-derivative cash flows (continued)

	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total 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
<i>In KHR'000 equivalent</i>	<i>(503,714,424)</i>	<i>(192,536,609)</i>	<i>(925,058,634)</i>	<i>1,396,715,217</i>	<i>1,475,844,417</i>	<i>1,251,249,967</i>
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
<i>In KHR'000 equivalent</i>	<i>212,975,655</i>	<i>158,711</i>	<i>427,106</i>	<i>1,641,431</i>	<i>1,683,458</i>	<i>216,886,361</i>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.3 LIQUIDITY RISK (CONTINUED)

c) Non-derivative cash flows (continued)

	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
As at 31 December 2020						
Financial assets						
Cash on hand	8,769,975	-	-	-	-	8,769,975
Deposits and placements with the central bank	126,822,635	23,441,604	25,909,615	-	-	176,173,854
Deposits and placements with other banks	30,296,583	30,509,493	23,524,170	-	-	84,330,246
Financial assets at fair value through other comprehensive income	-	-	-	-	25,000	25,000
Loans and advances at amortised cost	40,418,716	34,563,508	97,005,827	325,651,324	300,876,618	798,515,993
Other financial assets	1,951,163	-	-	-	-	1,951,163
Total financial assets by remaining contractual maturities	208,259,072	88,514,605	146,439,612	325,651,324	300,901,618	1,069,766,231
Financial liabilities						
Deposits from banks and financial institutions	61,899,771	73,410,045	35,832,712	-	-	171,142,528
Deposits from customers	261,132,319	56,977,756	275,802,774	14,835,544	-	608,748,393
Borrowings	1,509,200	6,842,315	26,335,998	-	-	34,687,513
Lease liabilities	1,228,061	254,990	1,147,454	5,831,522	9,983,153	18,445,180
Other financial liabilities	2,867,361	-	-	-	-	2,867,361
Total financial liabilities by remaining contractual maturities	328,636,712	137,485,106	339,118,938	20,667,066	9,983,153	835,890,975
Net liquidity (gap)/surplus	(120,377,640)	(48,970,501)	(192,679,326)	304,984,258	290,918,465	233,875,256
<i>In KHR'000 equivalent</i>	<i>(486,927,554)</i>	<i>(198,085,677)</i>	<i>(779,387,874)</i>	<i>1,233,661,324</i>	<i>1,176,765,191</i>	946,025,410
Off-balance sheet						
Credit commitments	30,244,842	20,773	34,872	181	-	30,300,668
Financial guarantee contracts	18,624,230	-	-	-	-	18,624,230
Liquidity - off-balance sheet	48,869,072	20,773	34,872	181	-	48,924,898
<i>In KHR'000 equivalent</i>	<i>197,675,396</i>	<i>84,027</i>	<i>141,057</i>	<i>732</i>	<i>-</i>	197,901,212

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise of 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 2021 and 31 December 2020 on a recurring basis:

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
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
As at 31 December 2020				
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>	-	-	101,875	101,875

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)**34.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)****a) Financial instruments measured at fair value (continued)**

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.

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 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 loan and advances to customers might approximate to 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 offered similar interest rate of the instrument with similar maturities and terms.

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

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

Borrowings are not quoted in 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 2021

34. FINANCIAL RISK MANAGEMENT (CONTINUED)**34.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)****b) Financial instruments not measured at fair value (continued)**

vi. Lease liabilities

The estimated fair value of lease liabilities with maturities of less than one year approximate the carrying values. For other lease liabilities with maturities of one year or more, the fair values are estimated based on discounted cash flows using prevailing market rates of incremental borrowings.

34.5 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:

	2021		2020	
	US\$	KHR'000	US\$	KHR'000
Tier 1 capital				
Share capital	75,000,000	305,550,000	75,000,000	303,375,000
Retained earnings	31,661,199	128,987,725	24,123,340	97,578,912
Non-distributable reserve	25,000,000	101,850,000	10,000,000	40,450,000
Less: Intangible assets	(6,337,788)	(25,820,148)	(3,868,109)	(15,646,501)
Less: Loans to related parties	(1,396,668)	(5,690,025)	(633,782)	(2,563,648)
	123,926,743	504,877,552	104,621,449	423,193,763
Tier 2 complementary capital				
General provision	7,334,484	29,880,688	6,685,528	27,042,961
Total Capital Tier I + Tier II	131,261,227	534,758,240	111,306,977	450,236,724



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