



# EMPOWERING

*Collective Progress*



Together, we're not just  
making progress happen—  
we're making it happen  
for everyone.

Together We Progress

# INSIDE THIS REPORT



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A photograph of a modern glass skyscraper at sunset. The building's reflection is visible on a wet surface in the foreground. The sky is a mix of blue and orange, and the overall scene is captured in a low-angle perspective.

*About*

RHB Banking Group







## Basis of This Report

### We are pleased to present RHB Banking Group’s (“RHB”) Integrated Report 2023.

The aim of this report is to offer a balanced assessment of our value creation journey for our diverse stakeholders. It encompasses our material matters, business strategies, risk and capital management, corporate governance, and both financial and non-financial performance.

Through an integrated approach, we generate shared value for the present and future generations in line with our commitments to making progress happen to everyone.

The objective of this report is to convey relevant information to our stakeholders, enabling them to conduct a fair and comprehensive evaluation of our performance from the short to the long term. This includes meeting the need for greater transparency for the benefit of our investors, shareholders, and regulators and illustrating how we create sustainable value for our customers, employees, suppliers, and the wider community.



## Scope and Boundary

RHB’s Integrated Report is produced on an annual basis. This report covers the timeframe from 1 January 2023 to 31 December 2023, except where indicated otherwise. This report includes an overview of all our operations and initiatives throughout the Association of Southeast Asian Nations (“ASEAN”) region. It details our strategies, business activities, performance, and the initiatives that affect all our key stakeholders.

## Reporting Framework

Our Integrated Report is aligned with various frameworks and disclosure requirements, including:

- Integrated Reporting (“IR”) Framework
- Bursa Malaysia Securities Berhad Main Market Listing Requirements (“MMLR”)
- Malaysian Code on Corporate Governance (“MCCG”)
- Bursa Malaysia Corporate Governance Guide (4<sup>th</sup> Edition)
- Companies Act 2016
- Malaysian Financial Reporting Standards (“MFRS”)
- Bank Negara Malaysia’s (“BNM”) Policy Documents and Guidelines
- International Financial Reporting Standards and other regulatory requirements, as applicable

For sustainability-related disclosures, our report is in line with key sustainability guidelines and standards, such as:

- Global Reporting Initiative (“GRI”) Standards
- Bursa Malaysia’s Sustainability Reporting Guide (3<sup>rd</sup> Edition)
- United Nations Sustainable Development Goals (“UNSDGs”)
- Recommendations by the Task Force Climate-related Financial Disclosures (“TCFD”)
- Greenhouse Gas (“GHG”) Protocol: Corporate Accounting and Reporting Standard

## Materiality and Material Matters

The content of this report is shaped by our key material matters, focusing on the risks, opportunities and outcomes that significantly affect our business operations and the creation of stakeholder value. These material issues, which are detailed on page 38, also play a key role in shaping our strategic development.

## Basis of This Report

## FORWARD-LOOKING STATEMENTS

This report includes certain forward-looking statements about our priorities, strategies and growth prospects in the future. These are founded on current forecasts and expectations, which are subject to change owing to factors outside our control. As a result, all such forward-looking statements should be considered provisional and have not undergone review by auditors or other pertinent independent parties. The basis for these forward-looking statements were conceived from our business strategies, economic forecasts and other relevant resources.

## STATEMENT OF LEADERSHIP APPROVAL

The senior management team at RHB recognises its responsibility to ensure the integrity of this Integrated Report. The team believes that this report effectively addresses relevant issues that are material to the Group's capability in creating value.



**Mohd Rashid Mohamad**

Group Managing Director/Group Chief Executive Officer  
RHB Banking Group

## STATEMENT OF ASSURANCE

In strengthening the credibility of our sustainability disclosures, selected reported information disclosed in the Sustainability Report and the Sustainability Statement in RHB's Integrated Report 2023 have been subjected to independent limited assurance by PricewaterhouseCoopers PLT ("PwC") in accordance with the International Standard on Assurance Engagements ("ISAE") 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information".

▲ For more information on the subject matter and scope of assurance, please refer to the Independent Limited Assurance Report on pages 267 to 271 of the RHB Sustainability Report 2023.

This marks the second consecutive year that the Group has subjected its Sustainability Report to independent assurance, underscoring our commitment towards providing credible and transparent disclosures. The Group has also expanded the scope of independent assurance for FY2023, as detailed in the Independent Limited Assurance Report on pages 267 to 271 of the RHB Sustainability Report 2023. Moving forward, the Group will continue to progressively expand the scope of its independent assurance, to align with industry best practices.

## ▲ Integrated Report ("IR")

Our primary Report used to communicate our value creation strategies, performance and outlook to our stakeholders.

## ▲ Financial Report ("FR")

Contains the Group's financial statements and analysis of the financial results, further supported by an independent auditor's report.

## ▲ Sustainability Report ("SR")

This Report details the Group's approach to sustainability and efforts in creating sustainable value.

## NAVIGATION ICONS

## Our Capitals:

<b>FC</b> Financial Capital	<b>MC</b> Manufactured Capital
<b>HC</b> Human Capital	<b>NC</b> Natural Capital
<b>IC</b> Intellectual Capital	<b>SRC</b> Social and Relationship Capital

## Our Stakeholders:

<b>BD</b> Board of Directors	<b>SI</b> Shareholders and Investors	<b>SS</b> Suppliers and Service Providers	<b>RA</b> Rating Agencies
<b>CU</b> Customers	<b>RE</b> Regulators	<b>FI</b> Financial Industry Peers	<b>AN</b> Analysts
<b>EM</b> Employees	<b>CO</b> Communities	<b>BP</b> Business Partners	<b>ME</b> Media

## Key Risks:

<b>CR</b> Credit Risk	<b>OR</b> Operational Risk	<b>SNC</b> Shariah Non-Compliance Risk	<b>RR</b> Reputational Risk
<b>MR</b> Market Risk	<b>TCR</b> Technology and Cyber Risk	<b>SR</b> Sustainability Risk	<b>CR</b> Corruption Risk
<b>LR</b> Liquidity Risk	<b>RNC</b> Regulatory Non-Compliance Risk	<b>IBR</b> Interest Rate Risk in the Banking Book/ Rate of Return Risk in the Banking Book	

## Material Matters:

<b>GB</b> Good Business Governance	<b>DI</b> Digitalisation and Investment in Technology	<b>CC</b> Climate Change	<b>DO</b> Diversity and Equal Opportunity
<b>DC</b> Data Protection and Cybersecurity	<b>CX</b> Customer Experience	<b>ES</b> Environmental Stewardship	<b>CE</b> Community Enrichment and Empowerment
<b>SF</b> Sustainable Financial Services	<b>FC</b> Fair Treatment of Financial Customers	<b>T</b> Talent	
<b>FI</b> Financial Inclusion	<b>SC</b> Sustainable Supply Chain	<b>EHS</b> Employee Health, Safety and Wellness	





## Attractive Investment Proposition



### Financial Highlights

#### Total Income

RM7.8 billion

2022: RM8.2 billion

#### Net Profit

RM2.8 billion

2022: RM2.7 billion

#### Return on Equity

9.5%

2022: 9.6%

#### Total Assets

RM328.7 billion

2022: RM310.8 billion

#### Gross Loans

RM222.4 billion

2022: RM212.2 billion

#### Deposits from Customers

RM245.1 billion

2022: RM227.2 billion

#### Basic Earnings Per Share

65.7 sen

2022: 64.0 sen

#### Gross Impaired Loans Ratio

1.74%

2022: 1.55%

#### CASA Ratio

27.9%

2022: 29.2%

## Attractive Investment Proposition

**Cost-To-Income Ratio**

47.5%

2022: 44.2%

**Shareholders' Equity**

RM30.9 billion

2022: RM28.7 billion

**Total Capital Ratio**

19.4%

2022: 19.3%

**Sustainability Highlights****Cumulatively mobilised more than**

RM23.8 billion

in Sustainable Financial Services

**Cumulatively granted**

RM2.6 billion

through the SME Sustainable Financing Programme

**Diversity and Equal Opportunity**

33.9%\*

of Top and Senior Management roles held by women.

**Procured**

RM582.3 million

in products and services from local suppliers

**Carbon Neutral Operations**

43.1% reduction

in operational GHG emissions against 2016 baseline

**Invested close to**

RM32.6 million

in employee training and development

**Directed more than**

RM4 million

towards community initiatives which impacted more than 50,000 people

**Benefitted almost**

3,000 secondary school students

via RHB X-Cel academic excellence programme

\* This data has been externally assured.





**We Are Guided By  
Our Purpose Statement...**

## Making Progress Happen for Everyone



**To Live Our  
Brand Promise Of...**

## Together We Progress

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

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

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

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

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



At the inaugural RHB #Empower & Neurodiversity@Work Achievement Ceremony in 2023



**To Create Positive Impact  
Through Sustainability Pillars...**

To create positive impact through these sustainability pillars



**Sustainable and  
Responsible Finance**



**Committed to Achieving  
Net Zero by 2050**



**Embedding  
Good Practices**



**Enriching and  
Empowering Communities**

## Who We Are

**Underpinned  
By Our Values...**

- P** PROFESSIONAL
- R** RESPECT
- I** INTEGRITY
- D** DYNAMIC
- E** EXCELLENCE

**We Listen To The  
Needs Of Our Stakeholders...**

Focused on growth and innovative solutions in approaching material risks

- |                                      |   |
|--------------------------------------|---|
| <b>BD</b> Board of Directors         | <b>SS</b> Suppliers and Service Providers |
| <b>CU</b> Customers                  | <b>FI</b> Financial Industry Peers        |
| <b>EM</b> Employees                  | <b>BP</b> Business Partners               |
| <b>SI</b> Shareholders and Investors | <b>RA</b> Rating Agencies                 |
| <b>RE</b> Regulators                 | <b>AN</b> Analysts                        |
| <b>CO</b> Communities                | <b>ME</b> Media                           |

**RHB BANKING GROUP**

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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 a dedicated team of employees.

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

**Market Capitalisation**

RM23.4 billion

**Total Employees**

13,968

**Presence in**

8 countries, including Malaysia 286 branches and offices

## What We Do

### OUR SEGMENTS

### WHO WE ARE



#### GROUP COMMUNITY BANKING

**Group Community Banking** (“GCB”) comprises Group Retail Banking and SME Banking segments. We serve over 4.4 million individual clients and more than 210,000 businesses, offering a range of both conventional and Shariah-compliant consumer and SME banking solutions.

Our Retail Banking segment delivers consumer banking solutions, including Wealth Management, Bancassurance, Mortgage, Auto Financing, ASB Financing, Personal Financing, Credit Card Payments and Deposits, while our SME Banking segment offers business financing solutions tailored to SMEs and family-run businesses.



#### GROUP WHOLESALE BANKING

**Group Wholesale Banking** (“GWB”) encompasses several of RHB’s key business segments including Investment Banking, Corporate Banking, Commercial Banking, Treasury and Global Markets, Asset Management, and Transaction Banking. Supported by the RHB Research and Economics teams, GWB offers comprehensive and end-to-end services spanning various products and financing solutions as well as advisory to meet the needs of our clients in Malaysia and the wider region. Leveraging the combined expertise and potential synergies across our business segments, we facilitate our clients’ advancement while also unlocking new opportunities and fortifying our market presence.



#### GROUP INTERNATIONAL BUSINESS

**Group International Business** (“GIB”) manages RHB’s regional Commercial Banking operations, spanning five countries, namely Singapore, Cambodia, Thailand, Laos, and Brunei, and are supported closely by expertise from our Malaysian headquarters. GIB works toward the Group’s aspiration to build an integrated overseas business that leverages localised networks to serve the needs of our diverse customers and clients through our established presence. We offer solutions such as financing, deposits, wealth management, trade financing, premier banking, bancassurance and financing for small-and-medium enterprise (“SME”). We will continue to improve, stay relevant and competitive to our valued clients.



#### GROUP SHARIAH BUSINESS

**RHB Islamic Bank** is RHB Banking Group’s Shariah Business banking arm. It offers a wide range of Shariah-compliant financial services. We provide products and services for the retail, SME, corporate, and commercial business segments, wealth management as well as investment banking. We do this through our extensive customer touchpoints of RHB Islamic Bank and RHB Bank branches at over 200 locations across the country, in addition to the convenience provided by our Self-Service Terminals, and mobile and online banking platforms. We aspire to become a leading provider of value-based Shariah financial services in Malaysia, aligning with the Group’s **Together We Progress 2024** (“TWP24”)’s corporate strategy’s aspiration To Be Everyone’s Primary Bank.



#### GROUP INSURANCE

**RHB Insurance** provides a comprehensive range of general insurance and other products to our retail and corporate customers for better protection and peace of mind. Customers can easily and conveniently access our service and support through our network of 15 branches, over 751 Pos Malaysia branches and more than 2,200 authorised agent offices in Malaysia. We are among the Top 10 General Insurance providers in Malaysia for Fire, Personal Accident, and Motor.



## What We Do

## STRENGTHS AND DIFFERENTIATORS

- A leader in business banking, focusing on Small and Medium Enterprises (“SME”) with end-to-end digital onboarding capability for transaction and financing products across the various channels.
- Differentiated and disruptive client value propositions across Retail and SME client segment.

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

- Provides comprehensive financial solutions supported by a localised, hyper-focused approach of target segments.
- Access to regional networking spanning five countries in the ASEAN region.

- Provides comprehensive Islamic financial services across the entire customer spectrum of retail, SME, corporate, commercial, and investment banking as well as wealth management.
- Provides products and services to essential sectors such as the government, healthcare and higher education.
- Upholds Value-Based Intermediation (“VBI”) principles and continue to fulfill our commitment to society.
- The only bank that fully supports and focuses on marine conservation efforts as outlined by the UN SDG14 “Life Below Water”, through our Ocean Harmony initiative.

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

## Our Performance

## GROSS LOANS

Retail Banking

RM113.3  
billion

SME Banking

RM27.6  
billion

## DEPOSITS FROM CUSTOMERS

Retail Banking

RM80.8  
billion

SME Banking

RM34.2  
billion

## GROSS LOANS AND ASSETS

RM57.2 billion

## DEPOSITS FROM CUSTOMERS

RM92.8 billion

## GROSS LOANS

RM32.3 billion

## DEPOSITS FROM CUSTOMERS

RM37.3 billion

## GROSS FINANCING

RM84.0 billion

## DEPOSITS FROM CUSTOMERS

RM82.2 billion

## GROSS WRITTEN PREMIUM

RM869.2 million



# Our Presence



## Our Presence

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

## Total Income 2023



**RM6.8** billion

## Services Offered

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

## Employees

**12,424**

## Branches/Offices

**234**

## Total Income 2023



**SGD220.3** million

## Services Offered

- Retail Banking
- Corporate & Investment Banking
- Treasury

## Employees

**678**

## Branches/Offices

**6**

## Total Income 2023



**USD22.1** million

## Services Offered

- Retail Banking
- Capital Markets
- Stockbroking

## Employees

**385**

## Branches/Offices

**14**

## Total Income 2023



**THB641.8** million

## Services Offered

- Retail Banking
- Treasury
- Corporate Banking
- Capital Markets
- Stockbroking
- Derivatives

## Employees

**182**

## Branches/Offices

**10**

## Total Income 2023



**VND13.5** billion

## Services Offered

- Stockbroking

## Employees

**24**

## Branches/Offices

**2**

RHB Securities Vietnam is in the midst of being divested, with the transaction anticipated to be completed in the second quarter of 2024.

## Total Income 2023



**IDR160.3** billion

## Services Offered

- Capital Markets
- Stockbroking
- Derivatives

## Employees

**174**

## Branches/Offices

**14**

## Total Income 2023



**BND5.0** million

## Services Offered

- Retail Banking

## Employees

**31**

## Branches/Offices

**2**

## Total Income 2023



**LAK50.7** billion

## Services Offered

- Retail Banking

## Employees

**70**

## Branches/Offices

**4**

# Our Value Creating Business Model

Purpose Statement

## MAKING PROGRESS HAPPEN FOR EVERYONE

Brand Promise

## TOGETHER WE PROGRESS

We leverage various resources...

to drive our business...

### INPUTS

HC

#### HUMAN CAPITAL

- **13,968** employees
- Invested **RM32.6 billion** in learning and development programmes
- Rolled out **36** employee engagement initiatives
- Empowered **28** female leaders through the Women in Leadership League ("WILL") and Emerging Women Leaders programmes

FC

#### FINANCIAL CAPITAL

- Total Assets: **RM328.7 billion**
- Securities Portfolio: **RM79.9 billion**
- Deposits from Customers: **RM245.1 billion**
- Shareholders' Equity: **RM30.9 billion**
- Market Capitalisation: **RM23.4 billion**

MC

#### MANUFACTURED CAPITAL

- **286** offices and branches across the ASEAN region
- **1,714** self-service terminals in Malaysia which includes ATMs, Cash Deposit Machines, Cheque Deposit Machines, Cash Recycler Machines and Coin Deposit Machines

IC

#### INTELLECTUAL CAPITAL

- Actively participates in industry associations in Malaysia and across ASEAN, including 4 Sustainability and climate-related committees/sub-committees
- Digital platforms such as:
  - > RHB Online Banking
  - > RHB Insurance Mobile App
  - > RHB Mobile Banking App
  - > RHB TradeSmart
  - > RHB Reflex Online Banking
  - > RHB Share Trading
  - > RHB Reflex Mobile App
  - > RHB Investment Apply Now
  - > RHB SME Online Financing
  - > RHB Futures GTS
  - > RHB Financing (SME)
  - > RHB Partners App
  - > RHB Financing (SME) Mobile App
  - > RHB MyHome App
  - > RHB Online Insurance
  - > API Ecosystem

SRC

#### SOCIAL AND RELATIONSHIP CAPITAL

- Number of registered suppliers: **695 (648 local suppliers)**
- Invested approximately **RM5 million** in community initiatives
- Invested **over RM2.3 million** to Nurturing Future Generations programmes such as RHB X-Cel Academic Excellence programme, RHB X-Cel Star, RHB #Empower, RHB Art with Heart and RHB Money Ma\$ter programme
- Invested **over RM1.2 million** to Lifting Communities programmes such as RHB #JomBiz, RHB Touch Hearts and RHB Touch Hearts 360
- Through Social Harmoni, **close to RM1.4 million** from zakat funds has been distributed for various endeavours

NC

#### NATURAL CAPITAL

- Total electricity consumed: **38,631 MWh**
- Total water consumption: **115,760 m<sup>3</sup>**
- Nearly **RM6.7 billion** mobilised in eligible green activities\*

### MATERIAL MATTERS

GB

DC

SF

FI

DI

CX

FC

SC

CC

ES

T

EHS

DO

CE

### STRATEGIC FOCUS

# TWP24

*Together We Progress 2024*

PB

Be Everyone's Primary Bank

CX

Prioritise Customer Experience

QG

Drive Quality Growth

#### Strategic Focus Areas

- Be the Primary Financial Services Provider
- Integrate into Key Islamic Ecosystem
- Build an Integrated Overseas Business
- Catalyse Sustainability
- Employ Cutting-Edge Technology
- Develop a Future-Ready Workforce
- Accelerate Intelligent Banking Services

#### Sustainability Pillars

SRF

Sustainable and Responsible Finance

ANZ

Committed to Achieving Net Zero by 2050

EGP

Embedding Good Practices

EEC

Enriching and Empowering Communities

#### Sustainability Focus Areas

- Sustainable Financial Services
- Financial Inclusion
- Advancing SMEs Towards Sustainable Business Practices
- Reduction of Financed Emissions
- Greening Our Portfolio
- Integration of sustainable and low-carbon practices into our own operations
- Ethics & Conduct
- People & Workplace
- Sustainable Supply Chain
- Nurturing Future Generations
- Lifting Communities

supported by robust governance framework

▲ Please refer to Basis of This Report for the navigation icons.

\* This data has been externally assured.



# Our Value Creating Business Model

Our Values

- P** PROFESSIONAL    **R** RESPECT    **I** INTEGRITY    **D** DYNAMIC    **E** EXCELLENCE

...and deliver meaningful value.

Core Business Segments



OUTPUTS/OUTCOMES



**Net Profit**  
RM2.8 billion



**Gross Loans**  
RM222.4 billion



**Return on Equity**  
9.5%



**Zakat Distributed to State Zakat Authorities:**  
RM10 million



**Gross Written Premium (GWP):**  
RM869.2 million



**Sustainable Financial Services**  
RM23.8 billion mobilised between July 2021 and December 2023.

**HUMAN CAPITAL**

- Recorded a total of **313,783** training hours (average of 22.46 hours per employee)\*
- Diversity of workforce:
  - > Male: **5,621 (40.2%)**
  - > Female: **8,347 (59.8%)**
- Sustainable Engagement Score ("SES"): **89%**
- Employee Retention Rate: **85.4%**

Stakeholders:



SDGs:



**FINANCIAL CAPITAL**

- Total Assets growth: **5.8%**
- Gross Loans growth: **4.8%**
- Securities Portfolio growth: **15.7%**
- Deposits from Customers growth: **7.9%**
- CET1 Ratio: **16.7%**
- Total Capital Ratio: **19.4%**
- Dividend Payout Ratio: **61.1%** or **40 sen** per share
- Net Assets per Share: **RM7.20**

Stakeholders:



SDGs:



**MANUFACTURED CAPITAL**

- Average number of transactions conducted over RHB branch counters: **5,258,586**
- Average number of transactions conducted through self-service terminals at RHB branches:
  - > ATM: **88,873,764**
  - > Cash Deposit Machine: **12,066,780**
- Number of transactions conducted through self-service terminals:
  - > ATM: **90,303,122**
  - > Cash Deposit Machine: **12,071,103**

Stakeholders:



SDGs:



**INTELLECTUAL CAPITAL**

- Brand value: **USD991 million**
- ~**83%** of transactions conducted via digital channels
- Digital channel transaction volume: **>650 million**
- Online banking customers grew to **2.5 million**
- ~**45%** of key processes automated
- ~**62%** of systems modernised
- Rated AA (Leader) for MSCI ESG**
- Rated Top 25%** by ESG ratings in FTSE Bursa Malaysia EMAS ranking

Stakeholders:



SDGs:



**SOCIAL AND RELATIONSHIP CAPITAL**

- Achieved SLA of **99.0%** for timeliness in providing resolution to complaints, and **98.7%** in addressing requests
- Net Promoter Score ("NPS"):
  - > RHB MY Group: **+20**
  - > RHB SG Group: **+35**
- Ranked 2<sup>nd</sup>** in NPS within the Malaysian financial industry
- Total expenditure on local suppliers: **RM582.3 million**
- Reached **over 50,000** beneficiaries via community initiatives
- Supported **close to 14,000** children and youth through Nurturing Future Generations programmes
- Supported **over 30,000** beneficiaries through Lifting Communities programmes
- Through Social Harmoni, benefitted **over 3,000** asnaf individuals and **13** families

Stakeholders:



SDGs:



**NATURAL CAPITAL**

- Reduction in GHG emissions by **over 43%** (compared to base year 2016)
- Total GHG emissions (Malaysian operations only): **24,580 tCO<sub>2</sub>e**

Stakeholders:



SDGs:



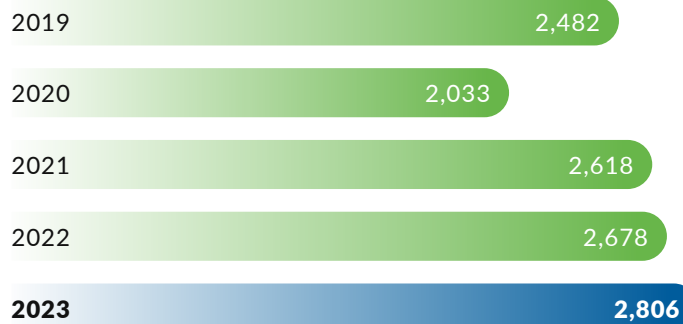
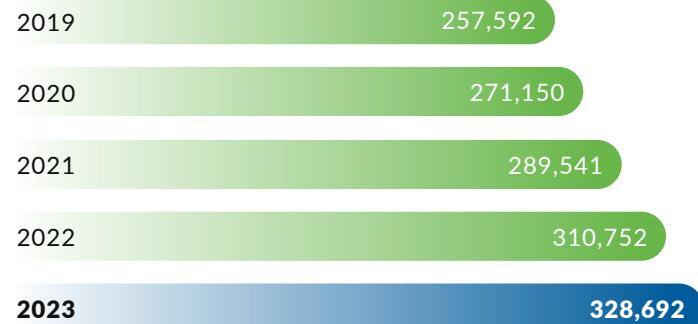
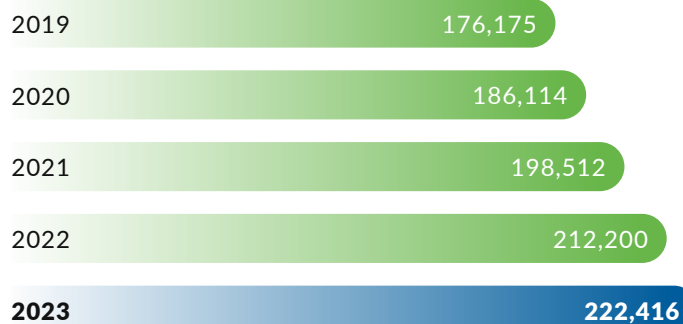
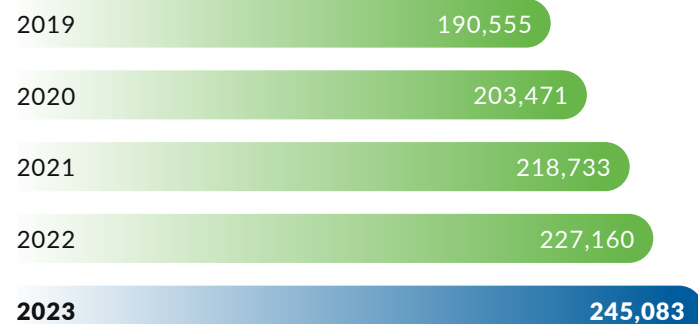
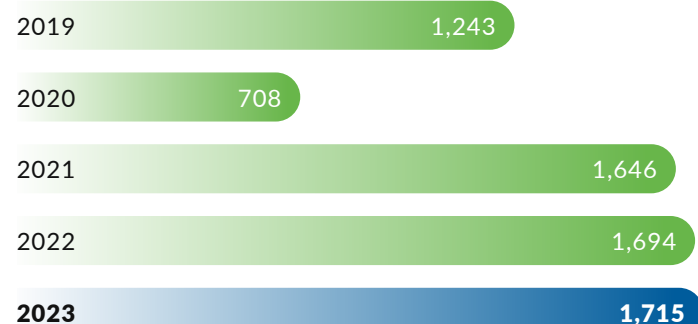
Key Risks

- Credit Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Technology and Cyber Risk
- Regulatory Non-Compliance Risk
- Shariah Non-Compliance Risk
- Sustainability Risk
- Reputational Risk
- Corruption Risk
- Interest Rate Risk in the Banking Book/ Rate of Return Risk in the Banking Book



## 5-Year Financial Summary

	2019	2020	2021	2022	2023
<b>OPERATING RESULTS (RM million)</b>					
Operating profit before allowances	3,670	3,799	4,266	4,554	<b>4,081</b>
Profit before taxation	3,394	2,644	3,529	4,133	<b>3,753</b>
Net profit attributable to equity holders of the Bank	2,482	2,033	2,618	2,678	<b>2,806</b>
<b>KEY BALANCE SHEET DATA (RM million)</b>					
Total assets	257,592	271,150	289,541	310,752	<b>328,692</b>
Gross loans, advances and financing	176,175	186,114	198,512	212,200	<b>222,416</b>
Total liabilities	231,782	244,093	261,511	281,988	<b>297,781</b>
Deposits from customers	190,555	203,471	218,733	227,160	<b>245,083</b>
Shareholders' equity	25,775	27,024	27,998	28,732	<b>30,875</b>
Commitments and contingencies	150,428	157,480	157,777	206,796	<b>246,063</b>
<b>SHARE INFORMATION</b>					
Gross dividend per share (sen)	31.0	17.7	40.0	40.0	<b>40.0</b>
Net assets per share (RM)	6.4	6.7	6.8	6.8	<b>7.2</b>
Net tangible assets per share (RM)	5.6	5.9	5.9	6.0	<b>6.4</b>
Basic earnings per share (sen)	61.9	50.7	64.7	64.0	<b>65.7</b>
Share price (RM)	5.78	5.45	5.37	5.79	<b>5.45</b>
Market capitalisation (RM million)	23,178	21,855	22,247	24,592	<b>23,361</b>
<b>FINANCIAL RATIOS (%)</b>					
<b>Profitability Ratios</b>					
Net return on average equity	10.3	7.7	9.6	9.6	<b>9.5</b>
Net return on average assets	1.0	0.8	0.9	0.9	<b>0.9</b>
Cost-to-income ratio	48.0	47.1	45.2	44.2	<b>47.5</b>
<b>Asset Quality</b>					
Gross loans to deposits ratio	92.5	91.5	90.8	93.4	<b>90.8</b>
Gross impaired loans ratio	1.97	1.71	1.49	1.55	<b>1.74</b>
<b>Dividend</b>					
Dividend yield	5.4	3.2	7.4	6.9	<b>7.3</b>
Dividend payout ratio	50.1	34.8	62.9	63.2	<b>61.1</b>

**5-Year Financial Summary****NET PROFIT***(RM million)***TOTAL ASSETS***(RM million)***GROSS LOANS, ADVANCES  
AND FINANCING***(RM million)***DEPOSITS FROM  
CUSTOMERS***(RM million)***SHAREHOLDERS' EQUITY***(RM million)***NET DIVIDENDS***(RM million)*



## Corporate Information



### COMPANY SECRETARIES

#### Azman Shah Md Yaman

(LS 0006901)

#### Filza Zainal Abidin

(LS 0008413)

### 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](http://www.rhbgroup.com)

### SHARE REGISTRAR

#### Boardroom Share Registrars Sdn Bhd

11<sup>th</sup> 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](mailto:BSR.Helpdesk@boardroomlimited.com)

### COMPANY REGISTRATION NUMBER

196501000373 (6171-M)

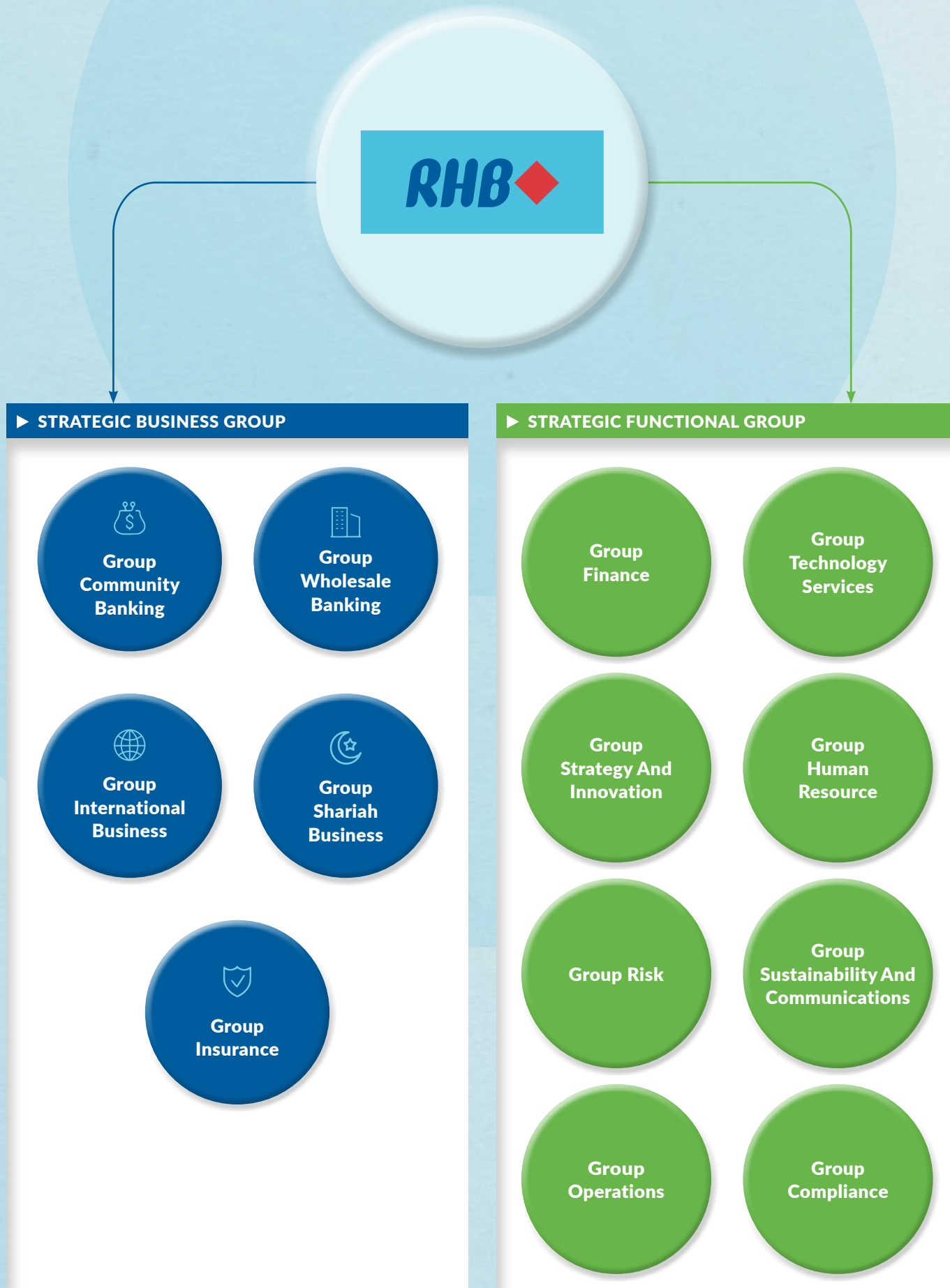
### AUDITORS

PricewaterhouseCoopers PLT  
Chartered Accountants  
Level 10, Menara TH 1 Sentral  
Jalan Rakyat, Kuala Lumpur Sentral  
P.O.Box 10192  
50706 Kuala Lumpur

Tel : +603 2173 1188

Fax : +603 2173 1288

# Group Organisation Structure





*About*

RHB Bank (Cambodia) Plc.











