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ABOUT US

We're one of the leading commercial banks in Cambodia, and we're proud to say that we have a great team of over 4,000 employees, and total assets of over US\$ 2.7 billion. We have three Sathapana Premier Banking halls, a network of 172 branches and counting, as well as more than 295 ATMs, so no matter where you are, we're likely to be nearby.

To make your life easier, we offer a full range of financial and banking services that you might need. From loans, deposits, and iBanking, mobile banking, to debit and credit cards, domestic and foreign remittances, cross-border fund transfers, trade finance, and more, we have you covered. And to make things even more convenient for you, we also offer tax collection services and public service payments with the Ministry of Public Works and Transportation and the Ministry of Labour and Vocational Training.

We're always looking for new ways to improve our services and bring you Everyday Banking Convenience, so we also partner with mobile payment providers such as WING, Pi Pay, TrueMoney, Ly Hour Veluy, eMoney, and Bakong.

Our mobile banking app, Sathapana Mobile, was recognised as the "Best Mobile Banking App" by Global Brands Magazine in the UK and "Mobile Banking & Payment Initiative of the Year" by the Asian Banking & Finance Retail Banking Awards. It's part of our ongoing efforts to serve our forward-thinking customers with the best services and digital experiences.

ASSETS

US\$ 2.77 Billion

CLISTOMER DEPOSITS

US\$ 1.75 Billion

BRANCH NETWORK

172

CUSTOMER LOANS

US\$ 2.11 Billion

NET PROFIT

US\$ 21 Million

EMPLOYEES

4,000+

VISION

To be the most trusted leading bank in Cambodia that provides the best full banking services throughout the country

MISSION

To improve people's businesses and lives by providing the best full banking services with advanced technology throughout the country, while contributing to the sustainable development of Cambodia

CORE VALUES



We are the most trusted bank providing service excellence by delivering promptly on commitments and taking accountability with integrity.

We care about each other, treating everyone fairly with respect, being supportive and responsive.





We welcome new initiatives, seeking continuous improvement to capture new business opportunity.

We commit to being the best in supporting sustainable development for our bank and society.



OUR NETWORK OF BRANCHES



The newest flagship branch in **Phsar Thum Thmei** with a stunning new look and improved banking experience.

SATHAPANA BANK **Annual Report 2022 Annual Report 2022** SATHAPANA BANK

MILESTONES

Since our inception, we, at Sathapana Bank are proud to have been able to serve our customers and contribute to the growth and development of the nation. Over the years, we have achieved numerous milestones—including expanding our branch network, introducing innovative financial products and services, and playing a vital role in supporting key industries and infrastructure projects.

As we look forward to serving you even better, we are proud of the progress the Bank has made and are committed to continue providing you with first-rate customer experiences in the years to come.

- · Officially launched Sathapana Mobile App
- · Soft launched Visa Cards
- · Announced partnerships with Wing, Pi Pay, and Western Union
- Rolled out new Cash Recycling Machines (Deposit ATM)
- · Launched the Aeon Mall 2 Sensok Branch in Phnom Penh



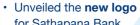


Sathapana Limited was established as a Cambodian non-governmental organization (NGO) in 1995, under the name **Cambodia Community Building (CCB)**



2008

MARUHAN Japan Bank Plc. was established as a fully-licensed commercial bank



- for Sathapana Bank
- Reached **US\$1** Billion in total assets











Sathapana Bank Plc. was established in 2016 as a result of the merger of two financial institutions namely Maruhan Japan Bank Plc., the first Japanese-owned commercial bank in Cambodia established since 2008 and Sathapana Limited, a microfinance institution, established since 1995.

- Best Mobile Banking App Award 2022
- · Mobile Banking & Payment Initiative of the Year
- · Officially launched the "I'm Financially Literate" Executive Program
- Unveiled the revamped Sathapana Mobile app
- Received the Payment Card Industry Data Security Standard (PCI-DSS) and Personal Identification Number (PCI-PIN) Security certificate of compliance from ControlCase



- Launched Sathapana ePayroll
- · Launched Sathapana Gateway
- Introduced Sathapana Neary Credit Card
- New Flagship Branches: "Phsar Thum Thmei Branch" and "Aeon Mall Mean Chey Branch"
- Launched VISA B2B
- · Received two Leadership Awards, "Leadership in Credit Card Issuance 2022" and "Leadership In Innovation For SME 2022" from VISA





- · Started our Transformation Journey
- Best Companies to Work for in Asia 2021 Award
- · Launched the "Women in Business Program"
- · Officially launched Sathapana Premier Banking
- Announced instant fund transfer using Bakong



- · Launched Online Accounts
- · Launched Tax Collection Services
- · Extended partnership with EDC,
- PPWSA, PPSWMA, MLVT and MPWT
- Most Innovative Retail Banking App Cambodia Award
- · Cambodia's Best Employer Brand Award
- Most Innovative Digital Bank Cambodia Award
- New Headquarter Building—"Sathapana Tower"
- · Reached over US \$2 billion in total assets



- Introduced Sathapana Visa Debit & Credit Cards
- · Best Mobile App in Cambodia
- TrueMoney and Ly Hour Veluy Partnerships

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PRODUCTS & SERVICES

Deposits

- Savings Account
- Smart Savings Account
- Corporate Savings Account
- Pension Fund Account
- Current Account
- Current Plus Account
- Term Deposit with Top Up
- Foreign Currency Account (FCA)
- Payroll Account
- MoneyPlus Savings

Bill Payments

- Bulk Payments
- Cash Collection
- Foreign Exchange

Cash Management

Loans

- Business Term Loan
- Overdraft Loan (OD)
- Revolving Credit
- Trade Finance Services
- Agriculture Loan
- Flexi Lending Program
- Auto Loan
- Personal Loan



Channels

- ATMs
- Mobile Banking
- Internet Banking
- Nationwide Branch Networks
- 24/7 Call Center

Sathapana Cards

- Visa Credit Card
- Visa Debit Card
- Virtual Card ATM Card
- Corporate Credit Card
- Credit Neary Card



Life Insurance Solutions with Manulife

- Manulife Group Credit Life Referral
- Manulife Individual Referral

Alliance Partners

- Fund Transfer through Digital Channel
- Cash In through Agents
- Loan Repayment through Agents

Partnerships with the Government

Payment Solutions

- General Department of Taxation
- Ministry of Public Works and Transport
- Ministry of Labor and Vocational Training
- Eletricite Du Cambodge
- Phnom Penh Water Supply Authority
- Phnom Penh Solid Waste Management Authority

Fund Transfers

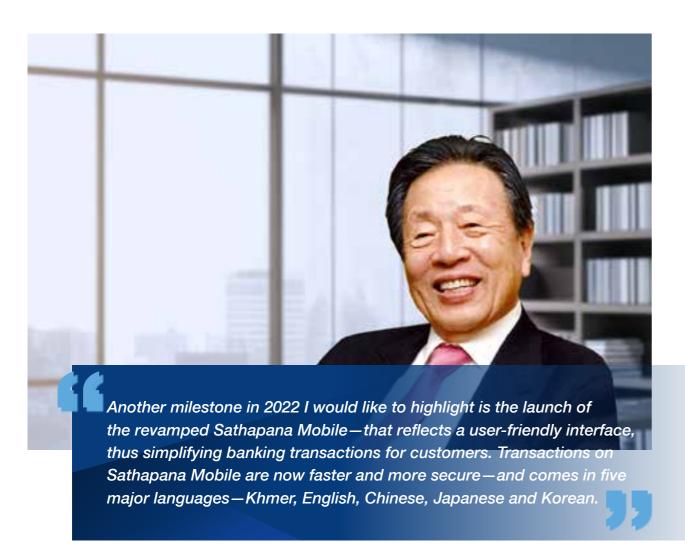
- Domestic Transfer through Bakong, Retail pay, FAST, and NCS
- International Transfer through Western Union, Swift, VISA direct, and VISA B2B connect



Sathapana ePayroll

- Sathapana Gateway
- POS Machine
- Sathapana ePOS
- Cloud POS
- KHQR

MESSAGE FROM THE CHAIRMAN



2022 was a year of economic recovery for many countries with countries gradually reopening its borders amidst the COVID-19 pandemic. However, the Russia-Ukraine crisis in February 2022 led to a sudden rise in energy and commodity prices, disrupted supply chains, and increased volatilities in the global financial market. Inflation soared higher than expected for many central banks and monetary policies were tightened through increased interest rates. Global economic insecurity was fueled even more by US-China tensions. Despite that, Cambodia's economy grew by 5.1% in 2022. According to NBC, this is attributed to the relaxation of regulatory forbearance in the banking sector and a comprehensive roadmap designed to guide the economy as COVID-19 becomes endemic. This roadmap is known as the "Strategic Framework and Programmes for Economic Recovery in the Context of Living with Covid-19 in a New Normal 2021-2023".