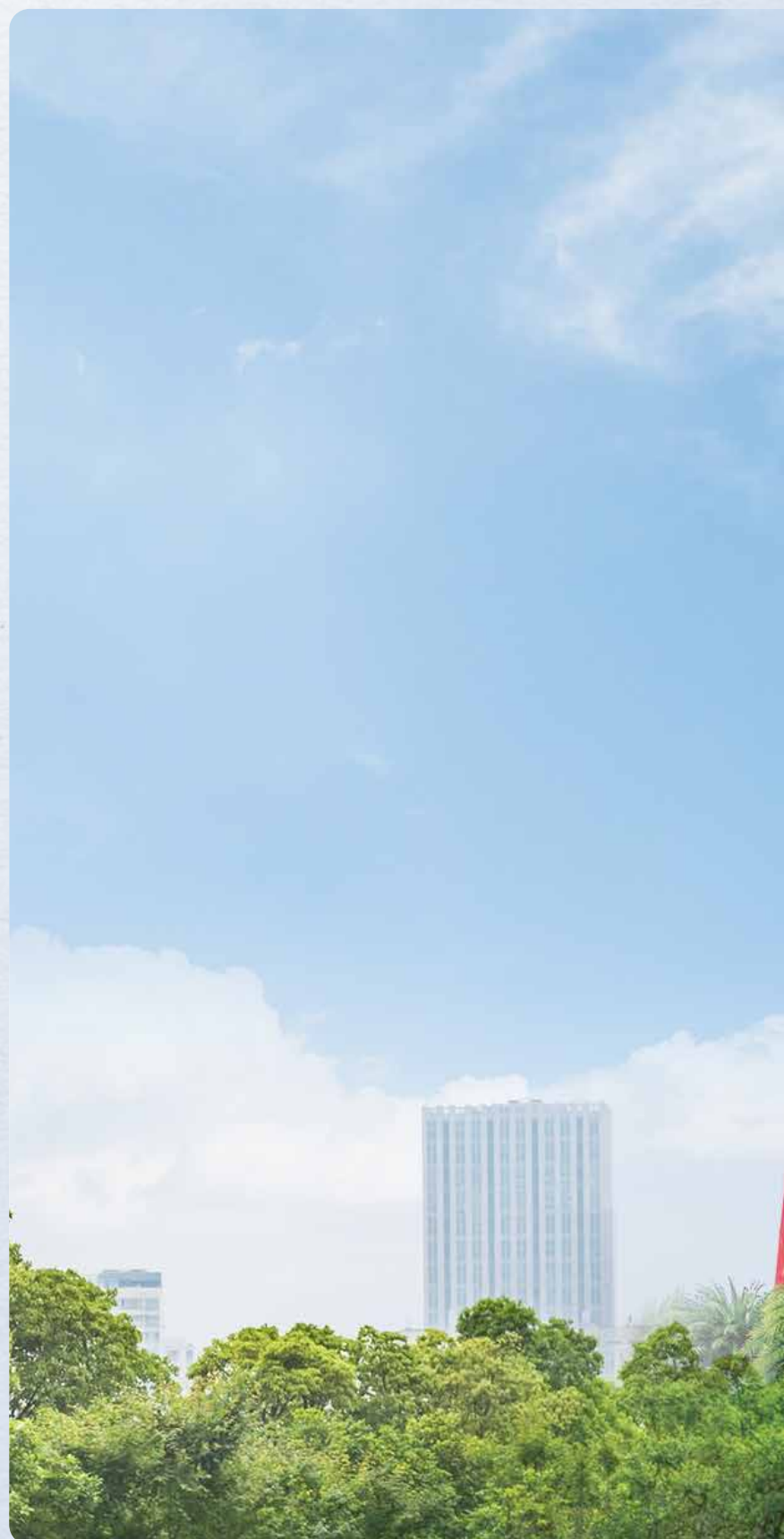
## OVERVIEW

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

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

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

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











## WHERE WE OPERATE

# Our regional presence and performance



**308**  
employees



**11**  
branches

### CORPORATE HEAD OFFICE

Level M & 9, OHK Tower,  
Corner Street 110 & Street 93,  
Phnom Penh, Cambodia.  
Tel: (855) 23 992 833  
Fax: (855) 23 991 822  
Website: [www.rhbgroup.com.kh](http://www.rhbgroup.com.kh)  
Facebook: [facebook.com/RHBCambodia](https://facebook.com/RHBCambodia)  
Toll Free: 1800-20-8118

### PHNOM PENH MAIN OFFICE

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



## OUR BRANCH NETWORK



### CITY MALL OLYMPIC BRANCH

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

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

### STUENG MEANCHEY BRANCH

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

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

### PET LOK SONG BRANCH

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

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

### KBAL THNAL BRANCH

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

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

### TUOL KOUK BRANCH

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

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

### BOENG KENG KANG BRANCH

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

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

### MAO TSE TUNG BRANCH

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

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

### KAMPONG CHAM BRANCH



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

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

### BATTAMBANG BRANCH



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

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

### SIEM REAP BRANCH



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

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

### PREAH SIHANOUK BRANCH



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

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



*Performance*  
review







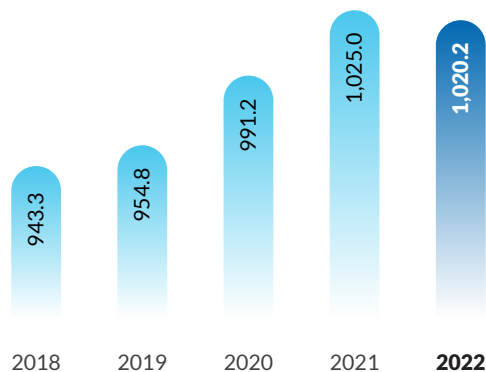
# FIVE-YEAR FINANCIAL SUMMARY

	2019	2020	2021	2022	2023
<b>PROFITABILITY (USD)</b>					
Profit/(Loss) before tax expense	18.9	3.3	18.3	16.5	<b>6.2</b>
Profit/(Loss) after tax expense	15.0	2.7	13.9	13.2	<b>4.7</b>
<b>FINANCIAL POSITION (USD)</b>					
Total assets	943.3	954.8	991.2	1,025.0	<b>1,020.2</b>
Loans and advances	506.2	564.4	659.5	738.9	<b>747.1</b>
Total liabilities	815.6	824.3	846.8	867.4	<b>857.9</b>
Deposits from customers	632.8	599.1	577.0	471.0	<b>592.5</b>
Total deposits	776.2	769.6	822.1	827.8	<b>817.7</b>
Paid-up capital	75.0	75.0	75.0	75.0	<b>75.0</b>
Shareholder's equity	127.7	130.4	144.4	157.6	<b>162.3</b>
<b>FINANCIAL RATIO (%)</b>					
Non-performing loans to total loans and advances	4.6	4.4	4.4	6.7	<b>9.2</b>
Net return on assets	1.8	0.3	1.4	1.3	<b>0.5</b>
Net return on equity	12.5	2.1	10.2	8.8	<b>2.9</b>
Loans/Customer Deposit Ratio	80.0	94.2	114.3	156.9	<b>126.1</b>
Loans/Deposit Ratio	65.2	73.3	80.2	89.3	<b>91.4</b>

# SUMMARY OF FIVE-YEAR FINANCIAL HIGHLIGHTS

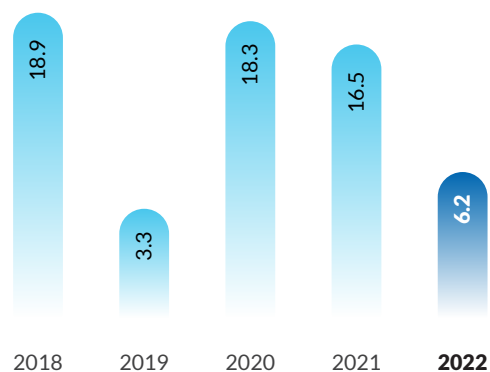
## TOTAL ASSETS

(USD)



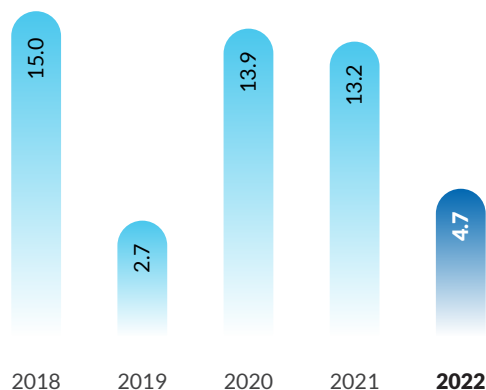
## PROFIT/LOSS BEFORE TAXATION

(USD)



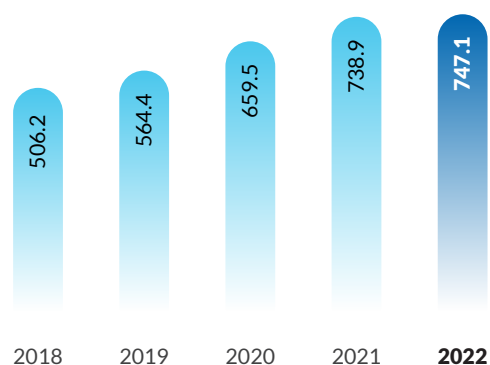
## PROFIT/LOSS AFTER TAXATION

(USD)



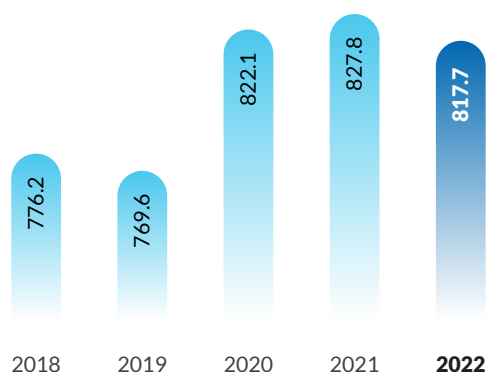
## LOANS AND ADVANCES

(USD)



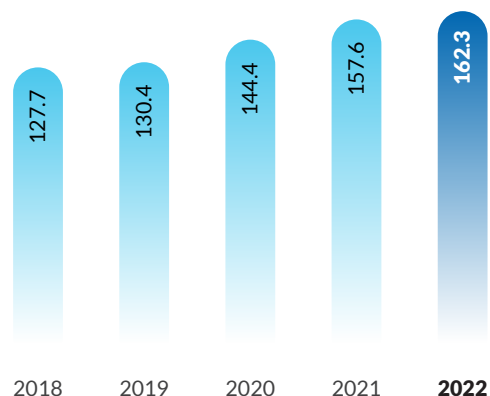
## TOTAL DEPOSITS

(USD)



## SHAREHOLDERS' EQUITY

(USD)

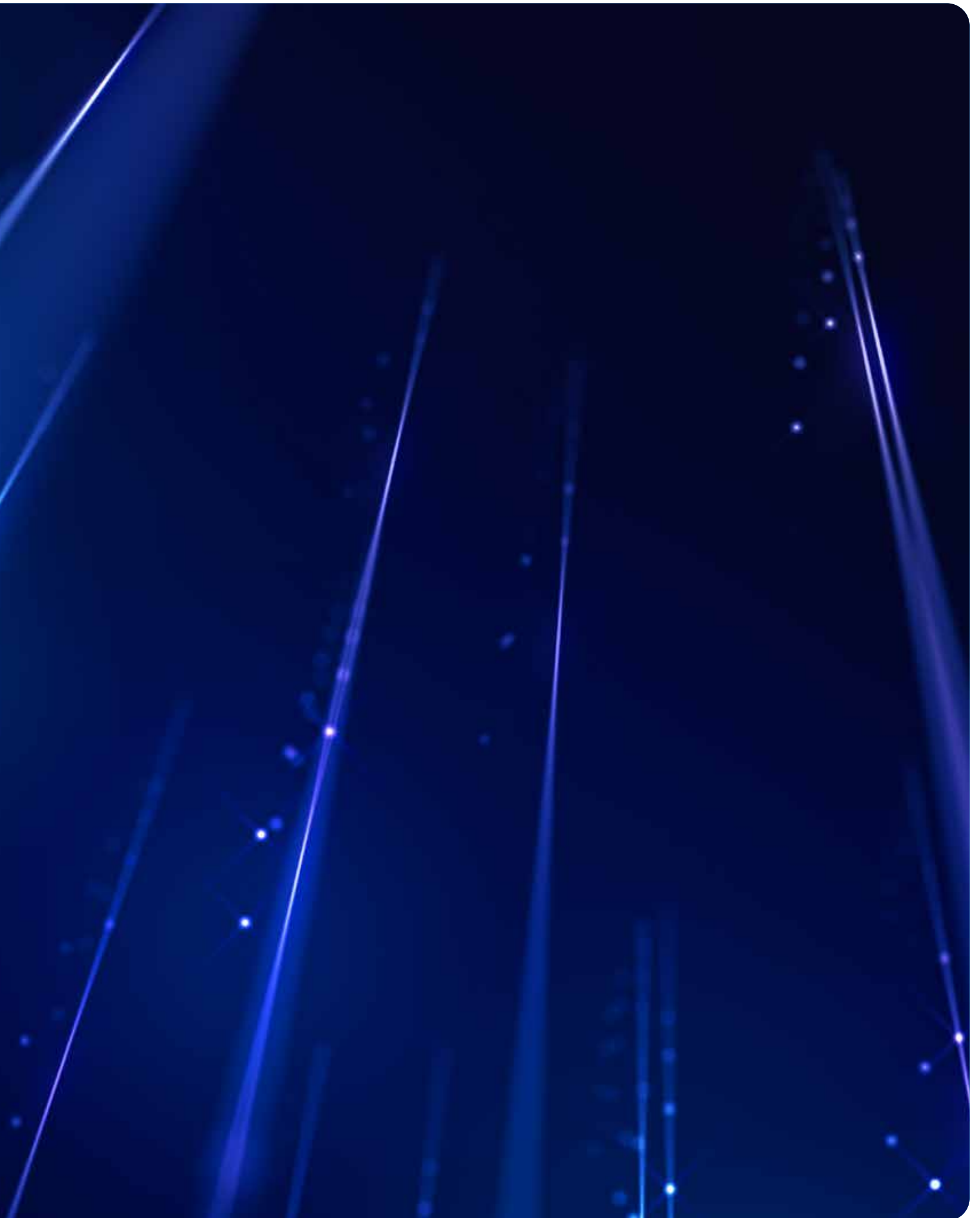




*Grow*

with us today







## PRODUCTS & SERVICES



### DEPOSITS

#### CURRENT ACCOUNT

*Cash management at your finger tips.*

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

#### ESCROW ACCOUNT

*A trusted partner to complete your transactions.*

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

#### FIXED DEPOSITS

*Simple way to build your savings.*

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

#### 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.



### REMITTANCE

#### TELEGRAPHIC MONEY TRANSFER

*Transfer and receive your money with ease.*

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

#### BANKER'S CHEQUE

*A reliable payment instrument.*

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

#### MONEY EXCHANGE

*We offer competitive exchange rate for forex.*

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





## PERSONAL FINANCING

### HOME LOAN

*We help you own your dream home..*

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



## 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.

### 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.

### 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.

### 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



405245.50  
639807.00  
348029.00  
405245.50  
639807.00  
348029.00



# DELIVERING SOLUTIONS



## RHB Reflex

Business Internet Banking

### 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

- Own account transfer
- 3rd party transfer
- FAST payment
- Local transfer
- Overseas telegraphic transfer
- Payroll



Stay on top of things with  
**RHB Reflex** Mobile App





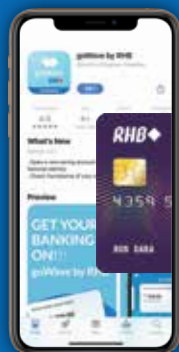
# DELIVERING SOLUTIONS



## Scan and Pay to any Merchant with **KHQR** our goWave by RHB



**SIGN UP NOW!**



*Get free Debit Cards*  
with our easy Online Account Opening



# DELIVERING SOLUTIONS

# ATM NETWORK

## PHNOM PENH

### IN OFFICE AND BRANCHES



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

### OFF - SITE ATM



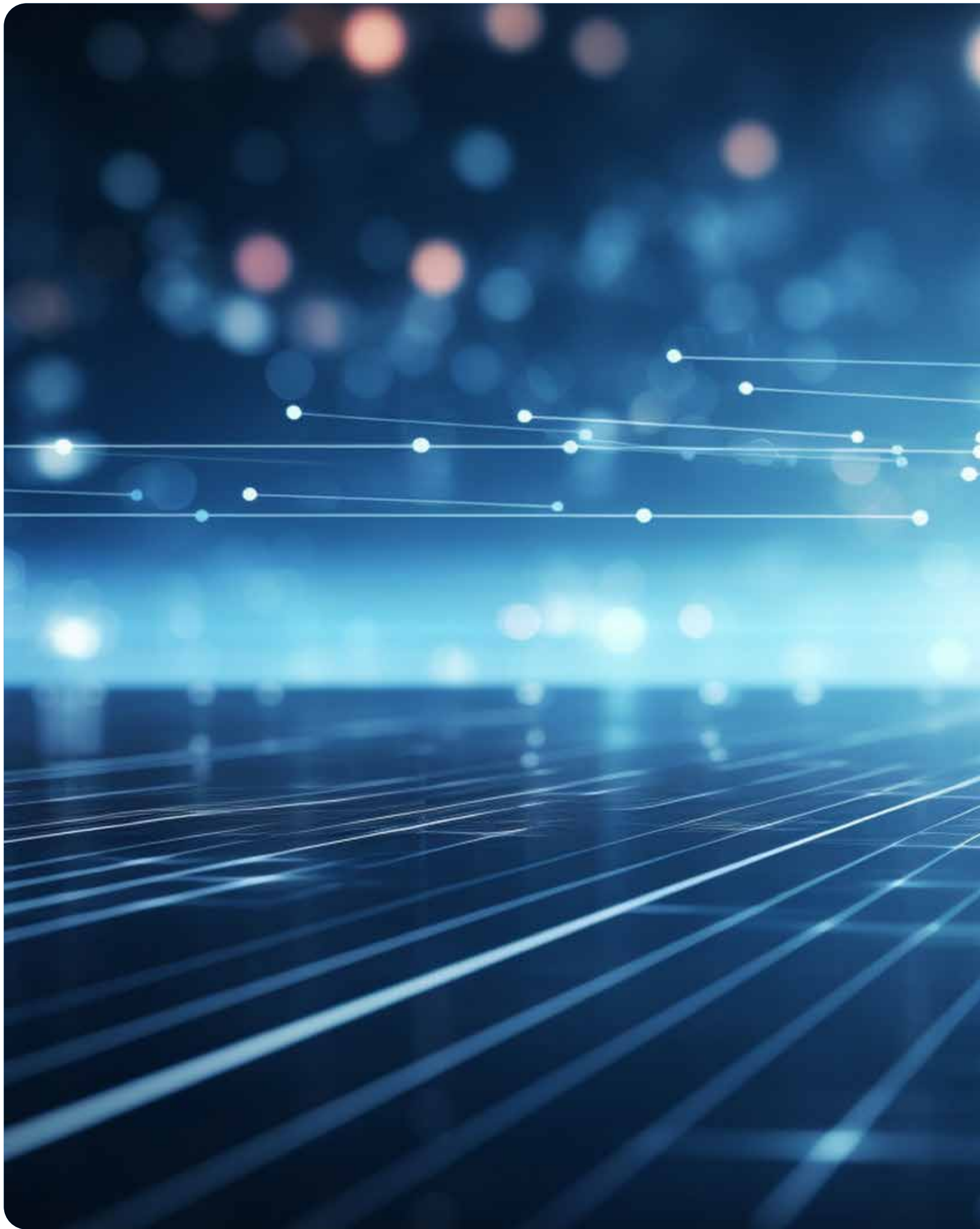
- ① ATM Pochentong Restaurant
- ② ATM H Restaurant (Veng Sreng Road)
- ③ ATM TK-Avenue
- ④ ATM AEON MALL 1
- ⑤ ATM AEON MALL 2
- ⑥ ATM Himawari Hotel
- ⑦ ATM Meguair Car Care No. Road 1
- ⑧ ATM Tela Petrol Station Chroy Changvar
- ⑨ ATM Park Café Airport
- ⑩ ATM PSC
- ⑪ ATM Park Café Street 63
- ⑫ ATM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



## PROVINCIAL

 IN PROVINCIAL BRANCHES	 SIEM REAP	 BATTAMBANG	 PREAH SIHANOUK	 KAMPONG CHAM
 OFF - SITE ATM	<ul style="list-style-type: none"> <li>① ATM Lucky Mall</li> <li>② ATM Angkor Market</li> </ul>		<ul style="list-style-type: none"> <li>① ATM Jin Bei Hotel 1</li> <li>② ATM Jin Bei Hotel 2</li> </ul>	





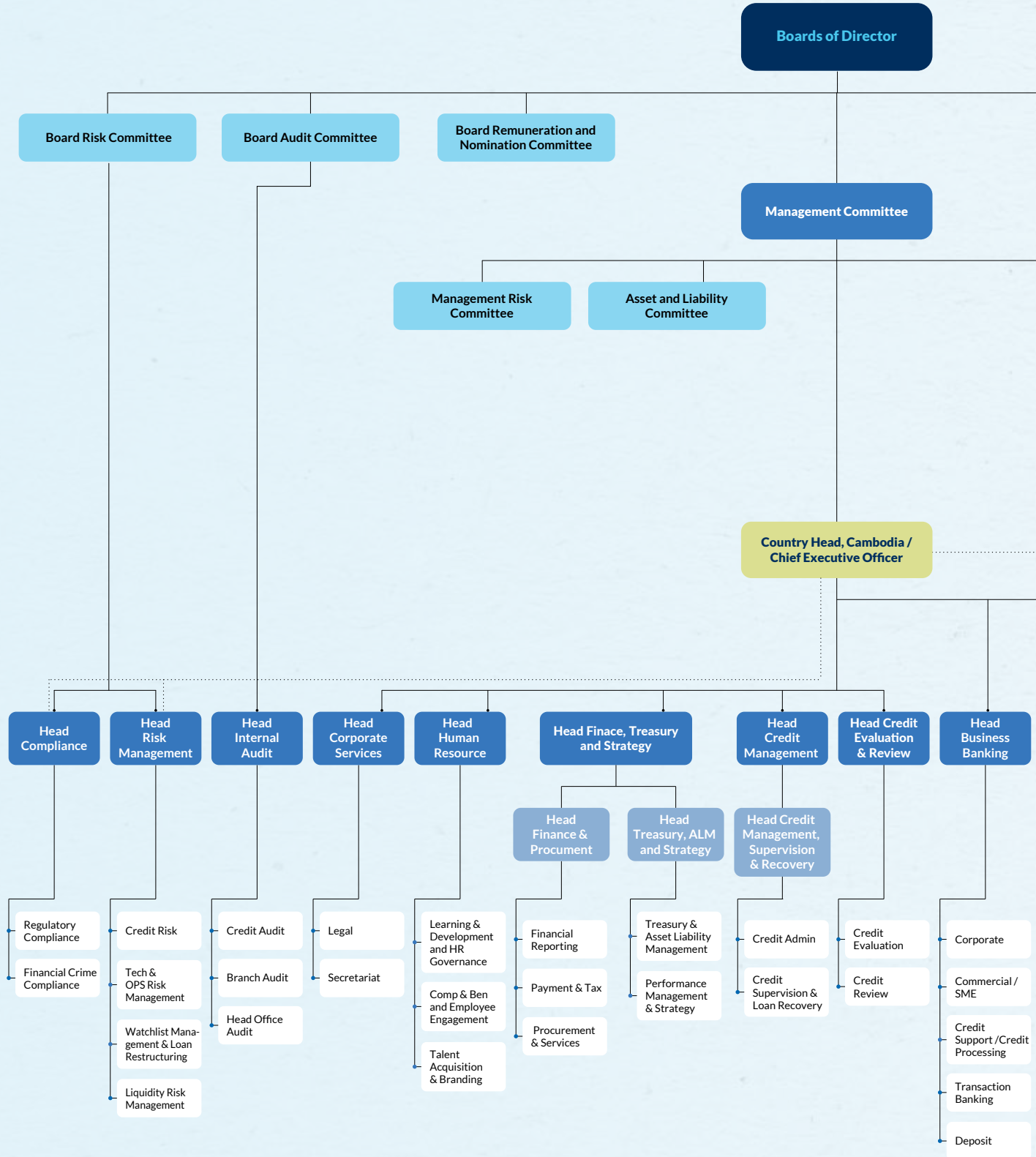




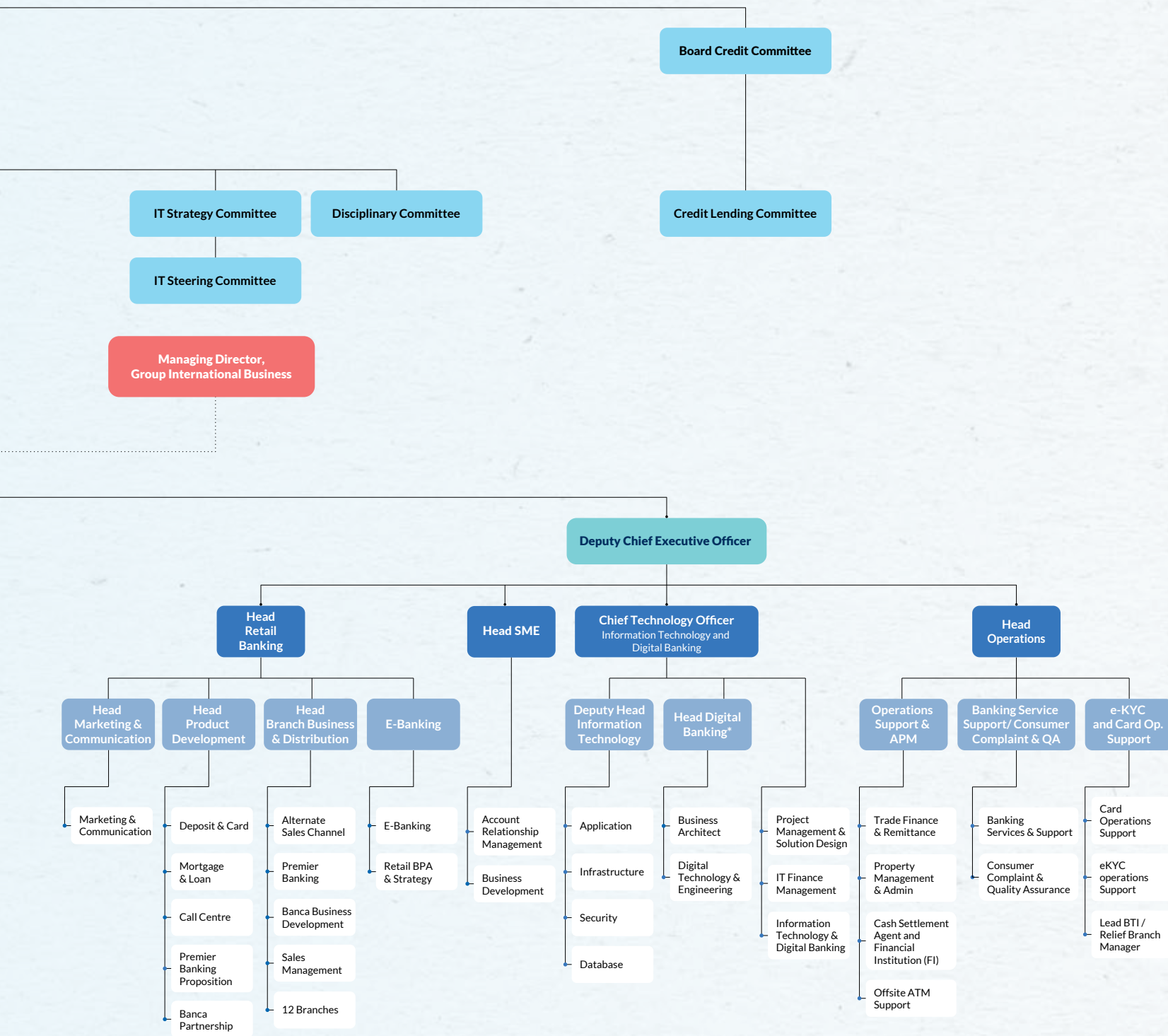
*Organisation*  
chart



# ORGANISATION CHART



# ORGANISATION CHART







## MESSAGE FROM CHAIRMAN AND CEO

We are excited to unveil our SME Programme Lending, a groundbreaking initiative designed to meet the unique financial requirements of our small and medium-sized enterprise (SME) customers. With tailored loan solutions, we aim to empower SMEs and contribute to their success.

From left to right:

**Chin Yoong Kheong**

**Chairman**

---

**Alex Lim Eng Kang**

**Country Head /  
Chief Executive Officer**

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# MESSAGE FROM CHAIRMAN AND CEO

In 2023, a series of extraordinary events unfolded, initially sparking concerns about a global recession. Despite the challenges, the world economy was resilient. Economic growth maintained a steady pace. Nevertheless, the response of the United States Federal Reserve to high inflation by implementing interest rate hikes had widespread repercussions and tightening financial circumstances worldwide. Concurrently, geopolitical tensions escalated and persisted through the year's final quarter.

Although inflation was successfully tamed, elevated interest rates persisted, impacting Cambodia as well. This situation had ripple effects on the cost of funds in Cambodia, resulting in deposit costs reaching unprecedented levels in many years. Consequently, bank margins came under pressure. Additionally, the heightened risk in the real estate, tourism and construction sectors together with the slower-than-expected recovery, led to weak credit growth of only 4.8% in 2023, marking the lowest growth rate in the last two decades for the country of Cambodia.

## OUR PERFORMANCE

RHB was not immune to these challenges. Our PBT witnessed a drop to USD 6.2 million in 2023 from USD 16.5 million in the prior year, largely due to higher interest expenses resulting from the rising cost of funds. The slower economic recovery along with heightened risks in the construction, tourism and real estate sectors has impacted our loan portfolio, resulting in a mere 1% growth in outstanding loans. Conversely, customer deposits grew by 26%, exceeding the industry average of 17%, aimed at improving liquidity. Our liquidity indicators, such as the liquidity coverage ratio, also remained strong at 140%.

Our Gross Impaired Loans (GIL) ratio increased to 9.2%, primarily due to the expiration of numerous Covid-19-related repayment assistances. As these supportive measures concluded, a number of accounts transitioned into the impaired category, contributing to the uptick in the ratio. This situation was exacerbated by prevailing macroeconomic headwinds, which posed additional challenges to the recovery efforts. Despite these hurdles, our focus remains steadfast on strategic risk management and proactive measures to mitigate the impact and support our customers through this transitional phase.

Profit-before-tax

**USD 6.2 million**

Over

**12,000** new accounts activated

customer deposits grew by

**26%**

Firstly, we are strengthening our risk assessment mechanisms to identify and mitigate potential credit risks promptly. By enhancing our due diligence processes, we aim to prevent further deterioration in asset quality. Additionally, we are setting up dedicated teams to actively pursue loan recovery strategies. Furthermore, we are strategically diversifying our loan portfolio to reduce concentration risk and create a more balanced asset base.

In summary, despite the complexities faced, we remain committed to prudent risk management. Bolstered by the rebound of tourism industry and strong manufacturing prospects, We look forward to a much improved GIL ratio for the forthcoming year.

## DIFFERENTIATED CUSTOMER EXPERIENCE

We are thrilled to announce a significant milestone in our digitalization journey. We have harnessed cutting-edge digital innovation to elevate the banking experience for our valued customers. We have launched goWave by RHB, our all-encompassing mobile application designed to revolutionize the way you manage your finances, offering unparalleled ease and access. In just the inaugural year, we've seen an overwhelming response, with over 12,000 new accounts activated. Some of its remarkable features include allowing customers to seamlessly manage fixed deposits and enabling users to open a bank account directly through the app, eliminating the need to visit a physical branch. With goWave by RHB, our customers can now access banking services anytime, anywhere, without stepping into a branch.



## MESSAGE FROM CHAIRMAN AND CEO

### DIFFERENTIATED CUSTOMER EXPERIENCE (CONTINUED)

We are also excited to unveil our SME Programme Lending, a groundbreaking initiative designed to meet the unique financial requirements of our small and medium-sized enterprise (SME) customers. With tailored loan solutions, we aim to empower SMEs and contribute to their success. In parallel, our acclaimed Reflex system also underwent significant enhancements, through the launch of the REFLEX SQL Accounting platform for SME and Business/Corporate Banking in October 2023. One of the exciting new features include cloud accounting, made possible through our strategic partnership with a leading service provider.