As the Cambodian economy started picking up in 2022, we have seen a gradual yet perceptible growth in loans by 9.6% and deposits by 18.7%. Total assets also increased from US\$2,441M in 2021 to US\$2,761M in 2022. Net profit for the Bank stood at US\$21.4M in 2022. We anticipate the net profit to increase this year due to increased consumption with borders now open and travels returning. I believe that Cambodia is well-positioned for growth especially with the reopening of China's borders in early 2023.

As a Bank, we prioritize gender equality and work to provide an inclusive environment for female entrepreneurs—especially those in the SME and MSME sector. As a result, we have seen an increase in female customers by 48% in the past year. Through our "Women in Business (WIB) program", we were able to provide financial and non-financial support to our female clients in 2022. The WIB program provides

our female clients with specially-tailored products like a "Business Installment Loan" that does not require collateral, and "Flexi Lending" that allows women to own a home by borrowing up to 85% of the property value. Under the WIB program, the "I'm Financially Literate (IFL) program" was launched in 2022, in partnership with Khmer Enterprise, Manulife Cambodia, and Credit Guarantee Corporation of Cambodia (CGCC)—to provide training in technical, soft, and entrepreneurial skills. We have received encouraging feedback from our 2 cohorts launched last year on how the training helped tackle some of the biggest obstacles women face in maintaining and scaling up their businesses. Besides that, a monumental milestone in 2022 was when the Bank launched the Neary Credit Card—the first and only women-focused credit card by Sathapana Bank, This unique credit card is an extension Sathapana Bank's effort in empowering women in Cambodia as well as demonstrating our capability to innovate and develop products and services to serve our customers better.

Our mission is also for sustainable development in Cambodia and to meet the national initiative, Cambodian Sustainable Finance Principles (CSFP) by the Association of Banks in Cambodia (ABC). In August 2022, Sathapana Bank partnered with Manulife Cambodia, Station, and Voltra to launch the "Green Mobility Event" to promote "Going Green" and celebrate World EV Day. The goal was to promote the use of electric motorcycles in Cambodia to reduce transportrelated pollution, and prove that electric vehicles are reliable and efficient. The Bank has also launched the "Sathapana Bank Zero Waste Program", allowing employees to donate various items to be given to those in need. We hope this program raises employees' awareness on the importance of waste reduction, recycling and upcycling. Moving forward, the Bank will remain committed to environmental stewardship and lead by example.

Another milestone in 2022 I would like to highlight is the launch of the revamped Sathapana Mobile—that reflects a user-friendly interface, thus simplifying banking transactions for customers. Transactions on Sathapana Mobile are now faster and more secure-and comes in five major languages - Khmer, English, Chinese, Japanese and Korean. The additional launch of Sathapana PAY with KHQR allows Sathapana merchants to seamlessly accept QR payments from others banks that partner with Bakong. This upgrade on Sathapana Mobile led to the Bank receiving the "Best Mobile Banking App Awards 2022" from the UK-based, Global Brands Magazine. On top of that, Sathapana Bank is one of the few banks in Cambodia that have been awarded with the globally recognized "Payment Card Industry Data Security Standard (PCI-DSS) and Personal Identification Number (PCI-PIN) Security certificates of compliance" from

ControlCase. This reflects our efforts to ensure the highest level of security for our customers' data.

2022 was also the year we successfully launched our flagship branch opposite the iconic Phsar Thum Thmei market. We are excited for the opportunity be closer to our customers in the Phsar Thum Thmei community and at the same time; widen our presence in the city. The branch boasts a striking new look, featuring a minimalistic and contemporary ambience. The floor-to-ceiling glass windows, framed in deep blue—our Bank's signature color—allows natural light to compliment the depth and dimension of the banking space throughout the day. With a comfortable banking space and excellent banking services, our flagship branch marks our commitment to take our relationship with our customers to new heights.