**Our unwavering commitment to revolutionizing customer service has not only transformed the experience we deliver but has also earned us global recognition. In 2023, we secured two prestigious awards in Cambodia: The Most Improved Mobile Banking Application – Cambodia 2023, acknowledging our commitment to enhancing user experience and functionality, and The Most Innovative New Debit Card Offerings – Cambodia 2023, highlighting our leadership in cutting-edge debit card solutions. These accolades reflect our unwavering dedication and vision as we continue to shape the future of banking.**

### OUR PEOPLE

At RHB, our employees are the cornerstone of our success. We are steadfast in our commitment to fostering a positive and inclusive work culture - one that nurtures growth, encourages innovation, and thrives on teamwork. Our entire team's relentless dedication has transformed our organization into an exceptional workplace, earning us the prestigious HR Asia Best Companies to Work for in Asia Award for the third consecutive year and also the HR Excellence in Employee Engagement 2023 Award by HR Excellence Singapore.

But that is not all. We are equally honored to have received the HR Asia Diversity, Equity & Inclusion Awards 2022. Our belief is that diversity is not just a moral imperative; it is also a strategic business advantage. We remain steadfast in our mission to create a workplace that celebrates and respects the unique perspectives and backgrounds of every employee.

Furthermore, we recognize the critical importance of digital skills in today's landscape. Whether through online training programs, mentorship opportunities, or hands-on experience with cutting-edge tools, we are equipping our workforce to thrive in the digital age. This strategic investment positions RHB for continued success while creating meaningful career pathways for our talented and committed employees

### GROWING SUSTAINABLY AND FOSTERING COMMUNITY GROWTH

We are proud to affirm our unwavering commitment to Cambodia's sustainable future. Since 2018, RHB has actively integrated sustainability and climate considerations into our business operations and decision-making processes. We now embark on Phase 2 of our sustainability journey, marked by the launch of our comprehensive Sustainability Strategy and Roadmap. This roadmap encompasses three vital pillars, namely Sustainable & Responsible Financial Services, Embedding Good Practices and Enriching & Empowering Communities.



## MESSAGE FROM CHAIRMAN AND CEO

In pursuit of these goals, we have forged a strategic partnership with the Credit Guarantee Corporation of Cambodia (CGCC). Through the Women Entrepreneurs Guarantee Scheme (WEGS), we provide credit guarantees to foster economic empowerment and nurture the growth of women-owned businesses.

At RHB, we are passionate advocates for financial inclusion and literacy among Cambodia's young adults. Our innovative goWave app serves as a gateway to enablement, providing a curated selection of concise articles, engaging video content, and practical financial tools. These resources are meticulously crafted to equip young adults with essential knowledge and solutions that they need to make informed financial decisions throughout their adulthood.

Additionally, our community programs reflect a sincere commitment to create a positive impact wherever we operate. Some of the significant initiatives we launched this year include providing monetary support to Smile Cambodia and the Cambodian Red Cross, as well as contributing food donations to assist those in need. Furthering our dedication, we've enriched the technological resources of a local institute in Phnom Penh by donating computers, and also contributed to the greening of our environment by planting trees.

### JOURNEY AHEAD

Despite lingering uncertainties, Cambodia's macroeconomic conditions are on an upward trajectory. The economy maintained its momentum amidst global challenges, witnessing growth of 5.5% in 2023, up from 5.2% in 2022, as reported by the National Bank of Cambodia. This growth is propelled by a resurgence in domestic consumption and the service sector, bolstered by tourism, alongside increased new investments and expansion in non-garment manufacturing exports. However, the real estate and construction sectors persisted in experiencing sluggishness, while the agriculture sector encountered slower growth.

On the global stage, external factors continue to exert influence on Cambodia's economic trajectory. Geopolitical tensions, trade dynamics, and shifts in global demand patterns all pose both risks and opportunities for the nation's economy. While challenges persist, our strategy remains clear and straightforward: to preserve our competitive advantage through unwavering customer-centricity and relentless digital innovation.

### APPRECIATION

We extend our heartfelt appreciation to all our dedicated employees. Your unwavering commitment, hard work, and diligence have been instrumental in our company's success. Without your tireless efforts, we would not have achieved our goals.

Last but not least, we also express our deepest gratitude to the National Bank of Cambodia for your continuous support and guidance given to the bank.

*Together We Progress*

# Board of Directors



**From left to right:**

Shawn Conrad Campos - Non-Independent Non-Executive Director

Lim Cheng Teck - Independent Non-Executive Director

Chin Yoong Kheong - Independent Non-Executive Chairman

Wendy Ting Wei Ling - Non-Independent Non-Executive Director

Alex Lim Eng Kang - Non-Independent Executive Director/Chief Executive Officer





**CHIN YOONG KHEONG***Independent Non-Executive Chairman*

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

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

Mr Chin was appointed as an Independent Non-Executive Director of RHB Investment Bank on 1 August 2016. Subsequently, on 30 September 2016, he was appointed as the Senior Independent Non-Executive Director. He also serves as 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 retired as a partner of KPMG, one of the leading accounting firms, on 31 December 2013 after having served in the firm for more than 34 years in the United Kingdom, Vietnam and Malaysia. Mr Chin’s vast experience covers business solutions in areas ranging from strategy, human resources and 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 seven years.

Mr Chin’s other directorships include RHB Asset Management Sdn Bhd, RHB Islamic International Asset Management Berhad, RHB Bank Lao Sole Co., Ltd, RHB Securities (Cambodia) Plc and Ayer Holdings Berhad, a company listed on the Kuala Lumpur Stock Exchange.

# PROFILES OF THE BOARD OF DIRECTORS

## LIM CHENG TECK

*Independent Non-Executive Director*



**Mr Lim Cheng Teck ("Mr Lim")** was appointed as an Independent Non-Executive Director of RHB Bank (Cambodia) Plc. ("RHBBCP") on 12 April 2023.

He serves as Chairman of the Bank's Board Audit Committee and Board Remuneration & Nomination Committee, and a member of the Board Credit Committee and Board Risk Committee.

Mr Lim holds a Master of Business Administration from Brunel University, the United Kingdom and a Bachelor of Arts from the National University of Singapore.

He has over three decades of experience particularly in the banking property industries in the region and China, holding senior positions including the Chief Operating Officer, Chief Executive Officer and Chairman. He was the Regional Chief Executive Officer for ASEAN at Standard Chartered Bank. He first joined the Standard Chartered Bank in 1988 and held various roles within the bank's Corporate and Institutional Banking Division before being appointed as the Chief Operating Officer for Standard Chartered Bank (China) Ltd in 2005. In 2006, he was appointed as the Chief Executive Officer of Standard Chartered Bank (Singapore) Ltd. He returned to China in 2009 to take up the role of Chief Executive Officer and Executive Vice Chairman of Standard Chartered Bank (China) Ltd. He served on several Standard Chartered Bank subsidiary boards, notably as Chairman of Standard Chartered Bank (Mauritius) Ltd, Standard Chartered Bank (Thailand) Ltd, Standard Chartered Bank

(Singapore) Ltd; Deputy Chairman of Standard Chartered Bank (Malaysia) Ltd and the President Commissioner of PT Bank Permata, Indonesia. He also served as a Non-Executive Director of Standard Chartered Bank (Taiwan) Ltd.

Mr Lim previously served as a Director on the Boards of Clifford Capital Pte Ltd and Singapore International Chamber of Commerce, a Governor of Singapore International Foundation and a Council Member of the Institute of Banking and Finance Singapore and Singapore National Employers Federation.

Additionally, he was the Chairman of Overseas Financial Service Commission, China Chamber of Commerce, the Vice Chairman of the Association of Banks Singapore and a Member of the Monetary Authority of Singapore's Financial Centre Development Committee. Having served in the banking arena for over 28 years, Mr Lim retired from Standard Chartered Bank in April 2016 and continued as a senior advisor on a nonexecutive role till April 2017.

Further, Mr Lim served as Chief Executive Officer of Pontiac Land Group from March 2017 to May 2018 and he completed his 12-year term with the Advisory Board of Sim Kee Boon Institute of Financial Economics, Singapore Management University in 2021. Currently, he sits on the Boards of Minterest Holdings Pte Ltd, Bright Vision Community Hospital, Singapore and SingHealth Funds. He is also the Chairman of the Board Committee, SingHealth Funds - SingHealth Community Hospitals.

## WENDY TING WEI LING

*Non-Independent Non-Executive Director*



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

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

Ms Wendy has over two decades of industry experience in corporate lending, leverage buyouts, syndication and capital market-related activities.

She was appointed as Managing Director, RHB Group International Business & Corporate Banking on 16 May 2022 after having served as the Head of the Group’s Corporate Banking division. In addition to her existing role in managing the Group Corporate Banking portfolio, she oversees and drives the Group’s regional business and operations, which include Singapore, Thailand, Laos and Brunei.

Ms Wendy presently manages the 4<sup>th</sup> largest loan assets amongst Malaysia’s domestic banks under the Conventional portfolio apart from maintaining market share as the 3<sup>rd</sup> largest Islamic/Syariah compliant assets. Her responsibilities include overseeing and originating corporate lending activities from the Group’s overseas units within the ASEAN Region (ex- Japan). Aside from growing assets, she is committed to building meaningful relationship with the Corporates (predominantly public listed entities) such that the relationship is mutually beneficial to both the financial institution and clients.

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

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



# PROFILES OF THE BOARD OF DIRECTORS

## SHAWN CONRAD CAMPOS

*Non-Independent Non-Executive Director*



**Mr. Shawn Conrad Campos (“Mr Shawn”)** was appointed as Non-Independent Non-Executive Director of RHB Bank (Cambodia) Plc. (“RHBBCP”) on 12 April 2023. He is also a member of the Bank’s Board Credit Committee.

He is a Certified Public Accountant and a member of the Malaysian Institute of Certified Public Accountants.

Mr Shawn has over three decades of professional experience in credit, compliance, financial analysis & risk management, policy formulation and audit particularly in the banking, securities and audit industries.

He has been the Group Chief Credit Officer of RHB Bank Berhad since March 2019. Prior to that, he was the Deputy Group Chief Credit Officer for five years. He is responsible for a team of 94 staff which manages a loan portfolio of approximately RM110 billion. The primary responsibility of the team is to strengthen loan asset quality via the independent evaluation and approval of Group-wide Corporate, Investment

Banking and SME loan applications for Conventional and Islamic financing for both domestic and international operations.

Mr Shawn earlier served in RHB Bank Berhad’s Credit Compliance Department for five years with the last post of Acting Head, Credit Compliance Department. His job scope included but was not limited to the compliance reviews, overseas compliance, and regulatory compliance. He was then promoted as Vice President and appointed as Head of Compliance Competencies Knowledge Engineering Department.

Prior to joining RHB, he was the Head, Supervision of Market Institutions of Securities Commission Malaysia, responsible for Financial Analysis & Risk Management as well as Policy Formulation. He also served in KPMG Peat Marwick for eight years as Assistant Manager with experience in statutory audits, business advisory work, due diligence reviews, investigative audits, and operational reviews, among others.



# PROFILES OF THE BOARD OF DIRECTORS

## ALEX LIM ENG KANG

*Non-Independent Executive Director/Chief Executive Officer*



**Mr. Alex Lim Eng Kang (“Mr. Alex”)** was appointed as Non-Independent Executive Director of RHB Bank (Cambodia) Plc. (“RHBBCP”) effective from 22 September 2023. He was appointed as Country Head/Chief Executive Officer, RHBBCP on 1 September 2023 after having served as Deputy Chief Executive Officer.

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

Mr. Alex has more than 32 years’ experience in the banking and financial industry. His vast experience in the banking

and financial industry was proven with his track record during his working career in RHB Banking Group and other financial institutions in Malaysia. Over the last 19 years in RHB Banking Group, he has held various leadership positions such as Head of Group Retail Distribution responsible for overseeing 208 branches within RHB Banking Group in Malaysia; Regional Director, Northern Region; Head, Regional SME; Area Manager and Head, Regional Commercial Banking.

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

# BOARD OF DIRECTORS & BOARD COMMITTEES

## BOARD OF DIRECTORS (BOD)

### Mr. Chin Yoong Kheong

Independent Non-Executive Director/ Chairman



### Mr. Lim Cheng Teck

Independent Non-Executive Director



### Ms. Wendy Ting Wei Ling

Non-Independent Non-Executive Director



### Mr. Shawn Conrad Campos

Non-Independent Non-Executive Director



### Mr. Lim Eng Kang

Non-Independent Executive Director



## BOARD LEVEL COMMITTEES

### Board Audit Committee (BAC)

#### Mr. Lim Cheng Teck

Chairman

#### Mr. Chin Yoong Kheong

Member

#### Ms. Wendy Ting Wei Ling

Member

### Board Risk Committee (BRC)

#### Mr. Chin Yoong Kheong

Chairman

#### Mr. Lim Cheng Teck

Member

#### Ms. Wendy Ting Wei Ling

Member

### Board Remuneration and Nomination Committee (BRNC)

#### Mr. Lim Cheng Teck

Chairman

#### Mr. Chin Yoong Kheong

Member

#### Ms. Wendy Ting Wei Ling

Member

### Board Credit Committee (BCC)

#### Mr. Chin Yoong Kheong

Chairman

#### Mr. Lim Cheng Teck

Member

#### Ms. Wendy Ting Wei Ling

Member

#### Mr. Shawn Conrad Campos

Member



# Management Team







## PROFILES OF THE MANAGEMENT TEAM



**ALEX LIM ENG KANG**

*Non-Independent Executive Director/Chief Executive Officer*

**Mr. Alex Lim Eng Kang (“Mr Alex”)** was appointed as Non-Independent Executive Director of RHB Bank (Cambodia) Plc. (“RHBBCP”) effective from 22 September 2023. He was appointed as Country Head/Chief Executive Officer, RHBBCP on 1 September 2023 after having served as Deputy Chief Executive Officer.

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

Mr Alex has more than 32 years’ experience in the banking and financial industry. His vast experience in the banking and financial industry was proven with his track record during his working career in RHB Banking Group and other financial institutions in Malaysia. Over the last 19 years in RHB Banking Group, he has held various leadership positions such as Head of Group Retail Distribution responsible for overseeing 208 branches within RHB Banking Group in Malaysia; Regional Director, Northern Region; Head, Regional SME; Area Manager and Head, Regional Commercial Banking.

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



## 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 22 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).

**HONG HAN CHUNG***Head, Retail Banking*

**Mr. Hong** was appointed as Head of Retail Banking , RHB Bank (Cambodia) Plc. effective 16 October 2023. Hong's oversees the Marketing & Communication, Product Development, E-Banking as well as all the local aspect of Retail Banking , Personal Consumer Services, Wealth Management business and Branch Network.

He is responsible for the development and execution of local retail strategy and initiatives to support the Group Retail Strategy. Hong has more than 15 years working experience in Financial Institutions.

Prior to this appointment, He was a Head, Northern Region in one of the Multinational Financial Institution in Malaysia. Other experiences include Branch Manager at several branches as well as Sales Manager.

Hong's professional credentials include Certified Financial Planner , Investor Protection Professional Certification and holds a Bachelors of Business Administration from Northern University of Malaysia.



## PROFILES OF THE MANAGEMENT TEAM



**NOOR HIDAYAT BIN NOORDIN**  
*Head, SME Banking, Group Retail Distribution*

**Mr. Noor Hidayat bin Noordin** has steadily navigated a career in the banking and finance sector. Beginning as a Corporate Finance Executive at AmInvestment Bank in 2007, he has transitioned through various roles.

Moving to Maybank as a Business Development Manager, he demonstrated adaptability and versatility in his career. Subsequently, his role as Senior Relationship Manager in Wholesale Banking at Standard Chartered underscored his financial relationship-building abilities.

In 2014, he joined RHB Bank Malaysia as a Commercial Banking Center Head and, later, was promoted to Regional Head of Northern Region in 2018.

His contributions have influenced the bank's operations significantly in the development of SME Online Banking in Malaysia. In 2023, Noor Hidayat was promoted to Head of SME in RHB Bank (Cambodia) Plc. where he reports to currently.

Noor Hidayat's career path reflects dedication and expertise in the banking sector, making a lasting impact on the organizations he has been a part of.



**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 15 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

## PROFILES OF THE MANAGEMENT TEAM



**CHHIM SARETH**

*Head, Operations*

**Mr. Chhim 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 15 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 Siew Hon** joined RHB Bank (Cambodia) Plc. since January 2014 and is currently the Head of Credit Evaluation & Review.

He has a total of 16 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



**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 Applied Accounting (Hon) from Oxford Brookes University.

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



**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 10 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 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 19 years of banking experience covering credit operation, internal audit, risk management and compliance with local and foreign banks.

He has vast banking experience especially in financial crime and 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. Men Narith** joined RHB Bank (Cambodia) Plc. in August 2019 as the Head of Internal Audit.

He has more than 18 years of working experience with banks and one of the big four international accounting firm (KPMG Cambodia).

Mr. Narith graduated from Royal University of Phnom Penh with a Bachelor of Science in Mathematics in 1999 and then completed the Fundamental Level of the ACCA in 2009.

He is accredited with Credit Skills Accreditation from Omega Performance Corporation in 2014. He also achieved his Certified Management Accountants Certification from Institute of Certified Management Accountants, Australia and Professional Banker Certification from Asian Institute of Chartered Bankers in 2018.



## PROFILES OF THE MANAGEMENT TEAM



**YONG CHING SAN**

*Head, Credit Management*

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

He has a total of 41 years of experience in local and international sector with wide exposure in areas of Credit Management. Mr. Yong's local knowledge having worked more than 14 years in Cambodia adds credence to his ability to add value to the role undertaken.

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

He also possesses vast experience and skills in providing plans and strategy for RHB Bank (Cambodia) Plc. Credit Management and at the same time ensuring the governance and compliance of SLA process are being adhered to at all times. A highlight in his banking career was his participation in the International Monetary Fund Audit Supervision field work in Cambodia in 2010.

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



**LIM CHIN WAN**

*Chief Technology Officer*

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

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

He possess sound knowledge in banking technology, and being the current CTO of RHB Bank (Cambodia) Plc. Mr. Chin Wan's 21 years of diverse IT career has held him in good stead to drive the Bank's digital and IT agenda.

Mr. Chin Wan's technology experience spans over 21 years in the domains of strategy, operations, technology esp. digital and mobile platforms for banks. He was the CTO of a large local bank before joining RHB Bank's team. He holds a Bachelor of Science in Computer Science from Campbell University and has been on various speaker panel in the banking conference around the region.



## PROFILES OF THE MANAGEMENT TEAM

**NORZARINA BINTI AHMAD***Head, Human Resource*

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

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

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

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



# MANAGEMENT LEVEL COMMITTEES

## MANAGEMENT COMMITTEE (MANCO)

**Mr. Lim Eng Kang**

Chief Executive Officer (Chairman)

**Mr. Cavin Yeap Khoo Hong**

Head, Finance, Treasury and Strategy (Member)

**Mr. Sok Leng**

Head, Business Banking (Member)

**Mr. Hong Han Chung**

Head, Retail Banking (Member)

**Mr. Chhim Sareth**

Head, Operations (Member)

**Ms. Norzarina Binti Ahmad**

Head, Human Resource (Member)

**Mr. Tang Siew Hon**

Head, Credit Evaluation & Review (Member)

**Mr. Yong Ching San**

Head, Credit Management (Member)

**Mr. Lim Chin Wan**

Chief Technology Officer (Member)

**Mr. Noor Hidayat bin Noordin**

Head, SME (Member)

## MANAGEMENT RISK COMMITTEE (MRC)

**Mr. Lim Eng Kang**

Chief Executive Officer (Chairman)

**Mr. Mohammad Rosyied Bin Ab Rahman**

Head, Risk Management (Member)

**Mr. Cavin Yeap Khoo Hong**

Head, Finance, Treasury & Strategy (Member)

**Mr. Lim Chin Wan**

Chief Technology Officer (Member)

**Mr. Chhim Sareth**

Head, Operations (Member)

**Mr. Sok Leng**

Head, Business Banking (Member)

**Mr. Hong Han Chung**

Head, Retail Banking (Member)

**Mr. Noor Hidayat bin Noordin**

Head, SME (Member)

## ASSET AND LIABILITY COMMITTEE (ALCO)

**Mr. Lim Eng Kang**

Chief Executive Officer (Chairman)

**Mr. Mohammad Rosyied Bin Ab Rahman**

Head, Risk Management (Member)

**Mr. Sok Leng**

Head, Business Banking (Member)

**Mr. Cavin Yeap Khoo Hong**

Head, Finance, Treasury and Strategy (Member)

**Mr. Noor Hidayat bin Noordin**

Head, SME (Member)

**Mr. Hong Han Chung**

Head, Retail Banking (Member)

## CREDIT LENDING COMMITTEE (CLC)

**Mr. Lim Eng Kang**

Chief Executive Officer (Chairman)

**Mr. Tang Siew Hon**

Head, Credit Evaluation & Review (Member)

**Mr. Yong Ching San**

Head, Credit Management (Member)

**Mr. Sok Leng**

Head, Business Banking (Member)

**Mr. Cavin Yeap Khoo Hong**

Head, Finance, Treasury & Strategy (Member)

**Mr. Mohammad Rosyied Bin Ab Rahman**

Head, Risk Management (Member)

**Mr. Noor Hidayat bin Noordin**

Head, SME (Member)

**Mr. Hong Han Chung**

Head, Retail Banking (Member)

## IT STRATEGY COMMITTEE

**Mr. Lim Eng Kang**

Chief Executive Officer (Chairman)

**Mr. Lim Chin Wan**

Chief Technology Officer (Member)

**Mr. Cavin Yeap Khoo Hong**

Head, Finance, Treasury & Strategy (Member)

**Mr. Chhim Sareth**

Head, Operations (Member)

**Mr. Sok Leng**

Head, Business Banking (Member)

**Mr. Hong Han Chung**

Head, Retail Banking (Member)

**Ms. Norzarina Binti Ahmad**

Head, Human Resource (Member)

The background is a vibrant blue gradient, transitioning from a deep navy blue at the top to a lighter, more saturated blue at the bottom. It is filled with dynamic, glowing light trails and particles. These elements include thin, intersecting lines that create a sense of depth and movement, as well as larger, more prominent streaks of light that sweep across the frame. Small, bright white and light blue dots are scattered throughout, resembling stars or data points in a digital space. The overall effect is one of energy, progress, and technological advancement.

*Our accomplishment*  
review





## SMALL AND MEDIUM SIZED ENTERPRISES (SMEs)



RHB Bank (Cambodia) Plc.'s SME Department stands as a beacon of support and innovation for small and medium-sized enterprises (SMEs) within the country. Understanding the critical role of SMEs in driving economic growth, we have introduced a series of groundbreaking initiatives aimed at streamlining and enhancing the financial support available to these businesses.

At the forefront of our efforts is the launch of programme lending, a revolutionary approach to credit evaluation. This initiative enables a faster and more seamless way of assessing creditworthiness, significantly reducing the time and complexity typically associated with loan applications. By simplifying these procedures, we are making it easier for SMEs to gain access to the vital funds they need to grow and thrive.

In our commitment to innovation and efficiency, we are also focused on the digitalization of SME loan applications. Recognizing the transformative power of technology, we are integrating digital solutions into our lending processes, with plans to incorporate artificial intelligence for future evaluations. This digital shift not only streamlines the application process but also promises to enhance the accuracy and fairness of loan assessments, ultimately benefiting the SME community.

Our dedication extends beyond technological advancements; we are deeply committed to contributing to the growth of Cambodia's SME sector. We believe that by supporting these businesses, we are playing a crucial role in the overall economic development of the country. Through our tailored financial solutions and advisory services, we aim to empower SMEs to overcome challenges and seize opportunities, thereby fostering a more vibrant and resilient business ecosystem.

Furthermore, RHB Bank (Cambodia) Plc. envisions progress as a shared journey. We want people to know that our growth is intertwined with the nation's prosperity. By advancing together, we strengthen the foundation for a more prosperous future for all Cambodians. This philosophy of mutual progress underscores our commitment to the country's development and the success of its SMEs.

Above all, we strive to establish ourselves as a trusted and reliable partner for SMEs in Cambodia. Trust and reliability are the cornerstones of our relationships with clients. By offering consistent support, innovative solutions, and a genuine commitment to their success, we aim to become the go-to financial partner for SMEs, helping them navigate the complexities of business growth and contributing to their long-term success. In doing so, RHB Bank (Cambodia) Plc.'s SME Department reinforces its role as a pivotal player in the nation's economic landscape, dedicated to the prosperity and well-being of its business community.

# INFORMATION TECHNOLOGY & DIGITAL BANKING DEPARTMENT

## GOWAVE MOBILE BANKING APP CONTINUOUS IMPROVEMENTS

The bank successfully launched the goWave by RHB mobile banking app in 2023, providing a robust and user-friendly platform for our customers. goWave empowers users to manage their finances conveniently through features such as:

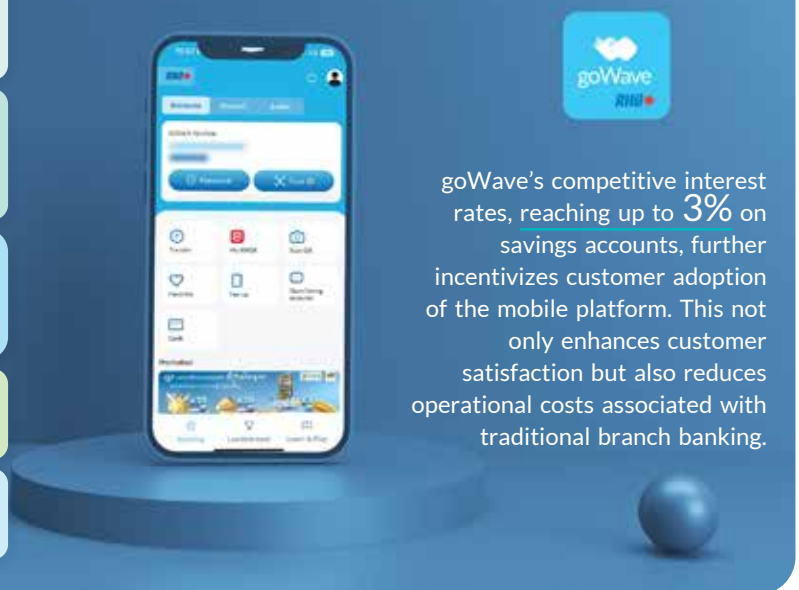
**Online Account Opening:** Streamlined account opening process directly within the app, eliminating the need for branch visits.

**Fixed Deposit Management:** Simplified creation and management of fixed deposit accounts to achieve long-term financial goals.

**Integrated Payments:** Seamless fund transfers through KHQR, Cambodia's national QR code payment system.

**Card Management:** Convenient control over debit card features and settings.

**Loan Management:** Easy access to loan account information and management tools.



goWave's competitive interest rates, reaching up to **3%** on savings accounts, further incentivizes customer adoption of the mobile platform. This not only enhances customer satisfaction but also reduces operational costs associated with traditional branch banking.

## DATA CENTER AND DATA RECOVERY UPGRADE

To ensure the continued success of goWave and other critical IT services, the department undertook a significant data center and data recovery upgrade project. This initiative involved:



These investments in data center and data recovery strengthen IT resiliency, availability, and capacity planning. The upgraded infrastructure allows us to accommodate future growth and ensures goWave, along with all our IT systems, deliver exceptional performance and reliability for our customers.

- **Deployment of New Servers:** Upgrading to the latest server technology increased processing power, storage capacity, and overall system performance.
- **Data Center Infrastructure Enhancements:** Modernizing the data center infrastructure improved energy efficiency, cooling capabilities, and physical security.
- **Implementation of Advanced Data Recovery Solutions:** Employing the latest data recovery technology safeguards critical data in the event of unexpected outages or disasters. This ensures minimal downtime and rapid recovery, minimizing disruption to core banking operations and customer access to goWave.

The IT & Digital Banking department remains dedicated to continuous improvement, both in developing innovative solutions like goWave and in providing a strong foundation for future technological advancements.



# HUMAN RESOURCE

In line with RHB Banking Group's TWP24 strategy, Human Resource had set its aspiration to have the "Best People, Best Bank", with the following vision and mission:

## VISION

To be one of the leading HR, dedicated to cultivating the Best People in the Best Bank

## MISSION

To be a strategic partner, aligning talent, culture and innovative HR solutions with business goals, driving growth and fostering a thriving workforce to achieving our vision of Best People, Best Bank

### This is to be achieved via:

- 3 key strategic priorities to: (1) Build a Future Ready Workforce, (2) Strengthen Performance, (3) Create a Winning Culture
- 1 enabler: Drive Transformational Excellence in Human Resource

### "BEST PEOPLE, BEST BANK"

Our Vision is to be Cambodia based foreign bank leading HR, dedicated to cultivation the Best People in the Best Bank

Our Mission is to be a strategic partner, aligning talent, culture and innovation HR solutions with business goals, driving growth and fostering a thriving workforce to achieving our vision of *Best People, Best Bank*.

We are committed to:

1



**Build a Future-Ready Workforce**

Build **workforce** that is **future-ready** to deliver **business strategies** with maximum value

2



**Strengthen Performance**

Enhance **employee development** and **rewards** to drive **high performance**

3



**Create a Winning Culture**

Create **progressive environment** to drive **engagement, growth, and sustainability**

4



**Create progressive environment to drive engagement, growth, and sustainability**

Drive **excellence** and **customer-centric HR operations** through fast, seamless and quality services



# HUMAN RESOURCE

## Key Strategic Priorities

In achieving the Vision and Mission, 3 Strategic Priorities have been identified. These Strategic Priorities serve as a guide for every pillar to develop and execute their respective business plan and initiatives for FY2023.

### 1 Build Future Ready Workforce

- Optimise organisational design and sourcing strategy
- Continue to improve human capital productivity
- Define capabilities requirements for the future workforce
- Provide alternative work models and new ways of working

### 2 Strengthen Performance

- Enhance employee & leadership capability; close capability gaps
- Strengthen leadership pipeline and succession planning
- Enhance performance management framework
- Evolve holistic and differentiated rewards

### 3 Create Winning Culture

- Enhance employee & leadership engagement
- Strengthen Employee & Employer Value Proposition
- Enhance and drive Culture Activation
- Drive diversity, equity, and Inclusion

## Drive Transformational Excellence

To ensure that Human Resource is updated with the best market practices and latest technology, it was emphasized that the focus shall be centralized into initiatives outlined below.

- Optimise HR Service Delivery Model
- Drive digitalization and integration of technologies
- Build robust analytics capability
- Embed change and Knowledge management practices

FY2023 is also to ramp up efforts on future proofing our employees' capabilities, increasing development opportunities, rewarding our employees, driving more diversity, equity, and inclusion (DEI) activities, and enhancing HR's approach to strengthen our customer centricity as well as becoming better strategic partners to the business.



2023 was a year of significant growth and innovation for RHB Bank Cambodia's Retail Banking Department. We remained focused on delivering exceptional customer service, expanding our product offerings, and embracing digital transformation to meet the evolving needs of our customers.

### ▶ OVERALL PERFORMANCE

- Retail deposits amounted to US\$203 million or 85% against the YTD budget, a growth rate of 22% or US\$37 million increment compared to December 2022. FD accounted for 78% of the total portfolio versus 22% CASA.
- Retail loan outstanding stood at US\$250 million or 89% against the YTD target. Loan grew 2% compared to December 2022, however, new loan disbursement was US\$50 million. Retail LDR stood at 123%.
- Premier banking portfolio grew to 733 year-to-date December 2023, 81% against budget, with CASA AUM of US\$49 million (109% vs. budget). In FY2023, we on-boarded 305 new PBM.
- In FY2023, we acquired 56 payroll companies while opening 1,907 staff payroll accounts. On average we process US\$2.3 million in payroll deposits / transaction-worth per month.
- Year-to-date December 2023, the bank issued 15,859 debit cards of which 73% is NTB.
- Banca collected US\$584k in FYP or 97% against the YTD target. The retail banking team contributed 76% of the total FYP.

## RETAIL BANKING

## ▶ CUSTOMER EXPERIENCE

**Enhanced Customer Service:**

We implemented new training programs for our staff to ensure a seamless and personalized customer experience across all channels.

- > Demonstrated ongoing commitment to customer protection through consistent public awareness campaigns on online scams via monthly Facebook posts

**Product Expansion:**

Launched innovative new products such as (insert new product examples: co-branded credit cards, green financing options) to cater to a wider customer base.

- > Launched the **"Luxury Deposit Campaign"** in October, a CASA campaign offering attractive rewards and prizes.
- > Introduced the Smart Saving Account, a high-interest (3% P.A.) savings account conveniently opened through the goWave by RHB mobile app.

**Strategic Partnerships:**

Established partnerships with leading financial institutions and insurance companies to offer a more comprehensive suite of financial solutions.

- > Celebrated a successful first year of partnership with Dai-ichi Life Cambodia.

**Digital Innovation:**

Upgraded our mobile banking app (goWave by RHB) with new features and functionalities, promoting convenient and secure banking experiences.

- > Launched the goWave by RHB Mobile App in January, offering a full suite of banking services on the go.

## ▶ KEY ACHIEVEMENTS IN 2023

- Achieved leadership in Debit Card Growth 2023 by MasterCard, recognized as one of the leading banks in Cambodia for Debit Card issuance in December 2023.
- Secured recognition as a leading bank in Cambodia for Debit Card issuance in February 2024, receiving the Leadership in Consumer Debit Card Issuance 2023 award from Visa.
- Our mobile banking app, goWave by RHB, was awarded "Most Improved Mobile Banking Application – Cambodia 2023" by the International Finance Awards.
- Received the "Most Innovative New Debit Card Offerings – Cambodia 2023" award from the International Finance Awards.