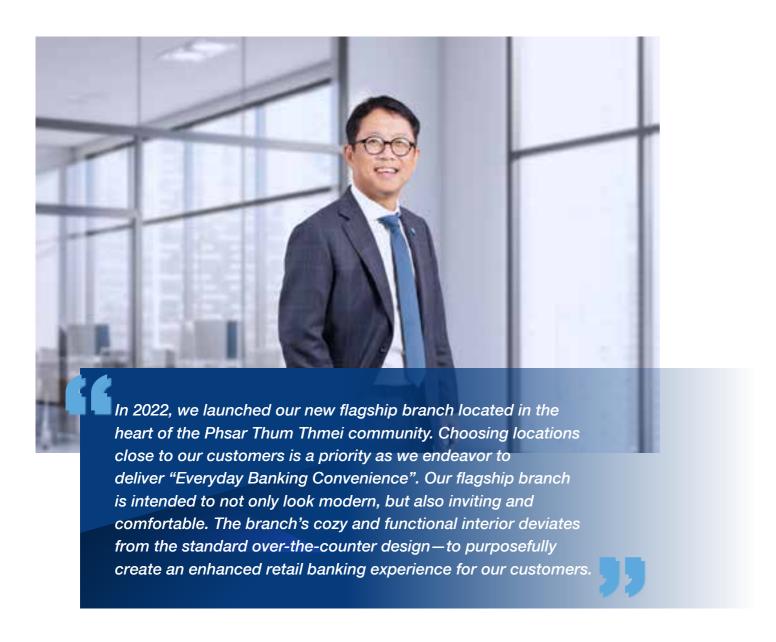
Since the onset of the pandemic, we have been intensifying our digital efforts. We enhanced digital touchpoints to continue meeting customers' banking needs amidst a new normal. Internally, we deployed digital solutions to drive process efficiencies towards improved cost savings and better business performance. By accelerating our digital initiatives, we emerged from the pandemic as a more dynamic and resilient bank. Our digital transformation is underpinned by a commitment to creating sustainable value for stakeholders—from enhancing customer experience to generating greater returns for shareholders. In 2023, we will continue to develop our product and services offerings—including digital touchpoints to extend our market presence in Cambodia. New products to look forward to are Sathapana ePayroll, Sathapana Gateway, POS Machine, Sathapana Epos, and Cloud POS.

Finally, I would like to express my sincere thanks to our customers and stakeholders for your support and thank to SPNB's management and employees for your commitment and effort throughout 2022. I look forward to a strong year ahead as we stay true to our core values of Service excellence, People first, New ideas, and Building sustainability.

DR. HAN CHANG-WOOChairman of the Board

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MESSAGE FROM THE CEO



2022 Economic Environment

The past few years have been economically challenging both in the Kingdom of Cambodia and around the world. The global economy faced multiple threats in 2022—escalating geopolitical tensions, stubbornly high inflation, and roiling financial markets. Supply chain disruptions amidst the COVID-19 pandemic were

further exacerbated by the war between Russia and Ukraine. This precipitated a spike in food, commodity, and energy prices. Inflation in the United States exceeded 8%, reaching a 40-year high—while major currencies faced significant downward pressure.

For banks, the higher interest rates drove up capital volatility, resulting in higher competition for deposits and margin compressions. Over the pandemic, Sathapana Bank responded to the government's call to alleviate the hardship of Cambodians by re-structuring of total accounts 21,951. As the economy progressively recovered in the past year, the National Bank of Cambodia (NBC) gradually withdrew its regulatory forbearance starting June 2022—and ensured banks assessed its loan restructuring plans to make necessary provisions. The additional loan provision coupled with higher capital adequacy and liquidity coverage ratio will ensure a healthy and robust banking system in Cambodia.

Performance and Achievements

Notwithstanding a difficult year, our total assets reached US\$2,761 million, a 13.1% growth from 2021. Total loan outstanding grew by 9.6%, while total customer deposits grew by 18.7%. To ensure our growth was well-funded, we further strengthened our liquidity management through a robust Assets and Liabilities Management (ALM) process, where we constantly reviewed our asset-liability mismatch through funding and maturity gap. On top of liquidity management, we also established a prudent capital structure and observed a stringent risk and compliance management culture to support our growth plan and maintain a healthy balance sheet.

2021 was the year we launched our "12 Strategic Initiatives" as part of our 3-year transformation plan for Sathapana Bank to become one of the leading commercial banks in Cambodia. In 2022, we ramped up efforts to see this transformation plan actualized by sharpening our focus on the retail client segment, expanding our product suites, establishing new

sales channels, investing in our digital capabilities and strengthening our corporate structure. Over the year, several initiatives were introduced to improve the Bank's operating efficiency. We saw increased sales productivity through refinement of our sales management process and optimization of processing costs by centralizing back-end functions. The Bank also saw higher CASA growth to cushion the rising cost of deposits and improve our overall interest margins.

We recognize that digitalization has become table stakes at most banks. Therefore, in April 2022, we launched the revamped Sathapana Mobile app personifying a new, user-friendly interface—making Everyday Banking Convenience more of a reality for our customers. Our investment into Sathapana Mobile was duly recognized through the 2 awards we received last year. The Bank was awarded, "Best Mobile Banking App Awards 2022" and "Mobile Banking and Payment Initiative of the Year" from the UK-based Global Brands Magazine. Besides that, we deepened our partnership with mobile payment providers like True Money and Lyhour PayPro—allowing us to offer a more convenient fund transfer and loan repayment process for customers. As a result of this partnership, our digital payment business registered a YoY growth of 112 times US\$249 Million and 11.5 times (600K) in value and number of digital transactions.