**In 2024, the Retail Banking Department will focus on:****Further enhancing the customer experience:**

We will continue to refine our processes and invest in technology to provide a world-class banking experience.

**Expanding our digital footprint:**

We will focus on promoting mobile banking adoption and exploring new digital channels to reach a wider audience.

**Contributing to Financial Inclusion:**

We are committed to supporting financial inclusion initiatives and making our products and services accessible to all Cambodians.

## ▶ CONCLUSION

The Retail Banking Department is a key driver of growth for RHB Bank (Cambodia) Plc.. We are proud of our achievements in 2023 and excited about the opportunities that lie ahead. We remain committed to delivering value to our customers, supporting the local economy, and fostering financial inclusion in Cambodia.





In 2023, the Cambodia economy remained strong in 2023 with 5.6% economic growth despite weakening global demand and a slowdown in real estate sector.

Cambodia's economy mainly relies on garment, footwear and travel goods exports, construction, real estate, tourism and agriculture. In the short term, overlapping negative shocks from the pandemic, the Russia-Ukraine conflict and high international interest rates are expected to continue to constrain growth and impact on the investment in trading, manufacturing including garments and exports of finished goods. The Bank via Business Banking Department has continued the effort supporting the business customers providing them all kind of banking service especially via our on-line business banking payment platform known as "Reflex", and continued granting new or additional loans to the customers to sustain and grow their business activities.

As for the overall performance, Business Banking was still one of the core contributor's to the overall RHB Bank (Cambodia) Plc. business performance in 2023. We managed to grow the Corporate deposits by 438% and maintain Corporate loans outstanding at 62% of the total Bank's portfolio for 2023, despite there were several challenge on economy as mentioned above.

RHB Bank (Cambodia) Plc. has also continued to be one of the top contributor in granting the loans guaranteed by Credit Guarantee Corporation of Cambodia (CGCC) Plc. for a total outstanding guaranteed loan amount of USD7.22mil from our partnership with CGCC started on 16th June 2021 until year end 2023. 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.

# OPERATIONS



RHB Bank (Cambodia) Plc.'s Operations Department has had a successful year in 2023 marked by significant improvements in efficiency, quality and customer service. The team has worked tirelessly to streamline our operations, improve our products and services, and deliver value to our customers and stakeholders.

## OPERATIONS DEPARTMENT WON THE FOLLOWING THE AWARDS

◆  
**Winning the Services Star Award for the 2nd quarter from RHB Banking Group**

◆  
**BNY award on payment formatting and straight through rate**

One of our major achievements in 2023 was the successful implementation of a new core banking system that significantly improved operational efficiency. This system has automated many of our processes, allowing us to provide faster turnaround times, greater accuracy, and improved reporting capabilities. We have also been able to launch new products and services such as Online Account Opening (OAO) in early of the year which enabled customer to open account online and go-live Bakong Service that provided a better customer's experience as they were able to perform real time transactions across the banks within Cambodia. In addition to that, we have also made great strides in improving the quality of our products and services such as sending notification of completed transaction to cardholders, Cards issuance without Pin and Card activation (CSS ATM/ Debit Card) through ATM or goWave Mobile banking app. Our team has also implemented rigorous quality control measures

in all aspects of our operations, resulting in fewer errors and higher customer satisfaction. Furthermore, we have enhanced our employee training programs by developing on the Job Training Journal Teller Development Programme to best fit all new/ existing Teller to well equip with the bank product, service, system as well as other skills and knowledge in order for them to perform quality work.

Customer service is our number one priority and we have invested heavily in this area over the past year. We expanded our call center operations, introduced 24/7 customer support. On top of this, the Bank has launched RHB Way Programme to keep all the branches momentum and continuous practices of Team Talk Wednesday (TTW) to all Frontliners and Call Center in order to create highly engaged workforce to drive service, operational excellence and shared best practices.

Building compliance as a culture, reinforced branch to adhere to new policy, procedure, guideline and manual was also one of the key functions that we strengthen the branches to be more vigilant at all time. We had a dedicated team to perform Branch Enforcement and Control (BEC) for all the branches twice a year and 2 Head Office in order to improve operational control and minimized audit finding. As a result, all branches had better audit results in 2023.

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



# DIRECTOR'S REPORT

## DIRECTORS' REPORT

The Board of Directors (the directors) hereby submit their report and the audited financial statements of RHB Bank (Cambodia) Plc. (the Bank) for the year ended 31 December 2023.

## 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 2023 are set out in the statement of profit or loss and other comprehensive income on page 127.

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 33 (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:

<b>Mr. Chin Yoong Kheong,</b>	Chairman (Independent Non-Executive Director)
<b>Ms. Wendy Ting Wei Ling</b>	Member (Non-Independent Non-Executive Director and Shareholder's representative)
<b>Mr. Shawn Conrad Campos</b>	Member (Non-Independent Non-Executive Director) – appointed on 12 April 2023
<b>Mr. Lim Cheng Teck</b>	Member (Independent Non-Executive Director) – appointed on 7 May 2023
<b>Mr. Lim Eng Kang</b>	Member (Non-Independent Executive Director) – appointed on 22 September 2023
<b>Ms. Mao Samvutheary</b>	Member (Independent Non-Executive Director) – resigned on 7 May 2023
<b>Dato' Adissadikin bin Ali</b>	Member (Non-Independent Non-Executive Director and Shareholder's representative) – resigned on 12 April 2023
<b>Mr. Wong Kee Poh</b>	Member (Non-Independent Executive Director) – resigned on 31 August 2023

## 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 2023 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 2023 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  
27 March 2024



# 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 2023, 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 2023;
- 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 material accounting policy information 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 the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 the 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.

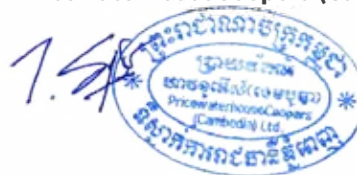
As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

For PricewaterhouseCoopers (Cambodia) Ltd.



By **Touch Sovannara**  
Partner

Phnom Penh, Kingdom of Cambodia  
27 March 2024





# 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 for 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 risk management and internal control 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 risk management and internal control system can therefore only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

In acknowledging that having a sound risk management and internal control system is imperative, the Board has established a governance structure that ensures effective oversight of risks and internal controls in the Bank at all levels. To this end, the

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

### Management Responsibility

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

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

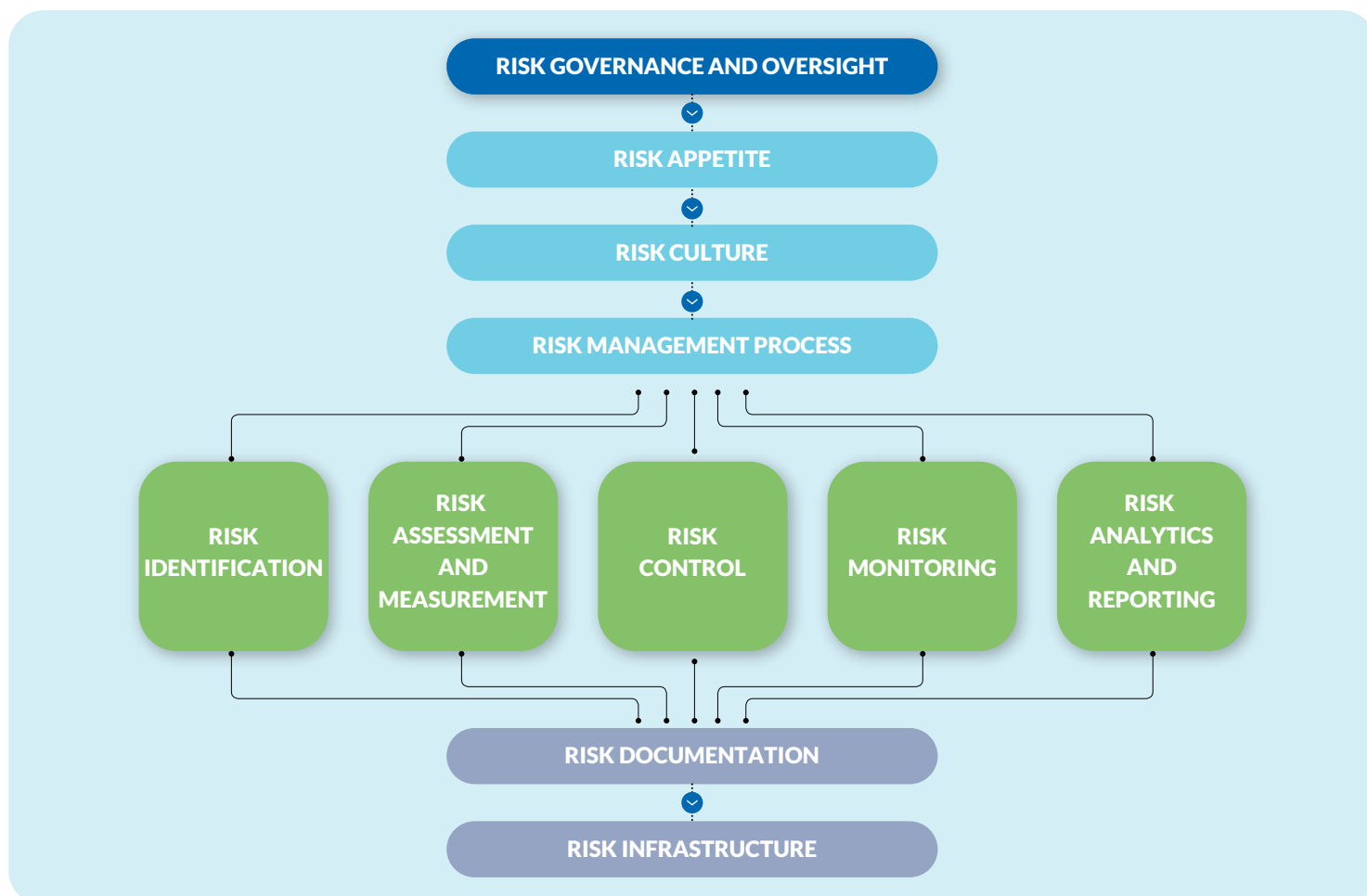
Accordingly, the Management has provided assurance to the Board that the Bank's risk management and internal control system is operating adequately and effectively with the necessary processes having been implemented.

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

**Risk Governance and Oversight**

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

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

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

The Board also oversees the development, maintenance, and implementation of the Bank's Recovery Plan. The recovery



# INTERNAL CONTROL REPORT

## ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

planning process is integrated into the Bank's overall risk appetite, strategic planning and risk management framework.

### Risk Appetite

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

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

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

### Risk Culture

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

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

In addition, the Bank has implemented the Business Risk & Compliance Officer ("BRCO") programme that aims to cultivate proactive risk and compliance management and to establish a robust risk culture. The implementation of the BRCO programme is in line with the 'Three Lines of Defense' model practiced globally. There is clear accountability of risk ownership across the Bank. The model is as below:

#### ► First Line

- Business /Functional level is responsible for managing day-to-day risks and compliance issues.
- Business Risk and Compliance Officer is to assist business/functional unit in day-to-day risks and compliance matters.

#### ► Second Line

- Risk Management and Compliance are responsible for oversight, establishing governance and providing support to business/functional unit on risk and compliance matters.

#### ► Third Line

- Internal Audit provides independent assurance to the Board that risk and compliance management functions effectively as designed.

### Risk Management Process

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

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



# INTERNAL CONTROL REPORT

## ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

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

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

### Risk Documentation

The Bank recognises that effective implementation of the risk management system and process must be supported by a robust set of 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. Documents are subject to a robust review process to ensure they remain current.

### 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. Staff have clear roles and responsibilities, given access to relevant and up-to-date risk information, and the latitude to continuously enhance competency through learning and development programs.

Risk systems and tools are designed to provide accessibility of risk information that complement the risk management process. The availability of data for analytics and monitoring and dashboards and reporting assists in continuously enhance risk management capability. The Bank's Risk Management Report have evolved to be more analytically-driven dashboards which include elements

of quantitative and qualitative forward-looking projections.

Effective risk management requires the Bank to continuously review its risk management capabilities to effectively manage risk and to improve risk management practices across the Bank. Therefore, the Bank has embarked on transformation journeys striving for improvements for better efficiency and effectiveness.

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

The Bank Sustainability Framework sets out its approach in managing material matters, mitigating negative impacts and contributing towards sustainable development. The Framework consist 3 thematic sustainability pillars, i.e. Sustainable and Responsible Finance, 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.



# INTERNAL CONTROL REPORT

## ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

### Policies and Guidelines

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

### Authority Limits

The Board has approved the Bank Approving Authority Matrix ("AAM") which defines the approving authority with its approving limits for the various levels of Management in the Bank. Accordingly, the Management is empowered to discharge their responsibilities and be accountable for their decisions and actions. The Bank AAM is reviewed periodically and updated in line with changes in the organisation structure, business environment or operational needs.

### Information Technology ("IT") Security

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

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

### Budgeting Process

A robust budgeting process is established requiring all key operating departments in the Bank to prepare budgets and business plans annually for approval by the Board. The Bank's budget and business plans as well as strategic initiatives, taking

into account the established risk appetite, go through a challenge session with Management prior to deliberation at the Board where the Bank budget is presented.

### Human Capital Management

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

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

### 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. 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.

# INTERNAL CONTROL REPORT

## ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

### Anti-Money Laundering and Counter Financing of Terrorism Policy

The Bank Anti-Money Laundering and Counter Financing of Terrorism (“AML/CFT”) Policy was revised and updated in 2023, in accordance with Cambodia’s Law on Anti-Money Laundering and Combating the Financing of Terrorism 2020 and Cambodia Financial Intelligence Unit’s standards on AML/CFT. It sets out the high-level standards towards building a stronger and robust AML/CFT compliance regime within the Bank, facilitates consistency in managing the AML/CFT compliance risk across the Bank, and sets out the Bank’s policy statements in respect of the general principles and key measures to which the Bank adheres to.

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

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

The policy also reinforces that 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 programs in accordance with the policies and guidelines as approved by the Board.

The Bank had also conducted a review and subsequently revised the Bank’s Sanction Policy to demonstrate its strong commitment in combating AML/CFT risk and to ensure compliance with all applicable AML/CFT. As such, the Bank has enhanced the Bank’s Sanctions Policy to be more stringent under certain circumstances than the requirements stipulated in the current laws and regulations. Restrictions and prohibitions of the policy were enhanced to mitigate the risk of breach of sanctions and to continue to uphold the zero-tolerance policy towards sanctions breaches or non-compliances.

### Fraud Risk Management Policy

The Bank’s Fraud Risk Management Policy is designed to promote consistent organizational behaviour through the development, implementation and regular review of fraud prevention, detection and response strategies. The Bank’s Fraud Risk Management Policy defines the core governing principles for fraud risk management within the Bank which include leadership and ethical culture, fraud awareness and prevention, fraud control and detection, fraud reporting and escalation as well as fraud response with appropriate corrective actions. The Bank’s Fraud Risk Management Policy also outlines the roles and responsibilities of the Board, Senior Management and respective stakeholders within the Bank on fraud risk management.

## 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 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

To ensure employees are accorded the opportunity to raise concerns without the fear of reprisal, A Whistleblowing Policy (“WBP”) was established by the Bank with last updated in November 2023. The WBP provides proper mechanism and minimum standard to be adhered by the Bank in dealing with disclosure of questionable actions or wrong doings by personnel within the Bank and the Bank’s Business Partners. The WBP also provides a primary designated whistleblowing channel, namely [kh.Whistleblowing@rhbgroup.com.kh](mailto:kh.Whistleblowing@rhbgroup.com.kh).





# INTERNAL CONTROL REPORT

## ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

### Incident Management Reporting

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

### MONITORING

#### Board Committees

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

#### Management Committee

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

#### Compliance

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

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

### ◆ BOARD AUDIT COMMITTEE

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

#### Term of Reference of the Board Audit Committee

##### Objective

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

## INTERNAL CONTROL REPORT

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

The BAC shall, within its terms of reference, have the authority to:

1. Investigate any matter within its terms of reference, to obtain the resources which it needs, and to have full and unrestricted access to relevant information. It is also authorized to seek any information it requires from any employee of the Bank and all employees are directed to co-operate with any request made by the BAC.
2. Sign-off the Annual Internal Report and/or any reports as required by regulators and applicable laws.
3. Direct communication channels with the external and internal auditors.
4. Be accorded the resources including full and unrestricted access to any information which are required to perform its duties.
5. Form or establish the management/ sub-committee(s) if deemed necessary and fit.
6. Obtain independent professional or other advice and to invite outsiders with relevant experience and expertise to attend meetings, if it considers this necessary.
7. Invite the internal/external auditors, the Executive Director/Group Executive Director, any other directors or members of the Management and employees of the Group to be in attendance during meetings to assist in its deliberations.
8. Delegate any of its responsibilities to any person or committee(s) that is deemed fit. (i.e. Delegate investigative duties to independent external firms to maintain independence for investigations that involve Board members).
9. Approve the audit plan and budget plan (training and mission) for the Internal Audit Department
10. Convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Bank, and with other external parties, whenever deemed necessary.
11. Investigate any activity within its terms of reference, and
12. The Chairman of BAC should engage on a continuous basis with senior management, such as the Chief Executive Officer, Head of Operations, Head of Finance, Treasury

& Strategy and Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the Bank.

**Duties and Responsibilities**

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

The following are the duties and responsibilities of the BAC:

**1. Internal Audit:**

- 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. To review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- v. To review and approve the internal audit plan and to review the results of the internal audit program or investigation undertaken and whether appropriate action is taken by Management on the recommendations of the internal auditors.
- vi. To ensure that the reporting relationships of the internal audit staff do not impede the exercise of independent judgment by the internal auditors. In particular, the reports of internal auditors should not be subject to the clearance of the Chief Executive Officer/Executive Director or any executive directors.
- vii. To ensure that all findings and recommendations are reviewed and resolved effectively and in a timely manner.
- viii. To conduct periodic controls that is independent from permanent controls on a periodic basis and report on its findings to the Chairman of the BAC.
- ix. To ensure that Internal Audit Department is adequately staffed and receives necessary training to perform audit work. There shall be a program of continuing education



# INTERNAL CONTROL REPORT

## ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

and training to enable the internal auditors to keep abreast of business trends and latest developments at both the institution and industry levels, as well as to enhance technical skills required to effectively support the audit function.

- x. To appraise the performance of the Head of Internal Audit and to review the appraisals of senior staff members of the internal audit function. The Head of Internal Audit shall report directly to the Chairman of the BAC.
- xi. To approve any appointment, set compensation, evaluate performance, transfer or termination of the Head of Internal Audit and senior staff members of the internal audit function and review any resignations of Head of Internal Audit and internal audit staff members and provide resigning staff an opportunity to submit reasons for resigning, where necessary.
- xii. To ensure any change with regards to the position of the Head of Internal Audit is communicated with the National Bank of Cambodia.

### 2. External Audit

- i. To review the non-audit services rendered by the external auditors together with the related fees for recommendation to the Board for approval.
- ii. To recommend to the Board on the appointment and the annual re-appointment of the external auditors and assessing their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit as well as removal of the auditors.
- iii. To assess objectivity, performance and independence of external auditor (e.g. by reviewing and assessing the various relationships between the external auditor and the Bank or any other entity).
- iv. To review with the external auditors whether the employees of the Bank have given them appropriate assistance in discharging their duties.
- v. To review with the external auditors, the nature and scope of their audit plan (including any changes to the scope of the audit plan), their evaluation of the system of internal controls and their management letter and discuss any matter that the external auditors may wish to raise in the absence of Management, where necessary.

- vi. To regularly review the audit findings and ensure that issues are being managed and rectified appropriately and in a timely manner.
- vii. To discuss and review with the external auditors any proposal from them to resign as auditors.
- viii. To review the non-audit services rendered by the external auditors together with the related fees for recommendation to the respective Boards for approval in accordance with the Policy and the Cambodian applicable regulations on Non-Audit Fees payable to the external auditors to ensure non-audit services does not interfere with the exercise of independent judgment of the auditors.
- ix. To review the co-ordination of audit approach where more than one audit firm of external auditors is involved.
- x. To meet with the external auditors without the presence of the Management or any executive Board members and upon the request of the external auditors, the Chairman of the BAC shall convene a meeting to consider any matter which the external auditors believe should be brought to the attention of the respective Boards or shareholders.

### 3. Financial Reporting

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

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

### 4. Related Party Transactions

To review any related party transaction and conflict of interest's situation that may arise within the Bank per the Policy on Related Party Transactions, including any transaction, procedure or course of conduct that raises questions of management integrity



## INTERNAL CONTROL REPORT

**ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)****5. Integrity & Governance Matters**

- i. To oversee issues of corruption, integrity and whistleblowing within the RHBBCP.
- ii. To assist the Board of RHBBCP to effectively discharge its responsibility on anti-corruption, institutional integrity and good governance for RHBBCP.
- iii. To receive updates on on-going investigations relating to corruption and other unethical behaviors within the bank.

**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 of BAC 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 as part of the oversight, if deemed necessary.

**Composition of BAC****1. Membership**

- i. The chairman and the BAC members shall be recommended by the Board Nominating and Remuneration Committee ("BNRC") and approved by the Board of the Bank
- ii. The Chairman of the BAC shall be an Independent Non-Executive Director.
- iii. In the absence of the Chairman, Acting Chairman shall be appointed by the members who are present. In the

event of equal number of votes, the Chairman or Acting Chairman (in the absence of Chairman) may exercise discretion in providing a casting vote during deliberation.

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

**2. Tenure of BAC members**

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

**Meeting and Minutes**

1. The BAC shall preferably meet at least once in every three (3) months, 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).
3. The Notice of the meeting shall be given in advance of the meeting date. The notice must include details of the venue, date and time of the meeting. The agenda and accompanying meeting papers should be sent in full to all members of committee in a timely manner before the intended date of a meeting of the committee.
4. The BAC is also allowed to carry out the resolution by way of circulation.



# INTERNAL CONTROL REPORT

## ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

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. The Head, Internal Audit is a permanent invitee of the meeting. The BAC may invite the external auditors, the Chief Executive Officer, the Head of Operations, the Head of Finance, Treasury & Strategy, any other directors or members of the Management and employees of the Group to be in attendance during the meetings to assist in its deliberations.
7. The BAC may meet together in any place within or outside Cambodia. The BAC may regulate their meetings as deemed 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 BAC 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 BAC meeting shall be kept and distributed to all members of the BAC. The minutes of the BAC meeting shall be presented at the Board Meeting and the Chairman or the Acting Chairman (in the absence of Chairman) of the BAC shall report on material issues which have been deliberated at BAC meeting to the Board.

### Secretariat

1. The Head, Corporate Services or representative from Corporate Services Department shall be the Secretariat for BAC.
2. Details of the activities of the BAC, the number of audit meetings held in a year, details of attendance of each member in respect of meetings, and the details of relevant training attended by each member should be documented in an informative way.

### Confidentiality of Information

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

### Disclosure

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

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

## INTERNAL CONTROL REPORT

## ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

## Composition and Attendance of Meetings

A total of four (4) BAC meetings were held during the financial year ended 31 December 2023. The BAC comprises the following members and the details of attendance of each member at the BAC meetings held during the year are as follows:

Composition of BAC	Number of Meetings Attended
<b>Lim Cheng Teck</b> Chairperson/Independent Non-Executive Director Appointed as Chairman on 7 May 2023	2/2
<b>Chin Yoong Kheong</b> Member/Independent Non-Executive Director	4/4
<b>Wendy Ting Wei Ling</b> Member/Non-Independent Non-Executive Director	4/4
<b>Mao Samvutheary</b> Chairperson/Independent Non-Executive Director Resigned as Chairperson on 7 May 2023	2/2

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

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

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

## Summary of BAC Activities in 2023

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

## Financial Reporting

- a) Reviewed the annual audit financial statements of the Bank before recommending them for the Board's approval. The review process encompassed the following:
  - Reviewed changes in accounting policy and adoption of new or updated accounting standards, and its impact to the financial statements.
  - Reviewed the financial statements and sought explanations from the Senior Management including the Head of Finance, Treasury & Strategy on any significant changes between the current and corresponding period to assess their reasonableness.
- b) Discussed with the external auditors on the following matters identified during the statutory audit for the financial year ended 31 December 2022 as highlighted in their Communication with Board Audit Committee Report:
  - Significant audit and accounting matters including credit and impairment assessment;
  - Internal control recommendations;
  - Data auditing;
  - Tax related matters; and
  - Summary of corrected and uncorrected misstatement.





# INTERNAL CONTROL REPORT

## ORGANISATION OF INTERNAL CONTROL SYSTEM (CONTINUED)

### Internal Audit

- a) Reviewed and approved the annual audit plan to ensure adequacy of scope, coverage and resources as well as competency of internal auditors.
- b) Reviewed the audit activities undertaken by Internal Audit for the financial year covering the planned audit assignments and investigation.
- c) Reviewed and approved the Balanced Scorecard for the Head of Internal Audit taking into consideration the relevant and importance of the key performance indicators set for the year. Appraised the performance of the Head of Internal Audit and approved the performance rewards for the Head of Internal Audit in accordance with the matrix approved by the Board.
- d) Reviewed and deliberated on internal audit reports, audit recommendations, risk & impact and Management's responses to these recommendations as well as the root causes and timely remedial actions taken by Management to improve the system of internal controls and its processes on the areas highlighted.
- e) Reviewed and deliberated on the investigation reports tabled to the BAC and directed the Management to establish and implement the necessary controls to strengthen the internal control system.
- 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 2023 audit plan of the external auditors for the Bank covering the audit strategy, risk assessment and areas of audit emphasis for the year.
- a) Reviewed with the external auditors, the results of their audit together with their recommendations and Management's response to their findings, and provided the BAC's views and directions on the areas of concern where necessary.
- a) Met with the external auditors on 24 February 2023 without the presence of Management to enable the external auditors to discuss matters with the BAC privately.
- a) 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 BRC whose duties and responsibilities is to provide oversight to ensure that the Bank's business and operational activities, including new activities and products introduced are consistent with the risk appetite, short and long-term strategic goals as set by the Board.

In running and growing its business, the Bank is committed to upholding good corporate governance principles, regulatory requirements and international best practices. To serve as important guides for the Bank as it continuously evolves to meet the growing demands for implementing compliance best practices throughout the Bank's businesses. The Bank frameworks, policies, guidelines and manuals regarding permanent control function have been established and regularly reviewed by the Bank.

### PERIODIC CONTROL (INTERNAL AUDIT)

The Internal Audit ("IA") function provides independent assurance to the Board on the adequacy and effectiveness of the Bank's risk management, internal control and governance processes implemented by the Management. IA operates under the Internal Audit Charter approved by the Board. IA's activities conform with the Institute of Internal Auditors' International Standards for the Professional Practices of Internal Auditing and the requirements set out by the relevant regulators on the internal audit function.

# INTERNAL CONTROL REPORT

## PERIODIC CONTROL (INTERNAL AUDIT) (CONTINUED)

The Head of Internal Audit reports functionally to the BAC and administratively to the Chief Executive Officer/ Executive Director to maintain the internal audit's impartiality and objectivity. To further preserve the independence of the internal audit function, the Head of Internal Audit's appointment and performance appraisal, as well as the Internal Audit's scope of work and resources, are approved by the BAC.

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

The risk-based internal audit plan is approved by the BAC annually.

Audits are conducted in accordance with the approved audit plan while investigations and ad-hoc reviewed are carried out as requested by Management or the Board. Audit reports detailing the audit findings, root causes and impact, IA's comments and recommendations, and Management's response are tabled to BAC on a quarterly basis.

### Internal Audit Charter

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

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

### Internal Audit Resources

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

As at 31 December 2023, 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 2023 amounted to USD233,613.

### Professional Proficiency

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

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

In 2023, the internal auditors attended the relevant technical as well as leadership and management programmes offered by the Bank, and external programmes.

### 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 once every five years by qualified external assessor. The appointment of independent external assessor is subject to the Group's established procurement process and endorsed by the BAC.

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



# INTERNAL CONTROL REPORT

## PERIODIC CONTROL (INTERNAL AUDIT) (CONTINUED)

### 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 the 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 and investigation requested by Management or the Board during the year. Areas Audited during the financial year included Branches, Treasury, Asset Liability Management & Strategy, Corporate Services, Product Development & Management, Marketing & Communication, IT Operations and Management, Credit Assessment, and Finance, Treasury & Strategy.
- c) Tabled audit reports to the BAC. Monitored and followed up on the timely rectification of any reported audit findings and the underlying causes highlighted by the internal auditors. The status of any outstanding audit findings is summarised and reported to the BAC on a quarterly basis.
- d) 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.
- e) Participated in new IT system or new product development activities to provide recommendations upfront on the relevant control features to be considered by Management.
- f) Attended Management meetings as permanent invitee on a consultative and advisory capacity to provide independent feedback where necessary on internal control related matters.

- g) Prepared the Annual Internal Control Report for submission to the National Bank of Cambodia and for inclusion in the Annual Report of RHB Bank (Cambodia) Plc. for the year 2022 upon approval by the BAC.

## OUTSOURCED ACTIVITIES AND SERVICES

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

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

The governance principles for outsourcing are:

- 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

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

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

## COMPLIANCE

### Compliance Function and Structure

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

# INTERNAL CONTROL REPORT

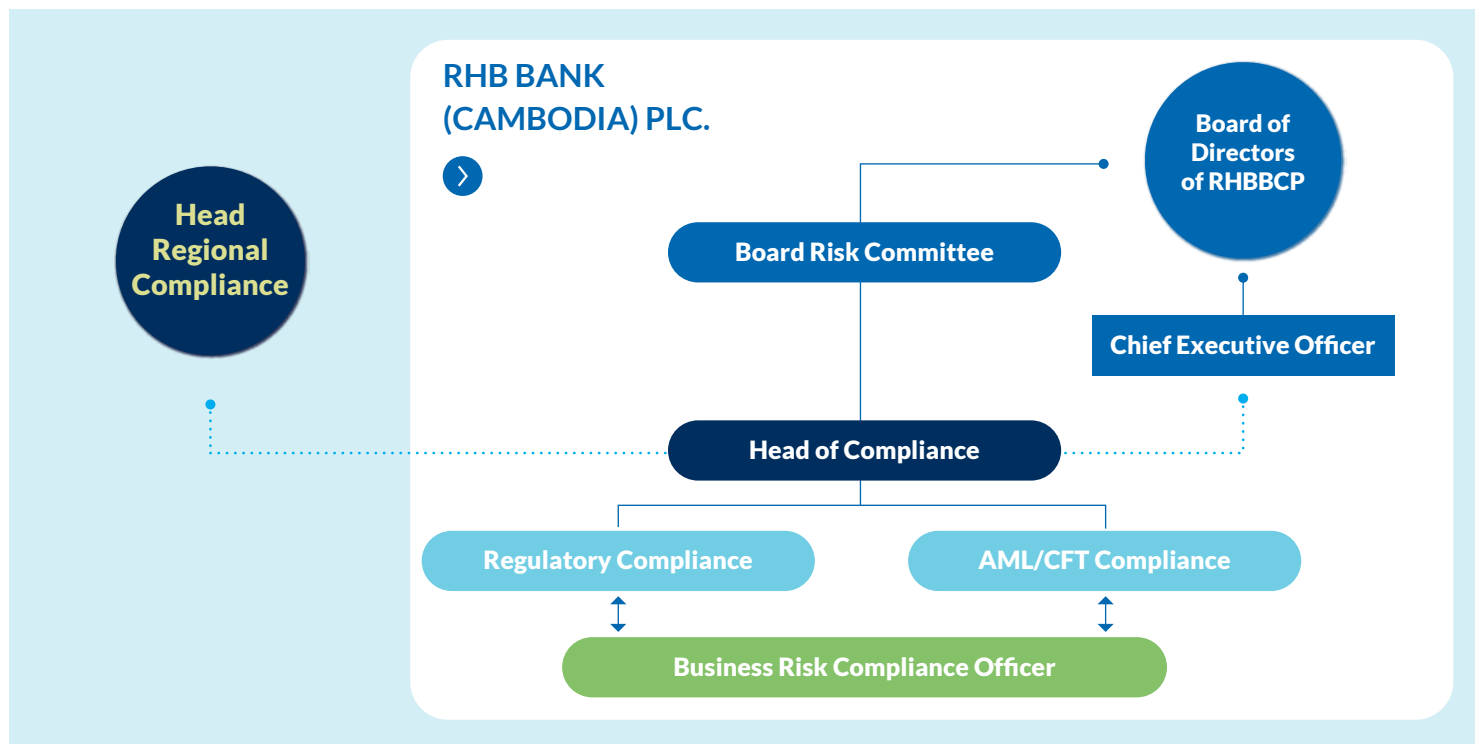
## COMPLIANCE (CONTINUED)

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

The specific responsibilities of CO are:

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

In 2023, the organization chart of compliance department has been revised and approved by BOD as follow:







# INTERNAL CONTROL REPORT

## COMPLIANCE (CONTINUED)

### Resource Provided

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

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

### Activities of Compliance Functions

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

#### 1. Compliance with AML/CFT

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

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

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

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

#### 2. Compliance with Laws and Regulations

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

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

#### New Activities and Products

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

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

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

#### Conflicts of Interests

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

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

#### Reputational Risk

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

## INTERNAL CONTROL REPORT

**COMPLIANCE (CONTINUED)**

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

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

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

**ACCOUNTING AND INFORMATION SYSTEMS**

The Bank's financial statements have been prepared in accordance with Cambodian International Reporting Standards (CIFRS) on the preparation and presentation of financial statements. The

**◆ BOARD RISK COMMITTEE**

During the financial year ended 31 December 2023 ("year"), a total of four (4) BRC meetings were held.

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

Composition of BRC	Number of Meetings Attended
<b>Chin Yoong Kheong</b> Chairman/Independent Non-Executive Director	4/4
<b>Wendy Ting Wei Ling</b> Member/Non-Independent Non-Executive Director	4/4
<b>Lim Cheng Teck</b> Member/Independent Non-Executive Director Appointed as Member on 12 April 2023	2/3
<b>Mao Samvutheary</b> Member/Independent Non-Executive Director Resigned as Member on 7 May 2023	2/2

financial statements are prepared on a going concern basis.

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 Board Audit Committee and approved by the Board of Directors.

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

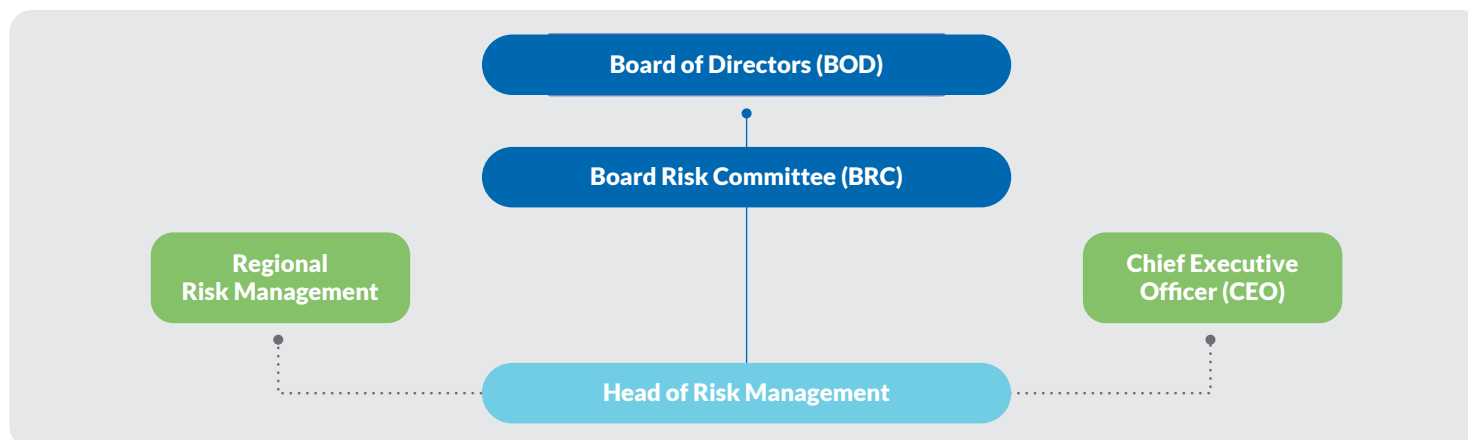
The financial and accounting procedures include bookkeeping, reconciliation of key accounts, suspense accounts, fixed assets physical verification and payment authorisation. The roles and responsibility of accounting staff have also been incorporated. In addition, level of authorisation on all type of expenditures such as capital expenditure, recurring expenditure and non-recurring expenditure is covered in the Approving Authority Matrix of RHB Bank (Cambodia) Plc.

**RISK MANAGEMENT POLICIES, PROCEDURES AND PROCESS**

Proactive and effective risk management within the RHB Bank (Cambodia) Plc's operating environment is fundamental to drive sustainable growth and shareholder value; while sustaining competitive advantage.

## RISK MANAGEMENT POLICIES, PROCEDURES AND PROCESS (CONTINUED)

### Reporting Line of the Board Risk Committee



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

### Role of the Board Risk Committee

- Provide oversight on the overall governance of risk across the Bank.
- Review and recommend the Bank's overall risk strategies, frameworks, new policies or change to policies (excluding Human Resource related policies and frameworks), AML/CFT related framework/policies/manual and the Bank's risk appetite/ tolerance for the Board's approval.
- Review and assess adequacy of risk management policies and frameworks in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively.
- Provide oversight 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, including:

- Reinforcing the clear and independent reporting lines and responsibilities for the overall business activities and risk management functions and appropriate risk management derived organizational alignment, in order to ensure a sound control environment.
- Appropriating independent review of the Bank's risk management infrastructure, capabilities, environment and process where necessary.
- Ensuring the appropriateness of risk measurement methodologies (including assumptions made within the methodologies) under the prevailing business environment, operational activities, among others the stress scenarios and execution of stress testing.
- Periodically reviewing and provide constructive challenge to management on the credibility and robustness of the risk management framework and risk information reporting to ensure that there are no material gaps or weakness.
- Regularly obtain information from Senior Management on adherence to risk appetites and the implementation of risk management policies, processes and controls within the Bank in managing key risks to the institution as well as emerging risks.
- Review and recommend new activities and products with material variations, including but not limited to features, term and conditions, strategy and target segment for Board's approval.
- Provide oversight to ensure the Bank's business and operational activities, including new activities and products introduced

## INTERNAL CONTROL REPORT

**RISK MANAGEMENT POLICIES, PROCEDURES AND PROCESS (CONTINUED)**

are consistent with the risk appetite, short and long-term strategic goals as set by the Board.

- Review and recommend the appointment replacement and dismissal of the Head, Risk Management and Head, Compliance or Compliance Officer to the Board for approval.
- Evaluate and approve the performance and remuneration of the Head, Risk Management and Head, Compliance.
- Review the report from Head, Compliance or Compliance Officer on compliance review, implement all compliance strategy and action plan to govern overall bank policy, process, procedures, manual, guideline and banking activities and report to Board.
- Monitor and evaluate business conditions and developments in the financial markets on an ongoing basis and evaluate the impact arising from changes in legislature and regulation.
- Review and recommend the changes to Delegated Lending/ Financing Authority (“DLA”) and Operating Authorities/ Discretionary Powers/Power of Attorney, Limits for business and operation to the Board for approval. For clarity, such authority shall only be applicable for the facilitation of credit approval and credit administration processes.
- Approve impairment related methodology/model/matter (i.e. Model Calibration, Significant increase in Credit Risk definition, Default Definition, probability weightage and etc.).
- To review the terms of reference of the BRC as set out herein from time to time and to propose changes deemed appropriate to the Board.
- Undertake specific functions as required by the Board or regulators as and when necessary.

**Disclosure Rules for Board Risk Committee's Minutes**

- Minutes of each BRC 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. The minutes of meeting shall be signed and initialed by the 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 on any suggestions, comments and concerns of the members and/or invitees during the discussion and deliberation.
- Minutes of each the BRC meeting shall be kept and distributed to all members of the BRC. The minutes of the BRC meeting shall be presented at the Board Meeting and the Chairman/ Acting Chairman (in the absence of Chairman) of the BRC shall report on material issues, which have been deliberated at the BRC meeting to the Board.

**◆ RISK MANAGEMENT POLICIES AND PROCEDURES**

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

The Framework operates on two interlocking layers:

- It aims to provide a holistic overview of the risk and control environment of the Bank, with the risk management intent going towards loss minimisation and protection against unexpected losses which may occur through, principally, the failure of effective checks and balances in the organisation, as well as deficiencies in risk management culture; and
- Set out the strategic progression of risk management towards becoming a value creation enterprise. This is affected 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 escalated up to BRC and Board of Directors.

**RISK AND RESULT MEASURING SYSTEM AND CONTROLS**

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

1. City Mall Olympic Branch
2. Pet Lok Song Branch
3. Kampong Cham Branch
4. Boeung Keng Kang Branch
5. Preah Sihanouk Branch





# INTERNAL CONTROL REPORT

## RISK AND RESULT MEASURING SYSTEM AND CONTROLS (CONTINUED)

6. Corporate Service Department
7. Product Development & Management Section
8. Finance, Procurement, Performance Management and Strategy Section
9. Treasury, Asset Liability Management and Strategy Section
10. Marketing and Communication Section
11. Post Approval Credit Review
12. Information System Audit on IT Operations & Management and Application Security

## DOCUMENTATION SYSTEM

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

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

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

## CONTINGENCY PLANNING AND TESTING

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

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

## Business Continuity Management

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

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

The Bank has enhanced the crisis management process with a view of expediting the crisis response and minimising the impact to ensure the resiliency of our operations. On 7 September 2023, the Bank has conducted BCP Testing with the objective to test the abilities of the Bank in responding and managing crisis including communicating confidently and effectively with stakeholders during crisis. Similarly, another Crisis Simulation Exercise were performed on 4 October 2023 to test the escalation mechanisms and crisis management.

The Bank has also successfully conducted Disaster Recovery Plan ("DRP") live on 22 July 2023 and DRP simulation on Core Banking on 19 August 2023. These exercises were to gauge the readiness and resolving any gaps of the Bank in facing any possible crisis.

# COMPLIANCE

The regulatory environment for financial institutions is increasingly complex and constantly changing. New laws and regulations continue to evolve, increasing regulators' 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.



Mr. Taing Lidy leads and executes bank-wide compliance strategic plans that enable RHB Bank (Cambodia) Plc. to comply with regulatory requirements. He reports to the Board Risk Committee.

Lidy has more than 19 years of experience covering credit operation, internal audit, risk management and AML/CFT compliance in banking sector. He got ICA International Advanced Certificate in AML from International Compliance Training (ICT), UK, and Bachelor of Business Administration (BBA) major in Accounting from National Institute of Management, Phnom Penh. He also got Regulatory Compliance Re-Certification from IBF in year 2023.

## Compliance's Key Focus for 2024

- 1 to continue to strive for operational efficiency and workflow optimisation to support business objectives and manage regulatory compliance risks;
- 2 to nurture compliance competencies and decision-making in the front-line;
- 3 to support RHB in embedding applicable regulatory requirements including Environmental, Social and Governance (ESG); and
- 4 to apply data analytics to project holistic and continued development of data driven review on regulatory compliance risks.



# COMPLIANCE

## ROBUST COMPLIANCE FUNCTION THROUGH CONTINUOUS INNOVATION TO SUPPORT BUSINESS OBJECTIVES AND EFFECTIVE COMPLIANCE MANAGEMENT

### Innovation

- Ensure operational efficiency of AML/CFT, regulatory and shariah compliance capabilities.
- Continuously enhance compliance reporting capabilities.

### Supporting Business Resilience

- Optimise workflow and data collection.
- Cultivate front-line and Business Risk Compliance Officer ("BRCOs") compliance competency and decision-making with due consideration of applicable regulations.
- Support RHB in embedding ESG considerations.
- Continuously sustain trust as a responsible financial service partner to all stakeholders.

### Assurance

- Establish data-driven monitoring capabilities.
- Continuous surveillance and control assessments.
- Continuous development of strong AML/CFT, regulatory and shariah compliance risk management in all lines of defence.

### Embed Compliance Culture

- Continuously promote of dynamic, proactive and responsible AML/CFT, regulatory and shariah compliance culture to support business in regulatory compliance management.
- Embed compliance culture through continuous and relevant compliance trainings, workshops and forums.

The following are some of the key initiatives by Compliance for 2023 in its effort to remain vigilant pandemic.

## INITIATIVES

### INNOVATION

- Further enhancements made to AML systems for SWIFT applications.
- RHB AML/CFT Capabilities Enhancement ("RACE") Programme Phase II (a & b): the enhancement was successfully completed and went live on 04 March 2023 and 08 July 2023.
- Foreign Account Tax Compliance Act ("FATCA") report preparation to regulator (GDT): the report had been submitted successfully in mid-June before deadline by end of June 2023.

### SUPPORT BUSINESS RESILIENCE

- Established the Risk Appetite Statement metrics in understanding the Bank's risk culture.
- Continuous review and revision of the Compliance Risk Assessment ("CRA") and the AML Risk Assessment ("AMLRA") methodology.

## COMPLIANCE

## INITIATIVES

**ASSURANCE**

- Increased compliance and regulatory reviews to detect procedural gaps vis-à-vis regulatory requirements. Conducted 6 branches compliance reviews across the Bank.
- Overall review of policies, circulars and guidelines to ensure that the Bank's operational and business processes are updated where required, including updating of policies, circulars and guidelines in the Bank. Performed annual compliance and AML risk assessments.

**COMPLIANCE CULTURE**

- Organised focused compliance clinics where topics were selected based on the outcome of compliance reviews.
- Optimised the usage of alternative learning platforms such as short explainer videos, webinars, Microsoft Teams to conduct compliance trainings.
- Awareness of Compliance Culture: issued Seven (7) Learns & Leads for 2023.

## OUTCOME

- Regulatory Risk Appetite Statement ("RAS") was approved by relevant Board/Committees.
- Enhancement of the CRA and AMLRA methodology was completed.
- Revision and adoption of Group Compliance Management Framework and Policy.
- Enhancement of Compliance Reporting.

**Compliance 2023 Highlights**

In the constantly evolving era of digitalisation, there is a heightened necessity for regulatory authorities in Cambodia to strengthen cybersecurity governance as well as to prioritise the development of Environmental, Social and Governance ("ESG") based regulations to address climate risk concerns. While the COVID-19 pandemic has accelerated the digitalisation of products, the Bank displays resilience by enhancing in-house innovation while maintaining stringent controls in upholding secrecy and protecting customer information. Our compliance function continues to focus on effective compliance management by meeting the expectations of regulatory authorities and supporting the Bank's business objectives.





# COMPLIANCE

## ► KEY PRIORITIES FOR 2024

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 widespread change. The Bank understands this and is always looking for new strategies to ensure compliance is embedded as part of everyone's responsibility.

### **The following are our key priorities for 2024:**

- Innovation of compliance ecosystem by enhancing operational efficiency of AML/CFT, regulatory compliance capabilities through various projects such as via Project RACE, utilisation of data analytics, artificial intelligence and machine learning to effectively manage regulatory environment and financial crime and promote speed, scalability and interconnectivity to market.
- Supporting business resilience through the following initiatives:
  - Optimising workflow and data collection process by, among others, enhancing the Bank policies, guidelines and procedures and enhancing CRA workflow and processes.
  - Continuously sustaining trust as a responsible financial service partner to the Bank's community of customers and stakeholders.
- A strong focus on the area of assurance by continuously enhancing data-driven monitoring capabilities and surveillance and control assessments, continuous development of strong AML/CFT, regulatory compliance risk management and continuous development of compliance competency and future talent.
- Embedding compliance culture through the continuous promotion of a dynamic, proactive and responsible AML/CFT, regulatory compliance team and continuously providing access to compliance trainings, workshops and forums.

The above are by no means an exhaustive list of priorities that the Bank has set for 2024. With the uncertainties surrounding the economic environment due to the continuous threat posed by the pandemic, the Bank will continue to stay vigilant to the emergence of new compliance risks and the need to come up with improved strategies to combat the same and protect its stakeholders' interest.



*Calendar*  
of events 2023



# CALENDAR OF EVENTS 2023



08 January 2023

## goWave by RHB TO IMPROVE YOUNG ADULTS FINANCIAL MANAGEMENT THROUGH YOUTH-CENTRIC BANKING APP



RHB Bank (Cambodia) Plc. launches goWave by RHB mobile banking application - a one-stop youth-centric application that allows Cambodian especially the young adults to save and spend wisely with the bank's full suite of digital banking products, while managing their finances with the help of previously-launched content platform.

Positioned as a digital-first banking app dedicated to young Cambodian adults, goWave by RHB allows users to open a Smart Saving account, register for their debit card, and pay via KHQR, all through the app without going to the branches. Unlike any other banking app, goWave by RHB focuses in helping the young adults in improving their financial literacy and making the right financial decisions and will continue to provide financial advice through social content, social influencers, and on ground activations, as well as banking solutions tailored for youths.

The launch also kickstarted a series of reward campaigns for goWave users, where they can enjoy rewards tailored to the lifestyle of Khmer youths such as free movie and concert tickets, discounts at their favorite shops or cafes, cash vouchers from supermarkets, and much more.





## CALENDAR OF EVENTS 2023



23 January 2023

## Chinese New Year



22nd January marks the Chinese New Year for 2023. It is the most important day in the Chinese calendar. Chinese New Year is a festival that celebrates the beginning of a new year on the traditional lunisolar Chinese calendar. Marking the end of winter and the beginning of spring, observances traditionally take place from Chinese New Year's Eve, the evening preceding the first day of the year, to the Lantern Festival, held on the 15th day of the year. The first day of Chinese New Year begins on the new moon that appears between 21 January and 20 February.

In conjunction with Chinese New Year, RHB Bank (Cambodia) Plc. has organized the celebration for all staff on 23 January 2023 which we provided oranges and drinks for all staff of RHBBCP and RHBSCP including interns.



10 March 2023

## "Walk For A Smile" with Smile Cambodia



RHB Bank (Cambodia) Plc. participated in Smile Cambodia charity walk to raise funds for their continuous work on offering surgical missions in the Kingdom. Held at Siem Reap, the event brought together staff from RHB Bank Siem Reap branch and volunteers from Smile Cambodia and other organizations, a local non-profit organization that provides healthcare to underprivileged children.

In the charity walk, participants walk through the whole Siem Reap while enjoying the view of the surroundings of history and nature. The event was



also an opportunity for attendees to network, build relationships and make a positive difference in the community.

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





# CALENDAR OF EVENTS 2023



**10 March 2023**

## International Women's Day 2023



RHB Bank (Cambodia) Plc. was delighted to celebrate International Women's Day with our incredible and extraordinary women colleagues in Phnom Penh and provinces with a special dinner. The dinner was also attended by the Country Head/CEO of RHB Bank (Cambodia) Plc. and the Management team. During the event, there were some conversations among the Management team and staff and this event offered great memories to the employee. In the province, the event was organized by Branch Manager and the female staff.



**14 March 2023**

## RHB Bank (Cambodia) visited Dai-ichi Life Holdings' Head Office in Japan

The management team from RHB Bank (Cambodia) PLC. and Dai-ichi Life Insurance (Cambodia) PLC. visited Dai-ichi Life Holdings' Head Office in Japan on March 14, 2023.

A meeting was held between Mr. Toshiaki Sumino, Director, Managing Executive Officer of Dai-ichi Life Holdings and Mr. Wong Kee Poh, CEO of RHB Bank (Cambodia) PLC. to discuss about the plans for the coming years to provide more options on financial protection and savings plan to more Cambodian families. Ideas were shared and both parties are looking forward to bring their partnership to the next level.





# CALENDAR OF EVENTS 2023



**24-25 March 2023**

## First Aid Training

A 2-days First Aid Training was successfully conducted for 19 staff at Cambodia Red Cross, Phnom Penh. These 19 staff will be the Safety Officer for RHB Bank (Cambodia) Plc. and the key person in charge to assist and facilitate in any situation which requires first aid. All participants obtained the necessary knowledge and first aid skills from this training which covers 13 important aspects of first aid and safety at the work place.



**09 April 2023**

## RHB Bank (Cambodia) PLC. continues yearly CSR initiatives this year with the underprivileged Muslim families in the Kandal Province

RHB Bank (Cambodia) Plc. has made a significant charitable donation to help poor Muslim families in Cambodia. This donation was made as part of the Bank's ongoing commitment to giving back to the community and helping those in need.

The charity event was held at 17 Mesa Village, Kompong Kong Commune, Koh Thom District, Kandal Province. The event was attended by representatives of RHB Bank Cambodia, community leader Imam Daerah/Deputy District Ustaz Saleh and beneficiaries of the donation.

They were over 80 families from 2 different villages nearby that gathered at the local mosque. The donations that were handed out to them per family were:

<b>Rice</b> <b>20kg</b>	<b>Noodle</b> <b>10packs</b>	<b>Milks</b> <b>2cans</b>
<b>White sugar</b> <b>2kg</b>	<b>Date fruit</b> <b>1pack</b>	<b>Chilies sauce</b> <b>1btl</b>



The Imam was very grateful and happy as this was the first time any Bank or organization has done any charitable event with the Muslim community there. This area is prone to flood especially during the raining season September onwards where the water level raises up to 3 meters. This was definitely a great way to show our support the families during the fasting session and pre Hari Raya Aidilfitri celebration.

As mentioned by The bank's philanthropic efforts have been well received by the local community, recognizing its commitment to corporate social responsibility in Cambodia.

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



11 April 2023

## Khmer New Year 2023



Khmer New Year, also called Choul Chnam Thmey or Moha Sangkran is the traditional celebration of the solar new year in Cambodia. Khmer New Year is a traditional festival and celebrated with a three-day public holiday from 14 April to 16 April 2023. As an effort to improve employee engagement and to enhance branding, RHB Bank (Cambodia) Plc. had organized a special celebration for all staff to celebrate Khmer New Year.

The celebration includes Robam Trot, a popular Cambodian folk dance that is usually performed during Khmer New Year to ward off bad spirits, and bring in abundance and rain for the crops during the months to come. Besides Robam Trot, traditional Khmer games were organized for the staff to participate and enjoy.

Khmer noodle was also provided to staff during the Khmer New Year celebration. This is a traditional food that Cambodian served during the celebration. During this time, most families in the countryside will make Khmer noodle as offering to the monks and ancestors, as well as being special gift for relatives or friends.



# CALENDAR OF EVENTS 2023



11 April 2023

## RHB Khmer New Year Charity

**HUMAN RESOURCE**

*RHB Khmer New Year Charity*

# 2023

Let's put a smile on the face of our future generation in line with the spirit of Khmer New Year!

We are organizing a charity drive to collect items for donation to Les Restaurant des Enfants (LRDE). This is a non-profit organization which provide education and meals to the poor children in Phnom Penh. Visit [Les restaurants des enfants – LRDE – Cambodia](#) to know more about them.

Donation Period : 3 April – 7 April 2023  
 Venue for donation : Head Office Level 9  
 Donation Kits : Food & beverages, education materials, toys OR cash transfer via Gowave  
 Account Number : 1-01-0001-00300762-7 (RHB KNY CHARITY)  
 Contact Person : Ms. Bouy Sovanna (2590) & Mr. Leam Sunleang (1137)

**RHB** STAY TUNED FOR THE DETAILS OF RHB CAMBODIA KHMER NEW YEAR CELEBRATION!



In the spirit of Khmer New Year and to give back to the community, Khmer New Year charity drive was organized, aimed to provide donation to the underprivileged children in Phnom Penh. The donation drive was launched on 3 April and in a week time, staff contributed items such as rice, noodles, canned food, books, stationeries, school uniforms and others. We have also received monetary contributions transferred via RHB GoWave, which has been utilized to purchase items needed by the children. All donation goes to Les Restaurants Des Enfants (LRDE), a non-profit organization which provide food and education to underprivileged children in Phnom Penh. This organization is registered under Cambodia Ministry of Social Affairs, Veterans and Youth Rehabilitation.





08 May 2023

## RHB Bank (Cambodia) is proud to announce that we have contributed monetary aid to support the Cambodian Red Cross in their humanitarian activities



RHB Bank (Cambodia) Plc (the Bank) 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 160th anniversary of World Red Cross and Red Crescent Day, the Bank is proud to announce that we have contributed monetary aid to support the Cambodian Red Cross in their humanitarian activities. Their tireless work in providing humanitarian aid and support to those in need is truly inspiring, and we are honored to be able to contribute to their efforts. Thank you to all the volunteers and staff at the Cambodian Red Cross for your dedication and commitment to helping others.

RHB had also contributed has made 2 other contributions which are the Smile Cambodia charity walk to raise funds for their continuous work on offering surgical missions in the Kingdom in Siem Reap and a significant charitable donation to help poor Muslim families in Cambodia back in April 2023 in the Kandal Province.

RHB is looking forward to continue with their CSR activities and collaborate with other organisations to identify new opportunities to contribute back to the Kingdom of Cambodia. The Bank has allocated other resources towards humanitarian efforts for the year 2023.



11 May 2023

## Blood Donation



RHB Bank (Cambodia) Plc. had organized a blood donation drive in collaboration with National Blood Transfusion Centre Cambodia. 41 bags of blood were donated to the organization.

This is part of the community service project and the first organized by RHB Bank (Cambodia) Plc. since its inception in 2008. This will definitely not be the last as Cambodia RHBians are looking forward to contribute more to the society in the future.

## CALENDAR OF EVENTS 2023



14 May 2023

## International Mother's Day



Mother's Day is a celebration honoring the mother of the family or individual, as well as motherhood, maternal bonds, and the influence of mothers in society. It is celebrated on different days in many parts of the world, most commonly in the months of May.

As for 2023, RHB Bank (Cambodia) Plc. has celebrated this event to honor all the working mothers with by offering a gift to all mother.



16 June 2023

## Heart and Health Talk



Sing Specialist Medical Center (SSMC) was earlier appointed as panel clinic for RHB Bank (Cambodia) PLC. In view of this, SSMC and Human Resource Department organized the Heart and Health Talk by visiting cardiologist Dr. Rohit Kharana on Heart and Health which was held on Friday, 16th of June 2023.

This talk was recommended to the employees, especially those who are keen to know more about heart issues, the prevention to certain heart conditions and also treatment for themselves and their family members.




**18 June 2023**

### International Father's Day



Father is the day that is honoring one's father, or relevant father figure, as well as fatherhood, paternal bonds, and the influence of fathers in society.

Bank has celebrated Father Day in order to share the appreciation for everyone father and as well as for employee who is a father.

In conjunction of International Father's Day, RHB Bank has offering gift to all father.


**29 & 30 June 2023**

### Qurban Event 2023

RHB Bank (Cambodia) PLC. continues yearly CSR initiatives this year with underprivileged Muslim families for a Qurban event in 2 provinces:

- i) Banteay Meanchey
- ii) Mondol Kiri

This donation was made as part of the Bank's ongoing commitment to giving back to the community and helping those in need. An estimated of around 300 families from the 2 provinces, which were O-Yuen Village and Na-Orn Village received the meat from the Qurban offering. RHB Bank (Cambodia) Plc. representative Mr. Imran Mahmud, Head of Marketing & Communications.

This year was an exceptional year as the Bank has collaborated with Universiti Islam Sains Malaysia (USIM) in the Banteay Meanchey Province and also organized their own Qurban in Mondol Kiri province.

The Bank's generous contribution of 4 cows in total (2 per province), were shared evenly among the underprivileged families within the provinces.

The offering is a worship service that is of great benefit to Muslim community. Overall, everyone during the charity event were in a very buoyant mood and



a positive feedback was received by RHB Bank (Cambodia) Plc. for helping the needy and less fortunate during this challenging times.

The bank's philanthropic efforts have been well received by the local community, recognizing its commitment to corporate social responsibility in Cambodia.

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



# CALENDAR OF EVENTS 2023



**3 September 2023**

## RHB Bank (Cambodia) Plc. Employee Recognition program



colleagues, customers and all other stakeholders. Below table summarizes the number of recipients of the employee recognition award for the past 3 years with the total number of 59 recipients.

RHB Bank (Cambodia) Plc. launched the Employee Recognition Award since 2022. This program 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 an on-time recognition to well-deserved RHBians who embraced and embedded RHB culture components into their daily working lives and in their interaction with

Year	Total Number of Recipient
2021	22
2022	16
2023	21



**6 September 2023**

## NSSF Talk

RHB Bank (Cambodia) Plc. organized a Briefing and Updates on Pension Fund by Director of Social Security Benefit Department during the Townhall on 6 September 2023. The main objective of this briefing is to create more awareness and provide update to employees on the recent changes on Law on The Social Security Schemes for persons defined by the Provisions of the Labor Law in Cambodia. The event was organized based on employee's request and needs to understand more about private pension fund calculation and benefit.





# CALENDAR OF EVENTS 2023



29 September 23

## RHB Bank (Cambodia) Plc. Wins Accolades for HR Excellence, Product Innovations and Banking Processes.



Phnom Penh, Cambodia – RHB Bank (Cambodia) PLC has been recognized for its outstanding HR practices, innovative products & services and Banking processes, winning several prestigious awards in recent weeks.

At the HR Excellence Awards 2023 in Singapore, the Bank was awarded the Bronze Award in the Excellence in Employee Engagement category. This award recognizes organizations that have demonstrated a strong commitment to employee engagement and have implemented successful initiatives to boost morale and productivity. The Bank was chosen as the award recipient for its commitment to creating a workplace where employees feel valued, supported, and empowered to do their best work.

RHB Bank (Cambodia) Plc. has also won two awards from the International Finance Awards (IFA) for Most Innovative New Debit Card Offerings – Cambodia 2023 and Most Improved Mobile Banking Application – Cambodia 2023. The IFA Awards recognize financial institutions that have demonstrated excellence in product innovation and service delivery. The Bank's award-winning debit card offerings and goWave by RHB mobile banking application provide customers with a convenient, secure, and innovative way to manage their finances.



RHB Bank Cambodia's STP initiatives have helped to improve efficiency, reduce costs, and mitigate errors. The bank's STP achievements have been recognized by the industry, with the award of the STP Award 2022. This award recognizes the outstanding payment formatting performance for MT103/MT202 payments last year.

These awards are a testament to RHB Bank Cambodia's commitment to providing its employees and customers with the best possible experience. The bank's focus on HR excellence and product innovation has helped the Bank to become one of the leading financial institutions in Cambodia.

"We are honored to receive these prestigious awards, which recognize our commitment to HR excellence, product innovation and Banking processes. These awards are a testament to the hard work and dedication of our employees, who are committed to providing our internal and external customers with the best possible experience." said Alex Lim Eng Kang, Chief Executive Officer of RHB Bank (Cambodia) PLC.



# CALENDAR OF EVENTS 2023



## September & October 2023

### Induction Program

The Induction Program was organized by Human Resource in the effort to enhance employee engagement. The 1st & 2nd Induction Program was held in January & April 2023 at the Singapore Cambodia International Academy (SCIA). The next two sessions in September & October 2023 were held at the Board Room Level 9.

The purpose of the Induction Program is to welcome the new joiners, provide corporate information and structure to the joiners to facilitate ease of assimilation into the Bank. It is also to serve as a platform for knowledge sharing activity that is intended to support new employees to better fit into a new role, culture as well as working environment.



## 20 November 2023

### HR Asia 2023 Best Companies to work for in Asia & HR Asia Digital Transformation 2023



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

In 2023 RHB Bank (Cambodia) Plc. had won accolades for HR Asia Best Companies to Work for in Asia 2023 & HR Asia Digital Transformation 2023. The HR Asia Digital Transformation Awards recognizes the best companies to work for in Asia that have shifted the traditional employee experience interaction to a highly interactive and personalized digital platform that improves workplace culture and engagement.





07 December 2023

**RHB Bank (Cambodia) Plc. Wins Leadership in Debit Card Growth for Mastercard in Cambodia!**

We are thrilled to announce that RHB Bank (Cambodia) Plc. has been awarded the prestigious “Leadership in Debit Card Growth” award by Mastercard! This award recognizes our outstanding performance in driving debit card issuance and usage in the Cambodian market.

We would like to thank you to our valued customers for their continued support! We are committed to providing you with the best possible banking experience.

# CALENDAR OF EVENTS 2023

 2023

## Staff Welfare

As employee safety, health, wellbeing and welfare are our top priority, it is important to clearly communicate to employees on our initiative and effort to enhance Employee Value Proposition (EVP) with high impact initiatives on RHB Cares.

In 2023, RHB Bank (Cambodia) Plc. has deliver total 29 congratulation/Get well soon gift to RHB Staff.



 2023

## CEO & HR Road Show



CEO & HR Road Show was organized by Human Resource. It is a platform where CEO & HR provide the opportunities for staff to communicate and raise their concern, suggestion and recommendation for the organization. The road show was held at all 4 branches at provinces.







# *Financial* statements

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# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023		2022	
		US\$	KHR'000	US\$	KHR'000
<b>Assets</b>					
Cash on hand	4	13,066,426	53,376,350	11,864,295	48,845,303
Deposits and placements with the central bank	5	122,701,908	501,237,294	128,944,934	530,866,293
Deposits and placements with other banks	6	29,602,727	120,927,140	57,156,348	235,312,685
Financial assets at fair value through other comprehensive income	7	25,000	102,125	25,000	102,925
Loans and advances at amortised cost	8	747,115,247	3,051,965,784	738,886,150	3,041,994,280
Statutory deposits with the central bank	9	82,019,412	335,049,298	61,515,328	253,258,605
Property and equipment	10	2,165,147	8,844,625	2,274,805	9,365,372
Right-of-use assets	11	9,707,586	39,655,489	11,503,511	47,359,955
Intangible assets	12	5,777,696	23,601,888	6,856,216	28,227,041
Other assets	13	7,990,270	32,640,253	6,012,514	24,753,519
<b>Total assets</b>		<b>1,020,171,419</b>	<b>4,167,400,246</b>	<b>1,025,039,101</b>	<b>4,220,085,978</b>
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Deposits from banks and financial institutions	14	225,191,301	919,906,465	356,790,183	1,468,905,183
Deposits from customers	15	592,524,797	2,420,463,796	471,022,260	1,939,198,644
Lease liabilities	11	11,020,581	45,019,073	12,863,046	52,957,160
Employee benefits		153,280	626,149	189,974	782,123
Borrowings	16	272,187	1,111,884	-	-
Deferred tax liabilities	17	5,353,992	21,871,057	3,858,094	15,883,773
Other liabilities	18	3,349,217	13,681,551	2,693,885	11,090,725
Subordinated debts	19	20,010,711	81,743,754	20,012,383	82,390,981
<b>Total liabilities</b>		<b>857,876,066</b>	<b>3,504,423,729</b>	<b>867,429,825</b>	<b>3,571,208,589</b>
<b>Equity</b>					
Share capital	20	75,000,000	306,375,000	75,000,000	308,775,000
Share-based payment reserves	21	28,809	117,685	12,482	51,388
Retained earnings		9,802,368	38,479,222	8,071,711	31,366,222
Regulatory reserves		52,464,176	214,316,159	49,525,083	203,894,767
Non-distributable reserves		25,000,000	102,125,000	25,000,000	102,925,000
Other reserves		-	1,563,451	-	1,865,012
<b>Total equity</b>		<b>162,295,353</b>	<b>662,976,517</b>	<b>157,609,276</b>	<b>648,877,389</b>
<b>Total liabilities and equity</b>		<b>1,020,171,419</b>	<b>4,167,400,246</b>	<b>1,025,039,101</b>	<b>4,220,085,978</b>

The accompanying notes on pages 131 to 200 form an integral part of these financial statements.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial  
Report  
**2023**

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023		2022	
		US\$	KHR'000	US\$	KHR'000
Interest income	22	64,972,763	267,038,056	57,143,990	233,547,487
Interest expense	22	(46,096,414)	(189,456,262)	(28,540,783)	(116,646,180)
<b>Net interest income</b>	22	<b>18,876,349</b>	<b>77,581,794</b>	28,603,207	116,901,307
Fee and commission income	23	1,996,612	8,206,075	2,369,959	9,686,022
Fee and commission expense	23	(8,487)	(34,882)	(8,793)	(35,937)
<b>Net fee and commission income</b>	23	<b>1,988,125</b>	<b>8,171,193</b>	2,361,166	9,650,085
Other operating income	24	268,155	1,102,117	126,627	517,525
Other gains/(losses) - net	25	555,506	2,283,130	(468,367)	(1,914,216)
<b>Total operating loss</b>		<b>823,661</b>	<b>3,385,247</b>	(341,740)	(1,396,691)
Net impairment gains	26	2,064,306	8,484,298	2,514,007	10,274,747
<b>Net other operating income</b>		<b>2,887,967</b>	<b>11,869,545</b>	2,172,267	8,878,056
Personnel expenses	27	(8,606,987)	(35,374,717)	(8,031,978)	(32,826,694)
Depreciation and amortisation charges	28	(4,151,289)	(17,061,798)	(3,954,907)	(16,163,705)
Other operating expenses	29	(4,776,256)	(19,630,412)	(4,677,206)	(19,115,741)
<b>Profit before income tax</b>		<b>6,217,909</b>	<b>25,555,605</b>	16,472,549	67,323,308
Income tax expenses	30	(1,548,159)	(6,362,933)	(3,234,358)	(13,218,820)
<b>Profit for the year</b>		<b>4,669,750</b>	<b>19,192,672</b>	13,238,191	54,104,488
Other comprehensive income: Items that will not be reclassified to profit or loss					
Currency translation differences		-	(301,561)	-	653,745
Other comprehensive income for the year, net of tax		-	(301,561)	-	653,745
<b>Total comprehensive income for the year</b>		<b>4,669,750</b>	<b>18,891,111</b>	13,238,191	54,758,233
<b>Profit attributable to:</b>					
Owners of the Bank		4,669,750	19,192,672	13,238,191	54,104,488
<b>Total comprehensive income attributable to:</b>					
Owners of the Bank		4,669,750	18,891,111	13,238,191	54,758,233

The accompanying notes on pages 131 to 200 form an integral part of these financial statements.





# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Bank					
	Share capital		Share-based payment reserves		Retained earnings	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<b>Balance as at 1 January 2022</b>	75,000,000	305,550,000	-	-	31,661,199	127,776,458
Profit for the year	-	-	-	-	13,238,191	54,104,488
Other comprehensive income – currency translation differences	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	13,238,191	54,104,488
<b>Transactions with owners in their capacity as owners:</b>						
Share-based payments: value of employee services	-	-	12,482	51,014	-	-
Transfer to regulatory reserves	-	-	-	-	(36,827,679)	(150,514,724)
Currency translation differences	-	3,225,000	-	374	-	-
<b>Total transactions with owners</b>	-	3,225,000	12,482	51,388	(36,827,679)	(150,514,724)
<b>Balance as at 31 December 2022</b>	75,000,000	308,775,000	12,482	51,388	8,071,711	31,366,222
<b>Balance as at 1 January 2023</b>	75,000,000	308,775,000	12,482	51,388	8,071,711	31,366,222
Profit for the year	-	-	-	-	4,669,750	19,192,672
Other comprehensive income – currency translation differences	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	4,669,750	19,192,672
<b>Transactions with owners in their capacity as owners:</b>						
Share-based payments: value of employee services	-	-	16,327	67,104	-	-
Transfer to regulatory reserves	-	-	-	-	(2,939,093)	(12,079,672)
Currency translation differences	-	(2,400,000)	-	(807)	-	-
<b>Total transactions with owners</b>	-	(2,400,000)	16,327	66,297	(2,939,093)	(12,079,672)
<b>Balance as at 31 December 2023</b>	75,000,000	306,375,000	28,809	117,685	9,802,368	38,479,222

The accompanying notes on pages 131 to 200 form an integral part of these financial statements.

Regulatory reserves		Non-distributable reserves		Other reserves		Total	
US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
12,697,404	51,729,224	25,000,000	101,850,000	-	1,211,267	<b>144,358,603</b>	<b>588,116,949</b>
-	-	-	-	-	-	<b>13,238,191</b>	<b>54,104,488</b>
-	-	-	-	-	653,745	-	<b>653,745</b>
-	-	-	-	-	653,745	<b>13,238,191</b>	<b>54,758,233</b>
-	-	-	-	-	-	<b>12,482</b>	<b>51,014</b>
36,827,679	150,514,724	-	-	-	-	-	-
-	1,650,819	-	1,075,000	-	-	-	<b>5,951,193</b>
36,827,679	152,165,543	-	1,075,000	-	-	<b>12,482</b>	<b>6,002,207</b>
49,525,083	203,894,767	25,000,000	102,925,000	-	1,865,012	<b>157,609,276</b>	<b>648,877,389</b>
49,525,083	203,894,767	25,000,000	102,925,000	-	1,865,012	<b>157,609,276</b>	<b>648,877,389</b>
-	-	-	-	-	-	<b>4,669,750</b>	<b>19,192,672</b>
-	-	-	-	-	(301,561)	-	<b>(301,561)</b>
-	-	-	-	-	(301,561)	<b>4,669,750</b>	<b>18,891,111</b>
-	-	-	-	-	-	<b>16,327</b>	<b>67,104</b>
2,939,093	12,079,672	-	-	-	-	-	-
-	(1,658,280)	-	(800,000)	-	-	-	<b>(4,859,087)</b>
2,939,093	10,421,392	-	(800,000)	-	-	<b>16,327</b>	<b>(4,791,983)</b>
52,464,176	214,316,159	25,000,000	102,125,000	-	1,563,451	<b>162,295,353</b>	<b>662,976,517</b>



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023		2022	
		US\$	KHR'000	US\$	KHR'000
<b>Cash flows from operating activities</b>					
Cash used in operations	32(a)	(45,070,083)	(185,238,042)	(91,545,661)	(374,147,117)
Interest received		60,195,759	247,404,569	55,676,717	227,550,742
Interest paid		(45,012,898)	(185,003,011)	(26,308,888)	(107,524,425)
Seniority paid		(33,866)	(139,189)	-	-
Income tax paid		-	-	(1,519,433)	(6,209,923)
<b>Net cash used in operating activities</b>		<b>(29,921,088)</b>	<b>(122,975,673)</b>	<b>(63,697,265)</b>	<b>(260,330,723)</b>
<b>Cash flows from investing activities</b>					
Deposits and placements with the central bank - maturity later than three months		(3,030,378)	(12,454,854)	2,455,261	10,034,652
Deposits and placements with other banks - maturity later than three months		24,502,102	100,703,639	33,185,426	135,628,836
Purchases of property and equipment	10	(814,614)	(3,348,064)	(426,156)	(1,741,700)
Purchases of intangible assets	12	(898,901)	(3,694,483)	(1,769,395)	(7,231,517)
Proceeds from disposals of property and equipment		-	-	1,215	4,966
<b>Net cash generated from investing activities</b>		<b>19,758,209</b>	<b>81,206,238</b>	<b>33,446,351</b>	<b>136,695,237</b>
<b>Cash flows from financing activities</b>					
Proceeds from subordinated debts	19	-	-	20,000,000	81,740,000
Proceeds from borrowings	16	300,000	1,233,000	-	-
Repayments of borrowings	16	(27,813)	(114,311)	(2,556,611)	(10,448,869)
Principal element of lease payments		(1,230,894)	(5,058,974)	(1,198,525)	(4,898,372)
<b>Net cash (used in)/generated from financing activities</b>		<b>(958,707)</b>	<b>(3,940,285)</b>	<b>16,244,864</b>	<b>66,392,759</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(11,121,586)</b>	<b>(45,709,720)</b>	<b>(14,006,050)</b>	<b>(57,242,727)</b>
Cash and cash equivalents at beginning of year		168,429,440	693,424,004	182,435,490	743,242,185
Currency translation differences		-	(5,111,701)	-	7,424,546
<b>Cash and cash equivalents at end of year</b>	31	<b>157,307,854</b>	<b>642,602,583</b>	<b>168,429,440</b>	<b>693,424,004</b>

The accompanying notes on pages 131 to 200 form an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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## 1. GENERAL

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

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

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

The financial statements were authorised for issue by the Board of Directors on 27 March 2024. The Board of Directors has the power to amend and reissue the financial statements.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

### 2.1 BASIS OF PREPARATION

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

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

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

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

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

### 2.2 NEW STANDARDS AND INTERPRETATION

#### a) New and amended standards adopted by the Bank

The Bank has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2023:

- Disclosure of Accounting Policies – Amendments to CIAS 1 and CIFRS Practice Statement 2,
- Definition of Accounting Estimates – Amendments to CIAS 8, and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to CIAS 12.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.2 NEW STANDARDS AND INTERPRETATION (CONTINUED)

#### a) New and amended standards adopted by the Bank (Continued)

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.

#### 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 2023 reporting period and have not been early adopted by the Bank. These standards are not expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

### 2.3 FOREIGN CURRENCY TRANSLATION

#### a) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (the functional currency). The functional currency is United States dollars (US\$) because of the significant influence of the US\$ on its operations. The financial statements are presented in 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 of monetary assets and liabilities denominated in currencies other than US\$ at year end exchange rates, are recognised in profit or loss.

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

#### c) Presentation in Khmer Riel

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

The Bank has used the official rate of exchange published by the National Bank of Cambodia. As at the reporting date, the yearly average rate was US\$ 1 to Riel 4,110 (2022: US\$ 1 to Riel 4,087) and the closing rate was US\$1 to Riel 4,085 (2022: US\$ 1 to Riel 4,117).

### 2.4 CASH AND CASH EQUIVALENTS

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

## 2. SUMMARY OF MATERIAL 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 including cash on hand, deposits and placements with the central bank and other banks, loans and advances at amortised cost, and 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 has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss.

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

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

#### b) Recognition and derecognition

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

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

#### c) Measurement

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

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



## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.5 FINANCIAL ASSETS (CONTINUED)

#### c) Measurement (Continued)

##### *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 category:

**Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent 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

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.5 FINANCIAL ASSETS (CONTINUED)

#### e) Impairment (Continued)

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

##### (i) Stage 1: 12-month ECL

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

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

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

##### (iii) Stage 3: Lifetime ECL – credit impaired

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

#### f) Modification of loans and advances

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

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

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

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

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6 FINANCIAL LIABILITIES

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

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

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

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

### 2.7 CREDIT COMMITMENTS AND FINANCIAL GUARANTEE CONTRACTS

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

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

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

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

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

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

### 2.8 OFFSETTING FINANCIAL INSTRUMENTS

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



# NOTES TO THE FINANCIAL STATEMENTS

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## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.9 PROPERTY AND EQUIPMENT

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

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

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

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

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

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

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

### 2.10 INTANGIBLE ASSETS

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

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

### 2.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.11 IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)**

from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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

**2.12 LEASES*****The Bank as a lessee***

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

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

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

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

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

**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.

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## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.12 LEASES (CONTINUED)

#### b) Right-of-use assets

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

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct 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) Modification of a lease

Lease modification is a change in the scope of a lease that was not part of the original terms and conditions of the lease. The effective date of the modification is the date when both parties agree to a lease modification.

If the lease is modified to terminate the right-of-use of one or more underlying assets or to shorten the contractual lease term, the lessee remeasures the lease liability at the effective date of the modification using a revised discount rate. It decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease. Any gain or loss relating to the partial or full termination is recognised in profit or loss.

#### d) Recognition exemptions

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

### 2.13 INCOME TAX

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

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

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.



## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.13 INCOME TAX (CONTINUED)

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 are recognised in profit or loss, except to the extent that they relate to items recognised in other comprehensive income or directly in equity. In this case, the taxes are also recognised in other comprehensive income or directly in equity, respectively.

### 2.14 PROVISION

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

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

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

### 2.15 RESERVES

#### a) Regulatory reserve

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

#### b) Non-distributable reserve

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

### 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.

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## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.16 EMPLOYEE BENEFITS (CONTINUED)

#### b) Pension obligations

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

#### c) Other employee benefits - seniority payments

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

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

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

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

#### d) Share-based compensation benefits

In 2022, RHB Bank Berhad (RHBB), the Bank's immediate parent, implemented a Share Grant Scheme (SGS), which is awarded to employees and executive directors of the Bank who fulfil the eligibility criteria (Eligible Employees).

The SGS shall be in force for a period of nine years commencing from the effective date of implementation of the SGS, with vesting period to be three years after the grant date. Details of the key features of the SGS are disclosed in Note 21.

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

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.16 EMPLOYEE BENEFITS (CONTINUED)

#### d) Share-based compensation benefits (continued)

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

### 2.17 INTEREST INCOME AND EXPENSE

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

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

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

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

### 2.18 FEE AND COMMISSION INCOME

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

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

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

**3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)****a) Expected credit loss allowance on financial assets at amortised cost**

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

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

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

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

**b) Other employee benefits - seniority payment**

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

**c) Lease terms**

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

**d) Taxes*****i) Tax reassessment***

The General Department of Taxation has issued comprehensive tax reassessments for the period from 1 January 2016 to 31 December 2020 with an additional tax liability including penalty and interest related to withholding tax, tax on fringe benefits and annual corporate income tax. Management has lodged protests and these remain ongoing. Management believes that it is not probable that the Bank will have to pay any additional taxes according to the tax reassessments. Thus, management is of the opinion that the reassessed taxes should not be recognised as liability but disclosed as tax contingent liabilities (Note 33(d)).



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

#### d) Taxes (continued)

##### *Minimum tax*

Effective 2017, an entity may be exempted from minimum tax if they comply with the conditions governing the maintenance of proper accounting records. The tax regulations also defined five criteria of improper accounting records. Management believes that the Bank has maintained proper accounting records in accordance with the tax regulations and concluded that they are exempted from minimum tax; hence it was not considered probable that the minimum tax will be paid. Minimum tax has been, therefore, not recognised as expense and prepayment of income tax for both years ended 31 December 2022 and 31 December 2023 amounting to US\$1,274,223 is recorded as other assets (Note 13).

### 4. CASH ON HAND

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Current:</i>				
US Dollars	11,707,074	47,823,397	9,840,849	40,514,775
Khmer Riel	1,359,352	5,552,953	2,023,446	8,330,528
	<b>13,066,426</b>	<b>53,376,350</b>	11,864,295	48,845,303

### 5. DEPOSITS AND PLACEMENTS WITH THE CENTRAL BANK

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Current:</i>				
Current accounts	111,362,160	454,914,424	98,452,496	405,328,926
Settlement accounts	3,841,329	15,691,828	1,024,397	4,217,442
Negotiable certificate of deposits (*)	7,498,419	30,631,042	29,468,041	121,319,925
	<b>122,701,908</b>	<b>501,237,294</b>	128,944,934	530,866,293

(\*) *Negotiable certificate of deposits*

The Bank has pledged negotiable certificate of deposits (NCD) amounting to US\$7,498,419 (2022: US\$4,388,695) with the central bank as collateral for settlement clearing facility. As at 31 December 2023, the Bank has yet to utilise the overdraft on settlement clearing facility.

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

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

	2023	2022
Current accounts	Nil	Nil
Settlement accounts	Nil	Nil
Negotiable certificate of deposits	0.5%-3.47%	0.06% - 3.23%

## 6. DEPOSITS AND PLACEMENTS WITH OTHER BANKS

### a) By residency status

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Deposits and placements with local banks	11,062,802	45,191,546	40,603,499	167,164,605
Deposits and placements with overseas banks	18,656,294	76,210,961	16,962,054	69,832,777
	29,719,096	121,402,507	57,565,553	236,997,382
Less: allowance for expected credit loss (Note 35.1 (e))	(116,369)	(475,367)	(409,205)	(1,684,697)
Total – current	29,602,727	120,927,140	57,156,348	235,312,685

### b) By account types

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Deposits and placements with local banks:</i>				
Current accounts	482,117	1,969,448	440,772	1,814,658
Fixed deposits	10,580,685	43,222,098	40,162,727	165,349,947
<i>Deposits and placements with overseas banks:</i>				
Current accounts	15,055,822	61,503,033	5,359,480	22,064,979
Fixed deposits	3,500,000	14,297,500	11,500,000	47,345,500
Saving accounts	100,472	410,428	102,574	422,298
	29,719,096	121,402,507	57,565,553	236,997,382
Less: allowance for expected credit loss (Note 35.1 (e))	(116,369)	(475,367)	(409,205)	(1,684,697)
Total - current	29,602,727	120,927,140	57,156,348	235,312,685



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## 6. DEPOSITS AND PLACEMENTS WITH OTHER BANKS (CONTINUED)

### b) By account types (continued)

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

	2023	2022
Current accounts	Nil	Nil
Fixed deposits	3.65% - 6.50%	1.20% - 4.00%

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Non-current <i>Unlisted securities</i>				
Investment in Credit Bureau Cambodia	25,000	102,125	25,000	102,925

The Bank designated investment in Credit Bureau Cambodia (CBC) to be measured at FVOCI 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 as at 31 December 2023 was US\$25,000.

Dividend received during the year was US\$67,067 (2022: US\$19,237). Please refer to Note 24.

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

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## 8. LOANS AND ADVANCES AT AMORTISED COST

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Commercial loans:</i>				
Term loans	469,450,490	1,917,705,252	450,516,860	1,854,777,913
Housing loan	3,648,887	14,905,703	3,758,092	15,472,065
Overdrafts	61,692,740	252,014,843	64,878,204	267,103,566
	<b>534,792,117</b>	<b>2,184,625,798</b>	519,153,156	2,137,353,544
<i>Consumer loans:</i>				
Term loans	37,886,012	154,764,359	55,703,506	229,331,334
Housing loans	166,359,714	679,579,432	159,571,958	656,957,751
Overdrafts	8,361,068	34,154,963	9,627,969	39,638,348
Staff housing loans	6,822,840	27,871,301	6,037,217	24,855,222
Staff vehicle loans	859,188	3,509,783	605,633	2,493,391
Other staff loans	8,258	33,734	10,805	44,485
	<b>220,297,080</b>	<b>899,913,572</b>	231,557,088	953,320,531
Total gross loans	<b>755,089,197</b>	<b>3,084,539,370</b>	750,710,244	3,090,674,075
Less: Allowance for expected credit loss (Note 35.1(f)(i))	<b>(7,973,950)</b>	<b>(32,573,586)</b>	(11,824,094)	(48,679,795)
Total net loans	<b>747,115,247</b>	<b>3,051,965,784</b>	738,886,150	3,041,994,280

### a) Allowance for expected credit loss

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

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
12-month ECL (Stage 1)	1,407,698	5,750,446	969,581	3,991,765
Lifetime ECL-not credit impaired (Stage 2)	4,169,618	17,032,890	8,961,618	36,894,981
Lifetime ECL-credit impaired (Stage 3)	2,396,634	9,790,250	1,892,895	7,793,049
	<b>7,973,950</b>	<b>32,573,586</b>	11,824,094	48,679,795



## 8. LOANS AND ADVANCES AT AMORTISED COST (CONTINUED)

### b) Analysis by loan classification

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Performing</i>				
Gross amount	549,998,418	2,246,743,538	609,799,348	2,510,543,916
Exposure at default	540,525,176	2,208,045,343	596,050,491	2,453,939,871
Allowance for expected credit loss	1,407,698	5,750,446	969,581	3,991,765
<i>Under-performing</i>				
Gross amount	135,785,187	554,682,489	90,719,068	373,490,403
Exposure at default	134,421,938	549,113,616	89,783,588	369,639,032
Allowance for expected credit loss	4,169,618	17,032,890	8,961,618	36,894,981
<i>Non-performing</i>				
Gross amount	69,305,592	283,113,343	50,191,828	206,639,756
Exposure at default	69,447,412	283,692,678	50,314,336	207,144,121
Allowance for expected credit loss	2,396,634	9,790,250	1,892,895	7,793,049
<i>Total</i>				
Gross amount	755,089,197	3,084,539,370	750,710,244	3,090,674,075
Exposure at default	744,394,526	3,040,851,637	736,148,415	3,030,723,024
Allowance for expected credit loss	7,973,950	32,573,586	11,824,094	48,679,795

### c) Analysis by exposure

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Large exposure	68,479,200	279,737,532	65,628,208	270,191,332
Non-large exposure	686,609,997	2,804,801,838	685,082,036	2,820,482,743
Total gross loans	755,089,197	3,084,539,370	750,710,244	3,090,674,075

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.

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## 8. LOANS AND ADVANCES AT AMORTISED COST (CONTINUED)

### d) Analysis by relationship

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Related parties	710,773	2,903,508	1,158,010	4,767,527
Non-related parties	754,378,424	3,081,635,862	749,552,234	3,085,906,548
<b>Total gross loans</b>	<b>755,089,197</b>	<b>3,084,539,370</b>	<b>750,710,244</b>	<b>3,090,674,075</b>

### e) Analysis by residency

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Residents	755,089,197	3,084,539,370	750,710,244	3,090,674,075
Non-residents	-	-	-	-
<b>Total gross loans</b>	<b>755,089,197</b>	<b>3,084,539,370</b>	<b>750,710,244</b>	<b>3,090,674,075</b>

### f) Interest rates

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

	2023	2022
Commercial loans	4.25%-24.0%	5.0% - 18.0%
Consumer loans	4.0%-18.0%	4.0% - 18.0%

## 9. STATUTORY DEPOSITS WITH THE CENTRAL BANK

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Current</i>				
Reserve requirement (i)	74,519,412	304,411,798	54,015,328	222,381,105
<i>Non-current</i>				
Capital guarantee deposits (ii)	7,500,000	30,637,500	7,500,000	30,877,500
<b>Total</b>	<b>82,019,412</b>	<b>335,049,298</b>	<b>61,515,328</b>	<b>253,258,605</b>

## 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 (2022: 7%). The reserve requirement on customers' deposits and borrowings bears no interest.

### (ii) Capital guarantee deposits

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

### (iii) Interest rate

	2023	2022
Reserve requirement	Nil	Nil
Capital guarantee deposits	0.00% - 1.26%	0.07% - 0.65%

## 10. PROPERTY AND EQUIPMENT

Non-current	Leasehold improvements	Office equipment	Furniture, fixtures and fittings	Computer equipment	Motor vehicles	Work in progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>For the year ended 31 December 2022</b>							
Opening net book value	928,836	349,808	147,789	994,300	342,843	182,796	2,946,372
Additions	75,112	165,857	2,488	131,854	-	50,845	426,156
Transfers	98,364	69,109	-	-	-	(167,473)	-
Reclassification	-	-	-	-	-	(59,202)	(59,202)
Depreciation charge	(181,525)	(148,837)	(45,399)	(534,963)	(127,797)	-	(1,038,521)
Closing net book value	920,787	435,937	104,878	591,191	215,046	6,966	2,274,805
<b>As at 31 December 2022</b>							
Cost	3,592,615	2,979,375	663,867	2,944,141	865,990	6,966	11,052,954
Accumulated depreciation	(2,671,828)	(2,543,438)	(558,989)	(2,352,950)	(650,944)	-	(8,778,149)
Net book value	920,787	435,937	104,878	591,191	215,046	6,966	2,274,805
<i>In KHR'000 equivalents</i>	3,790,880	1,794,753	431,783	2,433,933	885,344	28,679	9,365,372

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## 10. PROPERTY AND EQUIPMENT (CONTINUED)

Non-current	Leasehold improvements	Office equipment	Furniture, fixtures and fittings	Computer equipment	Motor vehicles	Work in progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>For the year ended 31 December 2023</b>							
Opening net book value	920,787	435,937	104,878	591,191	215,046	6,966	2,274,805
Additions	78,672	33,981	2,150	125,054	-	574,757	814,614
Transfers	388,520	7,630	-	185,064	-	(581,214)	-
Reclassification	-	-	-	10,296	-	-	10,296
Depreciation charge	(206,268)	(166,589)	(45,434)	(392,085)	(124,192)	-	(934,568)
Closing net book value	1,181,711	310,959	61,594	519,520	90,854	509	2,165,147
<b>As at 31 December 2023</b>							
Cost	4,059,807	3,020,986	666,017	3,248,700	865,990	509	11,862,009
Accumulated depreciation	(2,878,096)	(2,710,027)	(604,423)	(2,729,180)	(775,136)	-	(9,696,862)
Net book value	1,181,711	310,959	61,594	519,520	90,854	509	2,165,147
<i>In KHR'000 equivalents</i>	4,827,289	1,270,268	251,611	2,122,239	371,139	2,079	8,844,625

## 11. LEASE

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

The Bank leases various buildings for its head office and branch operations, apartments, and ATM spaces. 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.



## 11. LEASE (CONTINUED)

### a) Amounts recognised in the statement of financial position

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Right-of-use assets – non-current:</i>				
Buildings	9,676,505	39,528,523	11,460,773	47,184,003
ATM locations	31,081	126,966	42,738	175,952
	<b>9,707,586</b>	<b>39,655,489</b>	11,503,511	47,359,955
<i>Lease liabilities:</i>				
Current	1,653,603	6,754,968	2,090,108	8,604,975
Non-current	9,366,978	38,264,105	10,772,938	44,352,185
	<b>11,020,581</b>	<b>45,019,073</b>	12,863,046	52,957,160

Additions to the right-of-use assets during the year were US\$123,819 (2022: US\$162,951).

### b) Amounts recognised in the statement of profit or loss

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

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Depreciation charge of right-of-use assets (Note 28)	1,415,850	5,819,144	1,499,165	6,127,087
Interest expense on lease liabilities (Note 22)	471,717	1,938,757	532,600	2,176,736
Expense relating to short-term leases (included in other operating expenses) (Note 29)	70,841	291,157	30,253	123,644
	<b>1,958,408</b>	<b>8,049,058</b>	2,062,018	8,427,467

Total cash outflow for lease for 2023 was US\$1,702,611 (2022: US\$1,731,125).

During the year, the Bank negotiated with landlord to modify monthly lease payment of one building. On modification date, the Bank remeasured lease liabilities and recognised the difference between the carrying amount of the modified lease liabilities and the lease liabilities before the modification of US\$665,395 as an adjustment to lease liabilities and the right-of-use asset.

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## 12. INTANGIBLE ASSETS

Non-current	Computer software	Work in progress	Total
	US\$	US\$	US\$
<b>For the year ended 31 December 2022</b>			
Opening net book value	3,467,454	2,870,334	6,337,788
Additions	362,024	1,573,625	1,935,649
Transfer	4,287,621	(4,287,621)	-
Amortisation charge	(1,417,221)	-	(1,417,221)
Closing net book value	6,699,878	156,338	6,856,216
<b>As at 31 December 2022</b>			
Cost	10,709,146	156,338	10,865,484
Accumulated amortisation	(4,009,268)	-	(4,009,268)
Net book value	6,699,878	156,338	6,856,216
<i>In KHR'000 equivalents</i>	27,583,397	643,644	28,227,041
<b>For the year ended 31 December 2023</b>			
Opening net book value	6,699,878	156,338	6,856,216
Additions	46,980	685,667	732,647
Transfer	82,455	(82,455)	-
Reclassification	-	(10,296)	(10,296)
Amortisation charge	(1,800,871)	-	(1,800,871)
Closing net book value	5,028,442	749,254	5,777,696
<b>As at 31 December 2023</b>			
Cost	10,838,581	749,254	11,587,835
Accumulated amortisation	(5,810,139)	-	(5,810,139)
Net book value	5,028,442	749,254	5,777,696
<i>In KHR'000 equivalents</i>	20,541,185	3,060,703	23,601,888

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

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Additions	732,647	3,011,179	1,935,649	7,910,997
Decrease/(increase) in payable for capital expenditure	166,254	683,304	(166,254)	(679,480)
	898,901	3,694,483	1,769,395	7,231,517

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## 13. OTHER ASSETS

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Legal fees receivables	2,937,496	11,999,671	1,769,207	7,283,825
Advanced employee benefits	2,849,117	11,638,643	2,315,796	9,534,132
Prepayments of income tax (*)	1,274,223	5,205,201	595,140	2,450,191
Deposits	447,450	1,827,833	494,071	2,034,090
Prepayments	369,703	1,510,237	451,958	1,860,711
Supplies	77,311	315,815	65,419	269,330
Due from related parties (Note 34 (c))	26,469	108,126	229,367	944,303
Others	104,740	427,863	157,815	649,725
	<b>8,086,509</b>	<b>33,033,389</b>	6,078,773	25,026,307
Less: allowance for expected credit loss (Note 35.1 (e))	(96,239)	(393,136)	(66,259)	(272,788)
	<b>7,990,270</b>	<b>32,640,253</b>	6,012,514	24,753,519

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Current	4,668,526	19,070,929	3,153,969	12,984,889
Non-current	3,321,744	13,569,324	2,858,545	11,768,630
	<b>7,990,270</b>	<b>32,640,253</b>	6,012,514	24,753,519

(\*) The Bank pays monthly prepayment of income tax. This is a tax credit which may be used against annual income tax payable. The balance represents prepayment of income tax not utilised in liquidating income tax payable as at 31 December 2023 which can be carried forward as a tax credit against future income tax payment and is subject to the assessment of the tax authorities. Should the Bank be subjected to minimum tax, the prepayment of income tax amounting to US\$1,274,223 as of 31 December 2023 will be written off to the statement of profit or loss.

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## 14. DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Current</i>				
Fixed deposits	220,657,875	901,387,420	351,885,631	1,448,713,143
Current accounts	3,661,181	14,955,924	4,092,787	16,850,004
Savings deposits	872,245	3,563,121	811,765	3,342,036
	<b>225,191,301</b>	<b>919,906,465</b>	356,790,183	1,468,905,183

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

	2023	2022
Current accounts	0.00%-3.75%	0.00% - 2.00%
Savings deposits	0.50%	0.50%
Fixed deposits	5.70% - 7.00%	2.50% - 7.20%

## 15. DEPOSITS FROM CUSTOMERS

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Fixed deposits	453,630,940	1,853,082,390	355,723,576	1,464,513,962
Current accounts	105,490,531	430,928,819	79,927,974	329,063,469
Savings deposits	33,403,326	136,452,587	35,370,710	145,621,213
	<b>592,524,797</b>	<b>2,420,463,796</b>	471,022,260	1,939,198,644

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Current	474,136,716	1,936,848,485	442,846,986	1,823,201,041
Non-current	118,388,081	483,615,311	28,175,274	115,997,603
	<b>592,524,797</b>	<b>2,420,463,796</b>	471,022,260	1,939,198,644



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## 15. DEPOSITS FROM CUSTOMERS (CONTINUED)

Annual interest rates for deposits from customers are as follows:

	2023	2022
Current accounts	0.00%-3.75%	0.00% - 2.40%
Savings deposits	0.50%-3.00%	0.50% - 1.30%
Fixed deposits	1.50%-8.50%	1.50% - 7.00%

## 16. BORROWINGS

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Borrowings from other bank</i>				
Principal amount	272,187	1,111,884	-	-
	272,187	1,111,884	-	-

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Current	37,606	153,621	-	-
Non-current	234,581	958,263	-	-
	272,187	1,111,884	-	-

This represents the borrowing from SME Bank of Cambodia Plc. to finance the Bank's lending to small and medium-sized enterprises (SMEs) in Cambodia. The borrowings are unsecured and have terms between seven to eight years with an annual interest rate of 2.5% per annum.

Changes in liabilities arising from financing activities - borrowings

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
At 1 January	-	-	2,641,263	10,760,505
Additions	300,000	1,233,000	-	-
Repayments	(27,813)	(114,311)	(2,556,611)	(10,448,869)
Interest charge during the year	5,253	21,590	20,293	82,937
Interest payments	(5,253)	(21,590)	(84,237)	(344,277)
Exchange differences	-	-	(20,708)	(84,634)
Currency translation differences	-	(6,805)	-	34,338
At 31 December	272,187	1,111,884	-	-

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## 17. DEFERRED TAX LIABILITIES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Non-current</i>				
Deferred tax assets	6,922,708	28,279,262	7,400,707	30,468,711
Deferred tax liabilities	(12,276,700)	(50,150,319)	(11,258,801)	(46,352,484)
Net deferred tax liabilities	(5,353,992)	(21,871,057)	(3,858,094)	(15,883,773)

Movement of net deferred tax liabilities:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
As at 1 January	(3,858,094)	(15,883,773)	(483,988)	(1,971,767)
Credited to profit or loss (Note 30)	(1,495,898)	(6,148,141)	(3,374,106)	(13,789,971)
Currency translation difference	-	160,857	-	(122,035)
As at 31 December	(5,353,992)	(21,871,057)	(3,858,094)	(15,883,773)

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

### i) Deferred tax assets

	Lease liabilities	Accelerated depreciation	Employee benefits	Unamortised loan fees	Tax losses	Unrealised exchange loss - net	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 1 January 2022	2,779,723	95,329	38,218	586,901	-	-	3,500,171
(Charged)/credited to profit or loss	(207,114)	96,615	690	76,079	3,834,073	100,193	3,900,536
As at 31 December 2022	2,572,609	191,944	38,908	662,980	3,834,073	100,193	7,400,707
<i>In KHR'000 equivalent</i>	10,591,431	790,233	160,184	2,729,489	15,784,879	412,495	30,468,711
As at 1 January 2023	2,572,609	191,944	38,908	662,980	3,834,073	100,193	7,400,707
(Charged)/credited to profit or loss	(368,493)	(191,944)	(2,490)	(24,982)	210,103	(100,193)	(477,999)
As at 31 December 2023	2,204,116	-	36,418	637,998	4,044,176	-	6,922,708
<i>In KHR'000 equivalent</i>	9,003,814	-	148,768	2,606,222	16,520,458	-	28,279,262

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## 17. DEFERRED TAX LIABILITIES (CONTINUED)

### ii) Deferred tax liabilities

	Right-of-use assets	Accelerated depreciation	Impairment losses	Total
	US\$	US\$	US\$	US\$
As at 1 January 2022	(2,567,945)	-	(1,416,214)	(3,984,159)
Credited/(charged) to profit or loss	267,243	-	(7,541,885)	(7,274,642)
As at 31 December 2022	(2,300,702)	-	(8,958,099)	(11,258,801)
<i>In KHR'000 equivalent</i>	(9,471,990)	-	(36,880,494)	(46,352,484)
As at 1 January 2023	(2,300,702)	-	(8,958,099)	(11,258,801)
Credited/(charged) to profit or loss	359,185	(57,339)	(1,319,745)	(1,017,899)
As at 31 December 2023	(1,941,517)	(57,339)	(10,277,844)	(12,276,700)
<i>In KHR'000 equivalent</i>	(7,931,097)	(234,230)	(41,984,992)	(50,150,319)

## 18. OTHER LIABILITIES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Cheques for collection	1,489,909	6,086,278	234,478	965,346
Accrued bonuses	668,710	2,731,680	1,036,606	4,267,707
Other taxes payables	423,389	1,729,544	481,962	1,984,238
Accrued expenses	345,302	1,410,559	314,848	1,296,229
Allowances on expected credit loss on credit commitment and financial guarantee contracts (Note 35.1(f)(ii))	199,714	815,832	128,341	528,380
Others	222,193	907,658	497,650	2,048,825
	<b>3,349,217</b>	<b>13,681,551</b>	2,693,885	11,090,725

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Current	3,188,006	13,023,004	2,532,675	10,427,022
Non-current	161,211	658,547	161,210	663,703
	<b>3,349,217</b>	<b>13,681,551</b>	2,693,885	11,090,725

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## 19. SUBORDINATED DEBTS

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Related company (Note 34 (e))</i>				
Principal amount – non-current	20,000,000	81,700,000	20,000,000	82,340,000
Interest payables – current	10,711	43,754	12,383	50,981
	<b>20,010,711</b>	<b>81,743,754</b>	20,012,383	82,390,981

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

*Changes in liabilities arising from financing activities – subordinated debt*

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
At 1 January	20,012,383	82,390,981	-	-
Additions	-	-	20,000,000	81,740,000
Interest charge during the year	1,430,470	5,879,232	12,383	50,609
Interest paid during the year	(1,432,142)	(5,886,104)	-	-
Currency translation differences	-	(640,355)	-	600,372
At 31 December	<b>20,010,711</b>	<b>81,743,754</b>	20,012,383	82,390,981

## 20. SHARE CAPITAL

The total authorised numbers of shares of the Bank as at 31 December 2023 was 75,000,000 shares (2022: 75,000,000 shares) with a par value of US\$1 per share (2022: US\$1 per share). All authorised shares are issued and fully paid up by RHB Bank Berhad.

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
At 1 January	75,000,000	308,775,000	75,000,000	305,550,000
Currency translation differences	-	(2,400,000)	-	3,225,000
At 31 December	<b>75,000,000</b>	<b>306,375,000</b>	75,000,000	308,775,000



## 21. SHARE-BASED PAYMENT RESERVES

The Share Grant Scheme (SGS) was established and implemented by the holding company, RHB Bank Berhad (RHBB) in June 2022. The SGS is intended to motivate employees, attract talents and retain key employees through the grant of the ordinary shares in RHBB for eligible employees, which include certain employees of the Bank. The SGS shall be in force for a period of nine years commencing from the effective implementation date of the SGS, and the vesting period for each grant offered will be 3 years from the offer date.

Grant date	Vesting date	2023	2022
		Number of shares	Number of shares
4 July 2022	4 July 2025	35,000	70,000
1 July 2023	1 July 2026	35,000	-
		<b>70,000</b>	<b>70,000</b>

	2023	2022
	Number of shares	Number of shares
<i>Number of shares - SGS</i>		
Outstanding as at 1 January	70,000	-
Awarded during the year	35,000	70,000
Forfeited during the year	(35,000)	-
Outstanding as at 31 December	<b>70,000</b>	<b>70,000</b>

The movement on SGS reserves is as follows:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
As at 1 January	12,482	51,388	-	-
Charges during the year	16,327	67,104	12,482	51,014
Currency translation differences	-	(807)	-	374
As at 31 December	<b>28,809</b>	<b>117,685</b>	<b>12,482</b>	<b>51,388</b>

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## 22. NET INTEREST INCOME

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Interest income from financial assets at amortised cost:</i>				
Loans and advances	61,952,877	254,626,324	54,503,488	222,755,755
Deposits and placements with other banks	2,611,449	10,733,055	2,025,591	8,278,590
Deposits and placements with the central bank	408,437	1,678,677	614,911	2,513,142
	<b>64,972,763</b>	<b>267,038,056</b>	57,143,990	233,547,487
<i>Interest expense on financial liabilities at amortised cost:</i>				
Deposits from customers	(24,500,884)	(100,698,633)	(18,361,870)	(75,044,963)
Deposits from banks and financial institutions	(19,688,090)	(80,918,050)	(9,611,620)	(39,282,691)
Subordinated debts	(1,430,470)	(5,879,232)	(14,400)	(58,853)
Lease liabilities	(471,717)	(1,938,757)	(532,600)	(2,176,736)
Borrowings	(5,253)	(21,590)	(20,293)	(82,937)
	<b>(46,096,414)</b>	<b>(189,456,262)</b>	(28,540,783)	(116,646,180)
Net interest income	<b>18,876,349</b>	<b>77,581,794</b>	28,603,207	116,901,307

Including in the interest income from loans and advances at amortised cost, interest income accrued on credit-impaired loans are US\$4,373,464 (2022: US\$1,700,303).

## 23. NET FEE AND COMMISSION INCOME

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Fee and commission income:</i>				
Other loan charges and penalties	441,795	1,815,777	590,659	2,414,023
Fees from trade finances	416,629	1,712,345	409,801	1,674,857
Fees from remittances	326,439	1,341,664	555,504	2,270,345
Overdraft commitment fees	204,842	841,901	237,875	972,195
Others	606,907	2,494,388	576,120	2,354,602
	<b>1,996,612</b>	<b>8,206,075</b>	2,369,959	9,686,022
Fee and commission expense	(8,487)	(34,882)	(8,793)	(35,937)
Net fee and commission income	<b>1,988,125</b>	<b>8,171,193</b>	2,361,166	9,650,085

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## 24. OTHER OPERATING INCOME

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Dividend income	67,067	275,645	19,237	78,622
Other income	201,088	826,472	107,390	438,903
	<b>268,155</b>	<b>1,102,117</b>	126,627	517,525

## 25. OTHER GAINS/(LOSSES) - NET

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Net gains/(losses) on foreign exchange	324,008	1,331,673	(469,582)	(1,919,182)
Gains on lease remeasurement	231,498	951,457	-	-
Gains on disposal of property and equipment	-	-	1,215	4,966
	<b>555,506</b>	<b>2,283,130</b>	(468,367)	(1,914,216)

## 26. NET IMPAIRMENT GAINS

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Credit impairment written-back/(charge):</i>				
Loans and advances at amortised cost	1,859,028	7,640,605	1,048,765	4,286,303
Bad debt loans recovery	13,794	56,693	197,207	805,985
	<b>1,872,822</b>	<b>7,697,298</b>	1,245,972	5,092,288
Credit commitments and financial guarantees	(71,373)	(293,343)	240,147	981,481
Deposits and placements with other banks	292,836	1,203,556	1,034,116	4,226,432
Other financial assets at amortised costs	(29,979)	(123,213)	(6,228)	(25,454)
	<b>2,064,306</b>	<b>8,484,298</b>	2,514,007	10,274,747

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## 27. PERSONNEL EXPENSES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Salaries and wages	6,560,790	26,964,847	5,635,165	23,030,919
Bonuses and incentive expenses	947,744	3,895,228	1,375,420	5,621,342
Seniority and severance expenses	398,833	1,639,204	368,550	1,506,264
Other employee benefits	699,620	2,875,438	652,843	2,668,169
	8,606,987	35,374,717	8,031,978	32,826,694

## 28. DEPRECIATION AND AMORTISATION CHARGES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Depreciation charges of right-of-use assets (Note 11)	1,415,850	5,819,144	1,499,165	6,127,087
Depreciation charges of property and equipment (Note 10)	934,568	3,841,074	1,038,521	4,244,435
Amortisation charges of intangible assets (Note 12)	1,800,871	7,401,580	1,417,221	5,792,183
	4,151,289	17,061,798	3,954,907	16,163,705





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## 29. OTHER OPERATING EXPENSES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Repairs and maintenance	1,104,339	4,538,833	1,143,736	4,674,449
Bank charges	430,214	1,768,180	191,584	783,004
Security expenses	326,448	1,341,701	333,878	1,364,559
Licence fees	276,215	1,135,244	272,466	1,113,569
Utilities	236,794	973,223	233,661	954,973
Shared service costs (Note 34.g)	233,721	960,593	-	-
Communication	224,554	922,917	334,838	1,368,483
Legal and professional fees	216,557	890,049	343,003	1,401,853
Insurance expense	213,383	877,004	230,998	944,089
Expenses for motor vehicles	156,578	643,536	142,891	583,996
Travel, accommodation and foods	120,832	496,620	85,240	348,376
Stationery and supplies	73,287	301,210	95,820	391,616
Rental expenses related to short-term leases	70,841	291,157	30,253	123,644
Advertising and public relations	66,054	271,482	344,596	1,408,364
Board of directors' fee (Note 34 (f))	35,362	145,338	31,523	128,835
Printing and forms	13,882	57,055	29,790	121,752
Others	977,195	4,016,270	832,929	3,404,179
	<b>4,776,256</b>	<b>19,630,412</b>	<b>4,677,206</b>	<b>19,115,741</b>

## 30. INCOME TAX EXPENSES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Current income tax	-	-	-	-
Under/(over) estimate of current tax of prior year	52,261	214,793	(139,748)	(571,151)
	<b>52,261</b>	<b>214,793</b>	<b>(139,748)</b>	<b>(571,151)</b>
Deferred income tax	1,495,898	6,148,140	3,374,106	13,789,971
	<b>1,548,159</b>	<b>6,362,933</b>	<b>3,234,358</b>	<b>13,218,820</b>

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## 30. INCOME TAX EXPENSES (CONTINUED)

### a) Reconciliation between income tax expenses and accounting profit

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Profit before income tax	6,217,909	25,555,605	16,472,549	67,323,308
Tax calculated at 20%	1,243,582	5,111,121	3,294,510	13,464,662
Tax effect of reconciling items:				
Expenses not deductible for tax purposes	174,973	719,140	182,150	744,447
Income not subject to tax	(59,215)	(243,374)	(102,554)	(419,138)
Previously unrecognised deferred tax	136,558	561,253	-	-
Under/(over) estimation of current tax of prior year	52,261	214,793	(139,748)	(571,151)
Income tax expenses	1,548,159	6,362,933	3,234,358	13,218,820

Under the Cambodian tax regulations, the Bank has an obligation to pay corporate income tax at the rate of 20% of taxable profits or the minimum tax at 1% of gross revenue, whichever is higher. The Bank incurs taxable losses and is not subject to 20% income tax for the years ended 31 December 2022 and 31 December 2023. For the years ended 31 December 2022 and 31 December 2023, the Bank believes that it is exempted from minimum tax (Note 3(d)).

### b) Other matter

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

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

## 31. CASH AND CASH EQUIVALENTS

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Cash on hand (Note 4)	13,066,426	53,376,350	11,864,295	48,845,303
Deposits and placements with the central bank (Note 5):				
Current accounts	111,362,160	454,914,424	98,452,496	405,328,926
Settlement accounts	3,841,329	15,691,828	1,024,397	4,217,442
Negotiable certificate of deposits (maturity of three months or less)	-	-	25,000,000	102,925,000
Deposits and placements with other banks:				
Current accounts	15,537,939	63,472,481	5,800,252	23,879,637
Fixed deposits (maturity of three months or less)	13,500,000	55,147,500	26,288,000	108,227,696
	157,307,854	642,602,583	168,429,440	693,424,004

## 32. CASH FLOW INFORMATION

### a) Cash used in operations

	Notes	2023		2022	
		US\$	KHR'000	US\$	KHR'000
Profit before income tax		6,217,909	25,555,605	16,472,549	67,323,308
<i>Adjustments for:</i>					
Depreciation and amortisation charges	28	4,151,289	17,061,798	3,954,907	16,163,705
Net impairment gains		(2,050,512)	(8,427,605)	(2,316,800)	(9,468,762)
Gains on disposals of property and equipment	25	-	-	(1,215)	(4,966)
Reclassification of property and equipment		-	-	59,202	241,959
Non-cash employee benefits expense – share-based payments		16,327	67,104	12,482	51,014
Exchange gains on borrowings and interest payments		-	-	(20,708)	(84,634)
Employee benefits		(2,828)	(11,623)	(1,116)	(4,561)
Net interest income	22	(18,876,349)	(77,581,794)	(28,603,207)	(116,901,307)
Gains on lease remeasurement	25	(231,498)	(951,457)	-	-
<i>Changes in working capital:</i>					
Reserve requirement deposits		(20,504,085)	(84,271,789)	(3,052,952)	(12,477,415)
Loans and advances at amortised cost		(1,299,022)	(5,338,980)	(76,837,254)	(314,033,857)
Other assets		(2,007,736)	(8,251,795)	(1,566,695)	(6,403,082)
Deposits from banks and financial institutions		(129,493,452)	(532,218,088)	109,460,591	447,365,435
Deposits from customers		118,311,920	486,261,991	(106,038,089)	(433,377,670)
Other liabilities		697,954	2,868,591	(3,067,356)	(12,536,284)
Cash used in operations		(45,070,083)	(185,238,042)	(91,545,661)	(374,147,117)

### b) Non-cash financing activities

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

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## 32. CASH FLOW INFORMATION (CONTINUED)

### 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	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Cash and cash equivalents	157,307,854	642,602,583	168,429,440	693,424,004
Subordinated debts	(20,010,711)	(81,743,754)	(20,012,383)	(82,390,981)
Borrowings	(272,187)	(1,111,884)	-	-
Lease liabilities	(11,020,581)	(45,019,073)	(12,863,046)	(52,957,160)
<b>Net debt</b>	<b>126,004,375</b>	<b>514,727,872</b>	<b>135,554,011</b>	<b>558,075,863</b>
Cash and liquid investments	157,307,854	642,602,583	168,429,440	693,424,004
Gross debt – fixed interest rates	(31,303,479)	(127,874,711)	(32,875,429)	(135,348,141)
<b>Net debt</b>	<b>126,004,375</b>	<b>514,727,872</b>	<b>135,554,011</b>	<b>558,075,863</b>

	Liabilities from financing activities			Other assets	
	Subordinated debts	Borrowings	Leases	Cash and cash equivalent	Sub-total
	US\$	US\$	US\$	US\$	US\$
<b>Net debt as at 1 January 2022</b>	-	(2,641,263)	(13,898,620)	182,435,490	165,895,607
Cash flows	(20,000,000)	2,556,611	1,198,525	(14,006,050)	(30,250,914)
New leases	-	-	(162,951)	-	(162,951)
Foreign exchange adjustments	-	20,708	-	-	20,708
Other changes (i)	(12,383)	63,944	-	-	51,561
<b>Net debt as at 31 December 2022</b>	<b>(20,012,383)</b>	<b>-</b>	<b>(12,863,046)</b>	<b>168,429,440</b>	<b>135,554,011</b>
In KH'000 equivalent	(82,390,981)	-	(52,957,160)	693,424,004	558,075,863
<b>Net debt as at 1 January 2023</b>	<b>(20,012,383)</b>	<b>-</b>	<b>(12,863,046)</b>	<b>168,429,440</b>	<b>135,554,011</b>
Cash flows	-	(272,187)	1,230,894	(11,121,586)	(10,162,879)
New leases	-	-	(123,819)	-	(123,819)
Changes due to lease remeasurement for head office building	-	-	665,395	-	665,395
Other lease adjustments	-	-	69,995	-	69,995
Other changes (i)	1,672	-	-	-	1,672
<b>Net debt as at 31 December 2023</b>	<b>(20,010,711)</b>	<b>(272,187)</b>	<b>(11,020,581)</b>	<b>157,307,854</b>	<b>126,004,375</b>
In KH'000 equivalent	(81,743,754)	(1,111,884)	(45,019,073)	642,602,583	514,727,872

(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.



### 33. 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:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Credit commitments:</i>				
Unused portion of overdrafts	18,925,748	77,311,681	28,571,053	117,627,025
Undisbursed portion of term loans	20,910,010	85,417,391	6,295,598	25,918,977
	<b>39,835,758</b>	<b>162,729,072</b>	34,866,651	143,546,002
<i>Financial guarantee contracts:</i>				
Letter of credits	20,104,882	82,128,443	20,517,792	84,471,750
Bank guarantees	5,705,038	23,305,080	6,175,240	25,423,463
	<b>25,809,920</b>	<b>105,433,523</b>	26,693,032	109,895,213
<b>Total exposure</b>	<b>65,645,678</b>	<b>268,162,595</b>	61,559,683	253,441,215

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Credit commitments and financial guarantee contracts	65,645,678	268,162,595	61,559,683	253,441,215
Allowance for expected credit loss	(199,714)	(815,832)	(128,341)	(528,380)
<b>Net exposure</b>	<b>65,445,964</b>	<b>267,346,763</b>	61,431,342	252,912,835

#### b) Capital commitments

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Property and equipment	-	-	6,966	28,679
Intangible asset	387,344	1,582,300	61,885	254,781
	<b>387,344</b>	<b>1,582,300</b>	68,851	283,460

#### 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.

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## 33. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

### d) Contingent liabilities – tax reassessment

#### i) Comprehensive tax reassessment for the periods from 1 January 2016 to 31 December 2018

On 12 May 2020, the General Department of Taxation (GDT) issued the notice of a comprehensive tax reassessment to the Bank for the period from 1 January 2016 to 31 December 2018, which required the Bank to pay additional tax liability including penalty and interest of KHR 21,792,729,248 (equivalent to US\$5,387,572). The Bank submitted an objection letter on 5 June 2020 requesting the GDT to re-assess these results.

On 31 October 2022, in response to the Bank's objection letter, the GDT issued the second notice of the comprehensive tax reassessment amounting to KHR2,065,459,919 (equivalent to US\$501,691) related to withholding tax on services and tax on fringe benefits. The Bank submitted a second objection letter on 29 November 2022 requesting the GDT to re-assess these results.

As of reporting date, there has been no response from the GDT to the Bank's second objection letter yet. The Bank has not paid the additional taxes or recognised the exposure of that tax reassessment as liabilities because the Bank is in the position that it is not probable that it will have to pay the taxes.

#### ii) Comprehensive tax reassessment for the periods from 1 January 2019 to 31 December 2020

On 31 January 2024, GDT issued the results of another comprehensive tax reassessment to the Bank for the period from 1 January 2019 to 31 December 2020, which required the Company to pay the additional tax liability including penalty and interest of KHR 4,709,264,605 (equivalent to US\$1,164,219) related to the annual corporate income tax. The Bank did not agree with these tax reassessment results and has submitted an objection letter on 29 February 2024 to protest with these results. There has been no response from the GDT to the objection letter.

As of reporting date, there has been no response from the GDT to the Bank's objection letter yet. The Bank has not paid the additional taxes or recognised the exposure of that tax reassessment as liabilities because the Bank is in the position that it is not probable that it will have to pay the taxes.

## 34. 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
Parent entity	RHB Bank Berhad
Related company	Entity under the same parent company
Key management personnel	All directors of the Bank who make critical decisions in relation to the strategic direction of the Bank and senior management staff (including their close family members)

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## 34. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

### b) Loans and advances to key management personnel

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Loans and advances to key management personnel - net	620,344	2,534,107	454,184	1,869,876
Interest income	28,570	117,423	23,232	94,949

Loans and advances to key management personnel are net of allowance for expected credit loss of US\$1,979 (2022: US\$894), unsecured, and having interest rate of 4% per annum (2022: 4% per annum).

### c) Amounts due from related parties

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Related companies	22,832	93,269	130,491	537,231
Immediate parent company	3,637	14,857	98,876	407,072
	26,469	108,126	229,367	944,303

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

### d) Deposits from related parties

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Immediate parent company	211,319,058	863,238,352	312,888,172	1,288,160,604
Related companies	10,075,471	41,158,299	10,461,742	43,070,992
Directors and key management	2,402,869	9,815,720	712,343	2,932,716
	223,797,398	914,212,371	324,062,257	1,334,164,312
Interest expenses	18,387,627	75,573,147	8,105,561	33,127,428

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## 34. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

### d) Deposits from related parties (continued)

Annual interest rates during the year are as follows:

	2023	2022
Immediate parent company	0.00% - 6.50%	0.00% - 7.20%
Related companies	0.00% - 5.30%	0.00% - 5.30%
Directors and key management	0.50% - 7.50%	0.00% - 6.00%

### e) Subordinated debt

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Related company (Note 19)	20,010,711	81,743,754	20,012,383	82,390,981
Interest expenses (Note 22)	1,430,470	5,879,232	14,400	58,853

### f) Key management compensation

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Directors' fees	35,362	145,338	31,523	128,835
Key management:				
Short-term benefits	1,939,987	7,973,347	1,798,598	7,350,870
Other long-term benefits	101,819	418,476	86,460	353,362
	2,041,806	8,391,823	1,885,058	7,704,232
	2,077,168	8,537,161	1,916,581	7,833,067

### g) Other transactions with related parties

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<i>Income:</i>				
Shared service charge	59,088	242,852	60,000	245,220
<i>Expenses:</i>				
Shared service costs (*)	233,721	960,593	-	-
Referral expenses	2,742	11,270	81,481	333,013
	236,463	971,863	81,481	333,013

(\*) These represent the shared service charged from RHB Bank Berhad to provide support services for its business operation to the Bank including Human Resource, IT, Risk Management, Finance and Internal Audit.



## 34. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

### h) Terms and conditions

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

## 35. FINANCIAL RISK MANAGEMENT

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

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

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

The Bank holds the following financial assets and financial liabilities:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<b>Financial assets</b>				
Financial assets at amortised costs:				
Cash on hand	13,066,426	53,376,350	11,864,295	48,845,303
Deposits and placements with the central bank	122,701,908	501,237,294	128,944,934	530,866,293
Deposits and placements with other banks	29,602,727	120,927,140	57,156,348	235,312,685
Loans and advances at amortised cost	747,115,247	3,051,965,784	738,886,150	3,041,994,280
Other financial assets	3,371,652	13,773,198	2,537,454	10,446,698
	<b>915,857,960</b>	<b>3,741,279,766</b>	939,389,181	3,867,465,259
Financial assets at fair value through other comprehensive income	25,000	102,125	25,000	102,925
<b>Total financial assets</b>	<b>915,882,960</b>	<b>3,741,381,891</b>	939,414,181	3,867,568,184
<b>Financial liabilities</b>				
Financial liabilities at amortised cost:				
Deposits from banks and financial institutions	225,191,301	919,906,465	356,790,183	1,468,905,183
Deposits from customers	592,524,797	2,420,463,796	471,022,260	1,939,198,644
Borrowings	272,187	1,111,884	-	-
Lease liabilities	11,020,581	45,019,073	12,863,046	52,957,160
Other financial liabilities	2,257,118	9,220,327	1,175,317	4,838,780
Subordinated debts	20,010,711	81,743,754	20,012,383	82,390,981
<b>Total financial liabilities</b>	<b>851,276,695</b>	<b>3,477,465,299</b>	861,863,189	3,548,290,748
<b>Net financial assets</b>	<b>64,606,265</b>	<b>263,916,592</b>	77,550,992	319,277,436

**35. FINANCIAL RISK MANAGEMENT (CONTINUED)****35.1 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 contracts. Credit exposure arises principally in lending activities.

**a) Credit risk measurement**

Credit risk is managed on a group basis.

For loans and advances and credit commitments, the estimation of credit exposure for risk management purposes requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of default occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) for the purposes of measuring ECL under CIFRS 9.

Deposits and placements with the central bank have no historical loss, and with strong capacity to meet obligations in near term, expected credit loss for deposits and placements with central bank is nil. Deposits and placements with other banks are considered to be low credit risk. The credit ratings of these assets are monitored for credit deterioration. Measurement for impairment is limited to 12-month expected credit loss. Other financial assets at amortised cost are monitored for its credit rating deterioration, and the measurement of impairment follows a three-stage approach in Note 35.1(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; or
- Commercial buildings and lands.

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

The measurement of expected credit loss allowance under the CIFRS 9 three-stage approach is to recognise lifetime expected credit loss allowance for financial instruments for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognised with 12-month expected credit loss allowance.

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement in the credit risk.

## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 CREDIT RISK (CONTINUED)

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

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit-impaired as at reporting date. For these assets, 12-month expected credit loss allowance are recognised.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit loss allowance are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss allowance are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss allowance is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard on the measurement of allowances are:

#### i. Significant increase in credit risk (SICR)

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan/financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition. A borrower is considered to have credit risk increased significantly since initial recognition if one of the criteria are met as follows:

##### *Quantitative criteria*

- Customer has day past due 30 days on its contractual payments as at reporting date
- There is a habitual delinquency. This is based on the monitoring of customer's repayment behaviours which there are at least 2 incidents of 30 days past due based on contractual payment over the past 6 months.

##### *Qualitative criteria*

- 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.
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status.

#### 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:

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## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 CREDIT RISK (CONTINUED)

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

##### ii. Definition of default and credit impaired (continued)

###### *Quantitative criteria*

- The principal or interest or both of the loan is past due for 90 days for long term and 30 days for short term. 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 long term and 30 days or more consecutive days for short term. For the purpose of ascertaining the period in arrears:
  - 1) Repayment on each of the instalment amounts must be made in full. A partial repayment made on an instalment amount shall be deemed to be in arrears.
  - 2) Where a moratorium on loan repayment is granted in relation to the rescheduling and restructuring, the determination of period in arrears shall exclude the moratorium period granted. The moratorium shall be for a period of not more than 6 months from the date of the obligor's/counterparty's application for the moratorium.
  - 3) Where repayments are scheduled on intervals of 90 days or longer for long term loans and 30 days or longer for short term loans, 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*

- 1) The loan is forced impaired due to various reasons, such as bankruptcy, legal action initiated by the Bank for recovery, significant financial difficulty, etc. In the event where a loan is not in default or past due but force impaired, the loan shall be classified as impaired upon approval by the Credit Committee.
- 2) Restructuring and rescheduling of a loan facility involves any modification made to the original repayment terms and conditions of the loan facility following an increase in the credit risk of an obligor/counterparty.
- 3) When an obligor/counterparty has multiple loans with the Bank and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual loan level instead of consolidated obligor/counterparty level.

##### iii. Measuring (ECL - inputs, assumptions and estimation techniques)

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The ECL is assessed and measured on a collective basis.

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for the collective segment. The three components are multiplied together to calculate an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

For individual assessment, the ECL allowance is determined by comparing the outstanding exposure with the present value of cash flow which is expected to be received from the borrowers.



## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 CREDIT RISK (CONTINUED)

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

#### iii. Measuring (ECL - inputs, assumptions and estimation techniques) (continued)

##### *Probability of Default*

The PD represents the likelihood that a borrower will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.

The 12-month PD model is to estimate the yearly default likelihood of the portfolio that can be used to generate lifetime PD curves to cover the assumed lifetime of each account within the portfolio.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition through the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio. This is supported by historical analysis.

##### *Exposure at Default*

EAD is the total amount that the Bank is exposed to at the time the borrower defaults.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or remaining maturity.
- For revolving products, the exposure at default is predicted by taking credit limit time with utilisation at default where credit limit is maximum amount a customer can borrow and utilisation at default is the proportion of the credit limit that is used by the customer at the point of default.

##### *Loss Given Default*

LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The assumptions underlying the ECL calculation are monitored and reviewed periodically. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

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## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 CREDIT RISK (CONTINUED)

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

##### iv. Forward-looking information incorporated into the ECL models

The calculation of ECL incorporates forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD vary by financial instrument. Expert judgement has also been applied in this process. The historical and forecasts of these economic variables (the base economic scenario) are sourced from external research houses. The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates, while LGD is based on the bank's assessment of haircut of collaterals and EAD is based on the expected payment profiles.

In addition to the based economic scenario, the Bank considers other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. As at 31 December 2023 and 31 December 2022, 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 2023 and 31 December 2022 are as follows:

	2023	2022
All portfolios' weightings		
Base	60%	55%
Best	20%	15%
Worst	20%	30%
	100%	100%

##### *Sensitivity analysis*

The most significant assumptions affecting the ECL allowance are gross domestic savings growth and export growth, given the significant impact on obligors' ability to meet contractual repayments, business performance, and collateral valuation.

## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 CREDIT RISK (CONTINUED)

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

#### iv. Forward-looking information incorporated into the ECL models (continued)

##### *Sensitivity analysis (continued)*

Set out below are the changes to the ECL as at 31 December 2023 and 31 December 2022 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\$
<b>2023</b>			
Gross Domestic Saving Growth	+/- 400 basis point	259,624	(265,373)
Export Growth	+/- 300 basis point	229,339	(217,212)
		488,963	(482,585)
In KHR'000 equivalent		1,997,413	(1,971,360)
<b>2022</b>			
Gross Domestic Saving Growth	+/- 400 basis point	335,889	(320,059)
Export Growth	+/- 300 basis point	293,699	(286,312)
		629,588	(606,371)
In KHR'000 equivalent		2,592,014	(2,496,429)

#### 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.

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## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 CREDIT RISK (CONTINUED)

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

##### vii. Modification of loans (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.

##### viii. Off-balance sheet exposures

Off-balance sheet exposures are exposures such as trade finance facilities and undrawn portions of credit facilities. The Bank applied Credit Conversion Factor (CCF) to estimate the EAD of off-balance sheet items. EAD is estimated at 100% of the off-balance sheet exposure using the CCF.

#### d) Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum exposure to credit risk for financial assets recognised in the statements of financial position is their carrying amounts. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Bank on financial instruments subject to impairment:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<b>Credit risk exposure related to on-balance sheet assets:</b>				
Deposits and placements with other banks	29,719,096	121,402,507	57,565,553	236,997,382
Loans and advances at amortised cost	755,089,197	3,084,539,370	750,710,244	3,090,674,075
Other financial assets	3,467,891	14,166,334	2,603,713	10,719,486
<b>Credit risk exposure related to off-balance sheet items:</b>				
Credit related commitments	39,835,758	162,729,072	34,866,651	143,546,002
Financial guarantee contracts	25,809,920	105,433,523	26,693,032	109,895,213
<b>Total gross credit exposure</b>	<b>853,921,862</b>	<b>3,488,270,806</b>	<b>872,439,193</b>	<b>3,591,832,158</b>
Allowance for expected credit loss (ECL)	(8,386,272)	(34,257,921)	(12,427,899)	(51,165,660)
<b>Total net credit exposure</b>	<b>845,535,590</b>	<b>3,454,012,885</b>	<b>860,011,294</b>	<b>3,540,666,498</b>



## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 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, 88% for the Bank (2022: 86%) of total maximum exposure is derived from loans and advances. Management is confident of its ability to continue to control and sustain minimal exposure on credit risk resulting from the Bank's loans and advances due to the following:

- Almost all loans and advances are collateralised and loan to collateral value ranges from 60% to 80%.
- The Bank has a proper credit evaluation process in place for granting of loans and advances to customers.
- Deposits and placements with other banks are held with local banks and management has done proper risk assessment and believe there will be no material loss from these local banks.

#### e) Credit quality of financial assets

The Bank assesses credit quality of loans, advances and financing using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers' judgement.

Credit quality description is summarised as follows:

Credit Quality	Description
Standard monitoring	Obligors in this category exhibit strong capacity to meet financial commitment. The Bank monitors obligors in this category by delinquency status. Obligors that are less than 30 days past due on its contractual payments for both short-term and long-term facilities are in standard monitoring.
Special monitoring	Obligors in this category have a fairly acceptable capacity to meet financial commitments. The Bank monitors obligors in this category by delinquency status. Obligors that are 30 days past due on its contractual payments are included in special monitoring.
Default/Credit impaired	Obligors are assessed to be impaired.

The credit quality of financial instruments other than loans, advances and financing are determined based on the ratings of counterparties as defined equivalent ratings of other international rating agencies as defined below:

Credit Quality	Description
Sovereign	Refer to financial assets issued by the central bank/government or guarantee by the central bank/government.
Investment grade	Refers to the credit quality of the financial asset that the issuer is able to meet payment obligation and exposure bondholder to low credit risk of default.
Non-investment grade	Refers to low credit quality of the financial asset that is highly exposed to default risk.
Un-graded	Refers to financial assets which are currently not assigned with ratings due to unavailability of ratings models.
Credit impaired	Refers to the asset that is being impaired.

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## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 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:

	2023				2022			
	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\$	
<b>Deposits and placements with other banks</b>								
Investment grade	10,343,655	-	-	10,343,655	21,447,838	-	-	21,447,838
Un-graded	19,375,441	-	-	19,375,441	36,117,715	-	-	36,117,715
Gross carrying amount	29,719,096	-	-	29,719,096	57,565,553	-	-	57,565,553
Less: Allowance for expected credit loss	(116,369)	-	-	(116,369)	(409,205)	-	-	(409,205)
Net carrying amount	29,602,727	-	-	29,602,727	57,156,348	-	-	57,156,348
<i>In KHR'000 equivalent</i>	120,927,140	-	-	120,927,140	235,312,685	-	-	235,312,685
<b>Loans and advances at amortised cost</b>								
Standard monitoring	549,998,418	-	-	549,998,418	609,799,348	-	-	609,799,348
Special monitoring	-	135,785,187	-	135,785,187	-	90,719,068	-	90,719,068
Default	-	-	69,305,592	69,305,592	-	-	50,191,828	50,191,828
Gross carrying amount	549,998,418	135,785,187	69,305,592	755,089,197	609,799,348	90,719,068	50,191,828	750,710,244
Less: Allowance for expected credit loss	(1,407,698)	(4,169,618)	(2,396,634)	(7,973,950)	(969,581)	(8,961,618)	(1,892,895)	(11,824,094)
Net carrying amount	548,590,720	131,615,569	66,908,958	747,115,247	608,829,767	81,757,450	48,298,933	738,886,150
<i>In KHR'000 equivalent</i>	2,240,993,091	537,649,599	273,323,094	3,051,965,784	2,506,552,151	336,595,422	198,846,707	3,041,994,280

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 CREDIT RISK (CONTINUED)

#### e) Credit quality of financial assets (continued)

	2023				2022			
	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\$
<b>Other financial assets at amortised costs</b>								
Un-graded	3,467,891	-	-	3,467,891	2,603,713	-	-	2,603,713
Gross carrying amount	3,467,891	-	-	3,467,891	2,603,713	-	-	2,603,713
Less: Allowance for expected credit loss	(96,239)	-	-	(96,239)	(66,259)	-	-	(66,259)
Net carrying amount	3,371,652	-	-	3,371,652	2,537,454	-	-	2,537,454
<i>In KHR'000 equivalent</i>	13,773,198	-	-	13,773,198	10,446,698	-	-	10,446,698
<b>Credit commitments and financial guarantee contracts</b>								
Standard monitoring	64,612,273	1,033,405	-	65,645,678	61,322,055	237,628	-	61,559,683
Gross carrying amount	64,612,273	1,033,405	-	65,645,678	61,322,055	237,628	-	61,559,683
Less: Allowance for expected credit loss	(176,610)	(23,104)	-	(199,714)	(101,173)	(27,168)	-	(128,341)
Net carrying amount	64,435,663	1,010,301	-	65,445,964	61,220,882	210,460	-	61,431,342
<i>In KHR'000 equivalent</i>	265,281,625	4,159,409	-	269,441,034	252,046,371	866,464	-	252,912,835

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## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 CREDIT RISK (CONTINUED)

#### f) Loss allowance

##### i. Expected credit loss reconciliation – loans and advances

	2023				2022			
	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\$
Expected credit losses								
Loss allowance as at 1 January	969,581	8,961,618	1,892,895	11,824,094	2,736,646	11,307,440	1,109,379	15,153,465
Changes due to exposure:								
Transfer to stage 1	22,024	(22,024)	-	-	2,315	(2,315)	-	-
Transfer to stage 2	(329,302)	329,302	-	-	(237,762)	237,762	-	-
Transfer to stage 3	(322,619)	(351,214)	673,833	-	(176,247)	(1,075,317)	1,251,564	-
Net remeasurement of loss allowance (*)	985,898	(3,997,583)	2,208,604	(803,081)	(1,251,894)	(1,267,128)	548,034	(1,970,988)
New financial assets originated or purchased	286,357	2,737,494	-	3,023,851	345,011	22,744	16	367,771
Write-offs	-	-	(1,991,115)	(1,991,115)	-	-	(836,098)	(836,098)
Financial assets derecognised during the year other than write off	(204,241)	(3,487,975)	(387,583)	(4,079,799)	(448,488)	(261,568)	(180,000)	(890,056)
Loss allowance as at 31 December	1,407,698	4,169,618	2,396,634	7,973,950	969,581	8,961,618	1,892,895	11,824,094
In KHR'000 equivalent	5,750,446	17,032,890	9,790,250	32,573,586	3,991,765	36,894,981	7,793,049	48,679,795
Gross carrying amount								
Gross carrying amount as at 1 January	609,799,348	90,719,068	50,191,828	750,710,244	544,035,486	101,274,912	29,361,724	674,672,122
Changes due to financial instruments recognised:								
Transfer to stage 1	8,456,587	(8,456,587)	-	-	1,447,652	(1,447,652)	-	-
Transfer to stage 2	(11,271,597)	11,271,597	-	-	(3,753,668)	3,753,668	-	-
Transfer to stage 3	(11,518,703)	(4,036,050)	15,554,753	-	(13,785,679)	(9,125,848)	22,911,527	-
Net remeasurement of loss allowance	(34,744,232)	(2,910,431)	7,430,645	(30,224,018)	(41,071,409)	2,037,988	3,749,622	(35,283,799)
New financial assets originated or purchased	119,286,175	88,229,171	-	207,515,346	214,292,870	177,147	189	214,470,206



## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 CREDIT RISK (CONTINUED)

#### f) Loss allowance (continued)

#### i. Expected credit loss reconciliation – loans and advances (continued)

	2023				2022			
	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\$
Write-off	-	-	(1,991,115)	(1,991,115)	-	-	(2,280,604)	(2,280,604)
Financial assets derecognised during the year other than write off	(130,009,160)	(39,031,581)	(1,880,519)	(170,921,260)	(91,365,904)	(5,951,147)	(3,550,630)	(100,867,681)
Gross carrying amount as at 31 December	549,998,418	135,785,187	69,305,592	755,089,197	609,799,348	90,719,068	50,191,828	750,710,244
<i>In KHR'000 equivalent</i>	<b>2,246,743,538</b>	<b>554,682,489</b>	<b>283,113,343</b>	<b>3,084,539,370</b>	2,510,543,916	373,490,403	206,639,756	3,090,674,075

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

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

	2023				2022			
	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\$
Expected credit losses								
Loss allowance as at 1 January	101,170	27,171	-	128,341	257,290	111,198	-	368,488
Changes due to exposure:								
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	6,303	(4,964)	-	1,339	(69,093)	(84,027)	-	(153,120)
New exposure	133,309	897	-	134,206	59,859	-	-	59,859
Exposure derecognised or expired	(64,172)	-	-	(64,172)	(146,886)	-	-	(146,886)
Loss allowance as at 31 December	176,610	23,104	-	199,714	101,170	27,171	-	128,341
<i>In KHR'000 equivalent</i>	<b>721,452</b>	<b>94,380</b>	-	<b>815,832</b>	416,517	111,863	-	528,380

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## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 CREDIT RISK (CONTINUED)

#### f) Loss allowance (continued)

#### ii. Expected credit loss reconciliation – credit commitments and financial guarantee contracts (continued)

	2023				2022			
	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\$
<b>Exposure</b>								
Exposure amount as at 1 January	61,322,379	237,304	-	61,559,683	51,594,676	666,141	-	52,260,817
<i>Changes due to financial instruments recognised:</i>								
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	(4,924,511)	662,801	-	(4,261,710)	3,990,530	(428,837)	-	3,561,693
New exposure	45,562,290	133,300	-	45,695,590	35,969,339	-	-	35,969,339
Exposure derecognised or expired	(37,347,885)	-	-	(37,347,885)	(30,232,166)	-	-	(30,232,166)
Gross carrying amount as at 31 December	64,612,273	1,033,405	-	65,645,678	61,322,379	237,304	-	61,559,683
<i>In KHR'000 equivalent</i>	263,941,135	4,221,460	-	268,162,595	252,464,234	976,981	-	253,441,215

#### 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 2023 and 31 December 2022. For this table, the Bank has allocated exposure to countries based on the country of domicile of its counterparties.

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## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 CREDIT RISK (CONTINUED)

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

#### i) Geographical sector (continued)

	Cambodia	USA	Others	Total
	US\$	US\$	US\$	US\$
<b>31 December 2023</b>				
Deposits and placements with other banks	10,947,716	18,484,811	170,200	29,602,727
Loans and advances at amortised cost	747,115,247	-	-	747,115,247
Other financial assets	3,371,652	-	-	3,371,652
Credit commitments	39,678,083	-	-	39,678,083
Financial guarantee contracts	25,767,881	-	-	25,767,881
<b>Total credit exposure</b>	<b>826,880,579</b>	<b>18,484,811</b>	<b>170,200</b>	<b>845,535,590</b>
<i>In KHR'000 equivalent</i>	3,377,807,165	75,510,453	695,267	3,454,012,885
<b>31 December 2022</b>				
Deposits and placements with other banks	40,194,543	16,757,105	204,700	57,156,348
Loans and advances at amortised cost	738,886,150	-	-	738,886,150
Other financial assets	2,537,454	-	-	2,537,454
Credit commitments	34,782,864	-	-	34,782,864
Financial guarantee contracts	26,648,478	-	-	26,648,478
<b>Total credit exposure</b>	<b>843,049,489</b>	<b>16,757,105</b>	<b>204,700</b>	<b>860,011,294</b>
<i>In KHR'000 equivalent</i>	3,470,834,746	68,989,001	842,750	3,540,666,497

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## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 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	Loans and advances	Other financial assets	Credit commitments	Financial guarantee contracts	Total
	US\$	US\$	US\$	US\$	US\$	US\$
<b>31 December 2023</b>						
Financial institutions	29,602,727	22,488,230	-	677,648	-	52,768,605
Hotels and restaurants	-	67,726,075	-	1,248,828	-	68,974,903
Retail	-	93,764,113	-	5,056,225	-	98,820,338
Wholesale	-	52,956,230	-	1,370,426	74,370	54,401,026
Manufacturing	-	13,995,894	-	117,208	-	14,113,102
Agriculture, forestry and fishing	-	14,938,926	-	211,440	-	15,150,366
Mortgage, owner-occupied housing	-	178,264,813	-	797,589	-	179,062,402
Rental and operational leasing activities, excluded real estate, leasing and rental	-	28,289,250	-	609,765	-	28,899,015
Transport and storage	-	5,848,249	-	502,863	-	6,351,112
Utilities	-	21,178,612	-	133,701	-	21,312,313
Real estate activities	-	106,378,687	-	2,673,476	2,271,026	111,323,189
Construction	-	36,607,247	-	1,299,888	23,312,243	61,219,378
Other non-financial services	-	6,510,856	-	94,141	-	6,604,997
Information media and telecommunications	-	968,581	-	89,889	-	1,058,470
Others	-	97,199,484	3,371,652	24,794,997	110,241	125,476,374
<b>Total credit exposure</b>	<b>29,602,727</b>	<b>747,115,247</b>	<b>3,371,652</b>	<b>39,678,084</b>	<b>25,767,880</b>	<b>845,535,590</b>
<i>In KHR'000 equivalent</i>	120,927,140	3,051,965,784	13,773,198	162,084,973	105,261,790	3,454,012,885



## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 CREDIT RISK (CONTINUED)

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

##### ii. Industry sector (continued)

	Deposits and placements with other banks	Loans and advances	Other financial assets	Credit commitments	Financial guarantee contracts	Total
	US\$	US\$	US\$	US\$	US\$	US\$
<b>31 December 2022</b>						
Financial institutions	57,156,348	35,280,318	-	1,196,324	-	93,632,990
Hotels and restaurants	-	63,861,295	-	686,300	20,197,131	84,744,726
Retail	-	96,837,221	-	5,596,022	-	102,433,243
Wholesale	-	33,960,539	-	-	-	33,960,539
Manufacturing	-	15,410,426	-	988,050	-	16,398,476
Agriculture, forestry and fishing	-	22,565,519	-	199,484	-	22,765,003
Mortgage, owner-occupied housing	-	172,727,878	-	1,070,347	-	173,798,225
Rental and operational leasing activities, excluded real estate, leasing and rental	-	27,049,589	-	-	-	27,049,589
Transport and storage	-	5,051,832	-	1,042,492	46,061	6,140,385
Utilities	-	22,466,875	-	102,915	-	22,569,790
Real estate activities	-	101,566,740	-	7,136,434	-	108,703,174
Construction	-	35,947,000	-	1,362,517	6,163,407	43,472,924
Other non-financial services	-	26,781,120	-	5,041,467	-	31,822,587
Information media and telecommunications	-	788,378	-	11,813	-	800,191
Others	-	78,591,420	2,537,454	10,348,699	241,879	91,719,452
<b>Total credit exposure</b>	<b>57,156,348</b>	<b>738,886,150</b>	<b>2,537,454</b>	<b>34,782,864</b>	<b>26,648,478</b>	<b>860,011,294</b>
<i>In KHR'000 equivalent</i>	<i>235,312,685</i>	<i>3,041,994,280</i>	<i>10,446,698</i>	<i>143,201,051</i>	<i>109,711,784</i>	<i>3,540,666,498</i>

#### h) Repossessed collateral

Repossessioned collaterals are sold as soon as practicable. The Bank does not utilise the repossessioned collaterals for its business use.

The Bank did not obtain assets by taking possession of collateral held as security as at 31 December 2023 and 31 December 2022.

## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.2 MARKET RISK

The Bank takes on exposure to market risk, which is the risk that the fair value or future cash flow of a financial instrument, will fluctuate because of changes in market prices. Market risk arises from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The Bank does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge its risk exposure.

#### a) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Bank's functional currency.

The Bank operates in Cambodia and transacts in many currencies, and is exposed to various currency risks, primarily with respect to Khmer Riel.

The management monitors their foreign exchange risk against functional currencies. However, the Bank does not hedge its foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts.

The Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The table below summarises the Bank's exposure to foreign currency exchange rate risk. Included in the table are Bank's financial instruments at their carrying amounts by currency in US\$ equivalent.

## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.2 MARKET RISK (CONTINUED)

#### a) Foreign exchange risk (continued)

	In US\$ equivalent			Total
	US\$	KHR	Other	
<b>As at 31 December 2023</b>				
<b>Financial assets</b>				
Cash on hand	11,707,074	1,359,352	-	13,066,426
Deposits and placements with the central bank	118,211,400	4,490,508	-	122,701,908
Deposits and placements with other banks	29,216,413	209,759	176,555	29,602,727
Financial assets at fair value through other comprehensive income	25,000	-	-	25,000
Loans and advances at amortised cost	667,505,448	79,609,799	-	747,115,247
Other financial assets	3,215,835	155,817	-	3,371,652
<b>Total financial assets</b>	<b>829,881,170</b>	<b>85,825,235</b>	<b>176,555</b>	<b>915,882,960</b>
<b>Financial liabilities</b>				
Deposits from banks and financial institutions	214,874,455	10,316,846	-	225,191,301
Deposits from customers	571,766,620	20,758,177	-	592,524,797
Borrowings	272,187	-	-	272,187
Lease liabilities	11,020,581	-	-	11,020,581
Other financial liabilities	2,257,118	-	-	2,257,118
Subordinated debts	20,010,711	-	-	20,010,711
<b>Total financial liabilities</b>	<b>820,201,672</b>	<b>31,075,023</b>	<b>-</b>	<b>851,276,695</b>
<b>Net position</b>	<b>9,679,498</b>	<b>54,750,212</b>	<b>176,555</b>	<b>64,606,265</b>
<i>In KHR'000 equivalent</i>	<i>39,540,749</i>	<i>223,654,616</i>	<i>721,227</i>	<i>263,916,592</i>
<b>Off-balance sheet</b>				
Credit commitments	38,050,310	1,627,773	-	39,678,083
Financial guarantee contracts	25,767,881	-	-	25,767,881
	<b>63,818,191</b>	<b>1,627,773</b>	<b>-</b>	<b>65,445,964</b>
<i>In KHR'000 equivalent</i>	<i>260,697,310</i>	<i>6,649,453</i>	<i>-</i>	<i>267,346,763</i>

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## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.2 MARKET RISK (CONTINUED)

#### a) Foreign exchange risk (continued)

	In US\$ equivalent			Total
	US\$	KHR	Other	
<b>As at 31 December 2022</b>				
<b>Financial assets</b>				
Cash on hand	9,840,849	2,023,446	-	11,864,295
Deposits and placements with the central bank	120,547,528	8,397,406	-	128,944,934
Deposits and placements with other banks	56,781,650	197,755	176,943	57,156,348
Financial assets at fair value through other comprehensive income	25,000	-	-	25,000
Loans and advances at amortised cost	662,025,850	76,860,300	-	738,886,150
Other financial assets	2,537,454	-	-	2,537,454
<b>Total financial assets</b>	<b>851,758,331</b>	<b>87,478,907</b>	<b>176,943</b>	<b>939,414,181</b>
<b>Financial liabilities</b>				
Deposits from banks and financial institutions	347,139,514	9,650,669	-	356,790,183
Deposits from customers	449,606,541	21,415,719	-	471,022,260
Borrowings	-	-	-	-
Lease liabilities	12,863,046	-	-	12,863,046
Other financial liabilities	1,175,317	-	-	1,175,317
Subordinated debt	20,012,383	-	-	20,012,383
<b>Total financial liabilities</b>	<b>830,796,801</b>	<b>31,066,388</b>	<b>-</b>	<b>861,863,189</b>
<b>Net position</b>	<b>20,961,530</b>	<b>56,412,519</b>	<b>176,943</b>	<b>77,550,992</b>
<i>In KHR'000 equivalent</i>	86,298,620	232,250,341	728,475	319,277,436
<b>Off-balance sheet</b>				
Credit commitments	33,143,636	1,639,228	-	34,782,864
Financial guarantee contracts	26,597,314	51,164	-	26,648,478
	59,740,950	1,690,392	-	61,431,342
<i>In KHR'000 equivalent</i>	245,953,491	6,959,344	-	252,912,835

#### 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.



## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.2 MARKET RISK (CONTINUED)

#### a) Foreign exchange risk (continued)

##### Sensitivity analysis (continued)

	Impact on post tax profit		Impact on other component of equity	
	US\$	KHR'000	US\$	KHR'000
<b>2023</b>				
US\$/KHR exchange rate - increase by 2%	858,827	3,529,779	-	-
US\$/KHR exchange rate - decrease by 2%	(893,881)	(3,673,851)	-	-
<b>2022</b>				
US\$/KHR exchange rate - increase by 2%	884,902	3,616,594	-	-
US\$/KHR exchange rate - decrease by 2%	(921,021)	(3,764,213)	-	-

#### 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.

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## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.2 MARKET RISK (CONTINUED)

#### c) Interest rate risk (continued)

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>As at 31 December 2023</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	13,066,426	13,066,426
Deposits and placements with the central bank	3,744,798	-	3,744,798	-	-	115,212,312	122,701,908
Deposits and placements with other banks	29,138,413	-	-	-	-	464,314	29,602,727
Financial assets at fair value through other comprehensive income	-	-	-	-	-	25,000	25,000
Loan and advances at amortised cost	43,319,752	33,391,591	86,639,054	297,988,757	285,776,093	-	747,115,247
Other financial assets	-	-	-	-	-	3,371,652	3,371,652
<b>Total financial assets</b>	<b>76,202,963</b>	<b>33,391,591</b>	<b>90,383,852</b>	<b>297,988,757</b>	<b>285,776,093</b>	<b>132,139,704</b>	<b>915,882,960</b>
<b>Financial liabilities</b>							
Deposits from banks and financial institutions	103,349,632	118,036,309	-	-	-	3,805,360	225,191,301
Deposits from customers	127,041,902	135,363,060	227,395,790	31,373,743	-	71,350,302	592,524,797
Borrowings	3,098	6,224	28,285	203,093	31,487	-	272,187
Lease liabilities	145,737	290,475	1,217,391	4,354,875	5,012,103	-	11,020,581
Other financial liabilities	-	-	-	-	-	2,257,118	2,257,118
Subordinated debts	20,010,711	-	-	-	-	-	20,010,711
<b>Total financial liabilities</b>	<b>250,551,080</b>	<b>253,696,068</b>	<b>228,641,466</b>	<b>35,931,711</b>	<b>5,043,590</b>	<b>77,412,780</b>	<b>851,276,695</b>
<b>Total interest repricing gap</b>	<b>(174,348,117)</b>	<b>(220,304,477)</b>	<b>(138,257,614)</b>	<b>262,057,046</b>	<b>280,732,503</b>	<b>54,726,924</b>	<b>64,606,265</b>
<i>In KHR'000 equivalent</i>	<i>(712,212,058)</i>	<i>(899,943,789)</i>	<i>(564,782,353)</i>	<i>1,070,503,033</i>	<i>1,146,792,275</i>	<i>223,559,485</i>	<i>263,916,593</i>
<b>Off-balance sheet</b>							
Credit commitments	12,958,332	12,853,133	11,793,591	174,912	1,898,115	-	39,678,083
Financial guarantee contracts	80,000	20,070,117	5,542,090	75,674	-	-	25,767,881
<b>Total off-balance sheet interest repricing gap</b>	<b>13,038,332</b>	<b>32,923,250</b>	<b>17,335,681</b>	<b>250,586</b>	<b>1,898,115</b>	<b>-</b>	<b>65,445,964</b>
<i>In KHR'000 equivalent</i>	<i>53,261,586</i>	<i>134,491,476</i>	<i>70,816,257</i>	<i>1,023,644</i>	<i>7,753,800</i>	<i>-</i>	<i>267,346,763</i>

## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.2 MARKET RISK (CONTINUED)

#### c) Interest rate risk (continued)

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>As at 31 December 2022</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	11,864,295	11,864,295
Deposits and placements with the central bank	20,365,897	9,000,000	-	-	-	99,579,037	128,944,934
Deposits and placements with other banks	21,500,000	16,288,000	13,000,000	-	-	6,368,348	57,156,348
Financial assets at fair value through other comprehensive income	-	-	-	-	-	25,000	25,000
Loan and advances at amortised cost	36,312,594	36,272,855	93,077,577	299,969,498	273,253,626	-	738,886,150
Other financial assets	-	-	-	-	-	2,537,454	2,537,454
<b>Total financial assets</b>	<b>78,178,491</b>	<b>61,560,855</b>	<b>106,077,577</b>	<b>299,969,498</b>	<b>273,253,626</b>	<b>120,374,134</b>	<b>939,414,181</b>
<b>Financial liabilities</b>							
Deposits from banks and financial institutions	73,026,805	128,590,279	152,434,244	-	-	2,738,855	356,790,183
Deposits from customers	154,520,755	84,283,277	204,042,954	3,803,819	-	24,371,455	471,022,260
Borrowings	192,769	347,528	1,549,810	4,780,859	5,992,080	-	12,863,046
Lease liabilities	-	-	-	-	-	1,175,317	1,175,317
Other financial liabilities	20,012,383	-	-	-	-	-	20,012,383
<b>Total financial liabilities</b>	<b>247,752,712</b>	<b>213,221,084</b>	<b>358,027,008</b>	<b>8,584,678</b>	<b>5,992,080</b>	<b>28,285,627</b>	<b>861,863,189</b>
<b>Total interest repricing gap</b>	<b>(169,574,221)</b>	<b>(151,660,229)</b>	<b>(251,949,431)</b>	<b>291,384,820</b>	<b>267,261,546</b>	<b>92,088,507</b>	<b>77,550,992</b>
<i>In KHR'000 equivalent</i>	<i>(698,137,068)</i>	<i>(624,385,163)</i>	<i>(1,037,275,807)</i>	<i>1,199,631,304</i>	<i>1,100,315,785</i>	<i>379,128,383</i>	<i>319,277,434</i>
<b>Off-balance sheet</b>							
Credit commitments	4,288,971	5,646,476	18,451,723	2,884,054	3,511,640	-	34,782,864
Financial guarantee contracts	2,415,877	20,357,062	2,587,292	1,288,247	-	-	26,648,478
<b>Total off-balance sheet interest repricing gap</b>	<b>6,704,848</b>	<b>26,003,538</b>	<b>21,039,015</b>	<b>4,172,301</b>	<b>3,511,640</b>	<b>-</b>	<b>61,431,342</b>
<i>In KHR'000 equivalent</i>	<i>27,603,860</i>	<i>107,056,566</i>	<i>86,617,625</i>	<i>17,177,363</i>	<i>14,457,421</i>	<i>-</i>	<i>252,912,835</i>

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## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.2 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.

### 35.3 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.



## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.3 LIQUIDITY RISK (CONTINUED)

#### c) Non-derivative cash flows (continued)

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 y ears	Over 5 years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
<b>As at 31 December 2023</b>						
<b>Financial assets</b>						
Cash on hand	13,066,426	-	-	-	-	13,066,426
Deposits and placements with the central bank	118,957,572	-	3,763,362	-	-	122,720,934
Deposits and placements with other banks	29,442,989	-	-	-	-	29,442,989
Financial assets at fair value through other comprehensive income	25,000	-	-	-	-	25,000
Loans and advances at amortised cost	45,998,438	38,832,088	110,813,815	419,152,799	466,225,371	1,081,022,511
Other financial assets	3,371,652	-	-	-	-	3,371,652
<b>Total financial assets by remaining contractual maturities</b>	<b>210,862,077</b>	<b>38,832,088</b>	<b>114,577,177</b>	<b>419,152,799</b>	<b>466,225,371</b>	<b>1,249,649,512</b>
<b>Financial liabilities</b>						
Deposits from banks and financial institutions	107,666,309	119,244,050	-	-	-	226,910,359
Deposits from customers	198,549,126	136,805,288	235,417,694	34,329,867	-	605,101,975
Lease liabilities	165,602	330,201	1,395,370	5,226,215	6,175,483	13,292,871
Other financial liabilities	2,257,118	-	-	-	-	2,257,118
Borrowings	3,674	7,348	33,066	220,437	31,943	296,468
Subordinated debts	-	-	-	-	20,010,711	20,010,711
<b>Total financial liabilities by remaining contractual maturities</b>	<b>308,641,829</b>	<b>256,386,887</b>	<b>236,846,130</b>	<b>39,776,519</b>	<b>26,218,137</b>	<b>867,869,502</b>
<b>Net liquidity (gap)/surplus</b>	<b>(97,779,752)</b>	<b>(217,554,799)</b>	<b>(122,268,953)</b>	<b>379,376,280</b>	<b>440,007,234</b>	<b>381,780,010</b>
<i>In KHR'000 equivalent</i>	<i>(402,559,239)</i>	<i>(895,673,107)</i>	<i>(503,381,280)</i>	<i>1,561,892,145</i>	<i>1,811,509,782</i>	<i>1,571,788,301</i>
<b>Off-balance sheet</b>						
Credit commitments	39,868,954	21,898	57,090	80,687	-	40,028,629
Financial guarantee contracts	25,831,429	9,364	31,079	733	-	25,872,605
<b>Liquidity - off-balance sheet</b>	<b>65,700,383</b>	<b>31,262</b>	<b>88,169</b>	<b>81,420</b>	<b>-</b>	<b>65,901,234</b>
<i>In KHR'000 equivalent</i>	<i>268,386,065</i>	<i>127,705</i>	<i>360,170</i>	<i>332,601</i>	<i>-</i>	<i>269,206,541</i>

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## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.3 LIQUIDITY RISK (CONTINUED)

#### c) Non-derivative cash flows (continued)

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 y ears	Over 5 years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
<b>As at 31 December 2022</b>						
<b>Financial assets</b>						
Cash on hand	11,864,295	-	-	-	-	11,864,295
Deposits and placements with the central bank	119,919,375	9,070,792	-	-	-	128,990,167
Deposits and placements with other banks	27,289,427	16,615,970	13,368,010	-	-	57,273,407
Financial assets at fair value through other comprehensive income	25,000	-	-	-	-	25,000
Loans and advances at amortised cost	39,241,274	41,989,259	117,524,318	420,374,774	443,379,767	1,062,509,392
Other financial assets	2,537,454	-	-	-	-	2,537,454
<b>Total financial assets by remaining contractual maturities</b>	<b>200,876,825</b>	<b>67,676,021</b>	<b>130,892,328</b>	<b>420,374,774</b>	<b>443,379,767</b>	<b>1,263,199,715</b>
<b>Financial liabilities</b>						
Deposits from banks and financial institutions	75,979,656	129,853,742	156,446,231	-	-	362,279,629
Deposits from customers	179,033,007	84,995,100	210,391,404	4,201,597	-	478,621,108
Lease liabilities	215,950	393,761	1,757,661	5,750,838	7,531,463	15,649,673
Other financial liabilities	4,177,212	-	-	-	-	4,177,212
Subordinated debts	-	-	-	-	20,012,383	20,012,383
<b>Total financial liabilities by remaining contractual maturities</b>	<b>259,405,825</b>	<b>215,242,603</b>	<b>368,595,296</b>	<b>9,952,435</b>	<b>27,543,846</b>	<b>880,740,005</b>
<b>Net liquidity (gap)/surplus</b>	<b>(58,529,000)</b>	<b>(147,566,582)</b>	<b>(237,702,968)</b>	<b>410,422,339</b>	<b>415,835,921</b>	<b>382,459,710</b>
<i>In KHR'000 equivalent</i>	<i>(240,963,893)</i>	<i>(607,531,618)</i>	<i>(978,623,119)</i>	<i>1,689,708,770</i>	<i>1,711,996,487</i>	<i>1,574,586,627</i>
<b>Off-balance sheet</b>						
Credit commitments	34,895,707	39,231	113,804	221,338	-	35,270,080
Financial guarantee contracts	26,715,277	6,461	25,907	17,204	-	26,764,849
<b>Liquidity - off-balance sheet</b>	<b>61,610,984</b>	<b>45,692</b>	<b>139,711</b>	<b>238,542</b>	<b>-</b>	<b>62,034,929</b>
<i>In KHR'000 equivalent</i>	<i>253,652,421</i>	<i>188,114</i>	<i>575,190</i>	<i>982,077</i>	<i>-</i>	<i>255,397,802</i>

## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The information presented herein represents the estimates of fair values as at the statements of financial position date.

#### a) Financial instruments measured at fair value

##### i) Determination of fair value and fair value hierarchy

The following table presents the Bank's financial assets measured and recognised at fair value at 31 December 2023 and 31 December 2022 on a recurring basis:

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
<b>As at 31 December 2023</b>				
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	25,000	25,000
<b>Total financial assets</b>	-	-	25,000	25,000
<i>In KHR'000 equivalent</i>	-	-	102,125	102,125
<b>As at 31 December 2022</b>				
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	25,000	25,000
<b>Total financial assets</b>	-	-	25,000	25,000
<i>In KHR'000 equivalent</i>	-	-	102,925	102,925

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

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## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

#### a) Financial instruments measured at fair value (continued)

##### i) Determination of fair value and fair value hierarchy (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 a remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using a current lending rate as the prevailing market rates of loans with similar credit risks and maturities have been assessed as insignificantly different to the contractual lending rates. As a result, the fair value of non-current loans and advances to customers might approximate their carrying value as reporting date.

##### iii. Deposits from banks, financial institutions and customers

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

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

##### iv. Other financial assets and other financial liabilities

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



## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

#### b) Financial instruments not measured at fair value (continued)

##### v. Borrowings and subordinated debts

Borrowings and subordinated debts are not quoted in the active market and their fair value approximates their carrying amount because the rates are similar to the prevailing market rates of borrowings with similar terms and maturities.

### 35.5 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:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<b>Tier 1 capital</b>				
Share capital	75,000,000	306,375,000	75,000,000	308,775,000
Retained earnings	9,802,368	38,479,222	8,071,711	31,366,222
Non-distributable reserve	25,000,000	102,125,000	25,000,000	102,925,000
Less: Intangible assets	(5,777,696)	(23,601,888)	(6,856,216)	(28,227,041)
Less: Loans to related parties	(710,773)	(2,903,508)	(1,158,010)	(4,767,527)
	<b>103,313,899</b>	<b>420,473,826</b>	100,057,485	410,071,654
<b>Tier 2 complementary capital</b>				
General provision	6,487,270	26,500,498	7,017,394	28,890,611
Subordinated debts	20,000,000	81,700,000	20,000,000	82,340,000
	<b>26,487,270</b>	<b>108,200,498</b>	27,017,394	111,230,611
<b>Total Capital Tier I + Tier II</b>	<b>129,801,169</b>	<b>528,674,324</b>	127,074,879	521,302,265





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