In 2022, we launched our new flagship branch located in the heart of the Phsar Thum Thmei community. Choosing locations close to our customers is a priority as we endeavor to deliver "Everyday Banking Convenience". Our flagship branch is intended to not only look modern, but also inviting and comfortable. The branch's cozy and functional interior deviates from the standard over-the-counter design—to purposefully

create an enhanced retail banking experience for our customers. With a full suite of banking products and team of financial advisors and knowledgeable experts to assist customers, we look forward to bringing "Service Excellence" to even greater heights. Besides the launch of our flagship branch—in the pipeline are plans to expand our retail footprint to include an additional 13 new locations in key areas across Cambodia—while also revamping 7 of our existing branches to have similar, modern makeovers as our Phsar Thum Thmei branch.

Financial Inclusion for Women

Besides our commitment to uphold gender equality in our Bank's workforce—we are invested in promoting financial inclusion for our customers. Almost half of our Bank's clients are female—and besides our corporate and retail customers, we also focus on SME lending in sub-urban and rural areas—which hold a high share of agricultural and female clients. Therefore, in 2022 we took on the 2X Challenge with FMO Entrepreneurial Bank in recognizing women as a strategic client group. 2X Challenge—an International Gender Lens Investing Initiative, strives to provide women in developing markets with improved access to leadership opportunities, quality employment, finance, enterprise support, and products and services that enhance economic participation. Under the 2X Challenge, the Bank worked closely with Finnfund to study the MSME segment to understand the unmet needs of women in this area. This led to the launch of the "Women in Business (WIB) Program" - designed to support women, especially in the SME segment.

Under the WIB program, the Bank offers a range of financial products to support women in applying for loans, accessing digital payment solutions, and opening saving accounts. On the non-financial end, we partnered with Khmer Enterprise, Credit Guarantee Corporation of Cambodia (CGCC), and Manulife Cambodia to launch the "I'm Financially Literate

(IFL) Program" in 2022. Our goal for this program is simple—we wanted to create an impactful financial literacy program to help entrepreneurs, especially women, better understand their finances in order to improve their businesses. So far, we had 5 cohorts comprising over 150 business owners— of which, 129 recently graduated in 2023.

With our unique investment in SME development and women empowerment, I believe that Sathapana Bank is strategically positioned to positively contribute to the growth of the country's economy.

Valuing our People

At Sathapana Bank, we believe that our people are our greatest asset. In the past year, we have stayed true to our "People First" culture—and maintained a safe, diverse, and inclusive culture for our strong workforce of over 4,400 Cambodians. The Board fully supports efforts to accommodate, embrace, and celebrate diversity within our ranks towards building a strong leadership pipeline.

In 2022, we launched the "I Love Sathapana Program" to foster employee engagement. Sathapana Cup, Staff Movie Night, and Sathapana Cycling Day were amongst the various initiatives under this program. To promote work-life balance and employee wellness, the Bank also started conducting Zumba and Yoga classes for employees after work hours. That aside, we acknowledge the importance of helping our employees upskill by providing them with the required resources. Thus, Sathapana Academy was created as an online platform where our employees can easily access a range of learning materials on topics like management, leadership skills, banking and more—at any time.

Towards Future Growth

The next 3 years is of critical importance for Sathapana Bank as we ramp up on our transformation journey by strengthening our infrastructure, delivery channels, product line, and customer services. Against a softening economic landscape and an ambitious transformation strategy, we intend to stay the course and persevere, making adjustments where necessary as we adopt an agile way of working. There is an undeniable sense of momentum. We have never been clearer about the bank we want to be, and we have made significant progress over the past year in bringing this vision to life.

Our focus, as always, will be on our customers. We will continue to refine our "People First" culture to create a seamless customer journey and brand interaction across our physical and digital touchpoints. Leveraging our robust data analytics and machine learning capabilities, we intend to meet customers' needs and convert their pain points into strategically curated end-to-end digital solutions. Improvement in speed and convenience are among our key focus areas in delivering a differentiated customer experience. This will ensure our digital platforms fully realize their potential in enhancing accessibility and inclusion, bringing "Service Excellence" to all our customers in the years to come.

Through our relentless commitment to excellence, I believe that we are changing the trajectory of Sathapana Bank to close the gap with our competitors and deliver a new era of success for all our stakeholders.

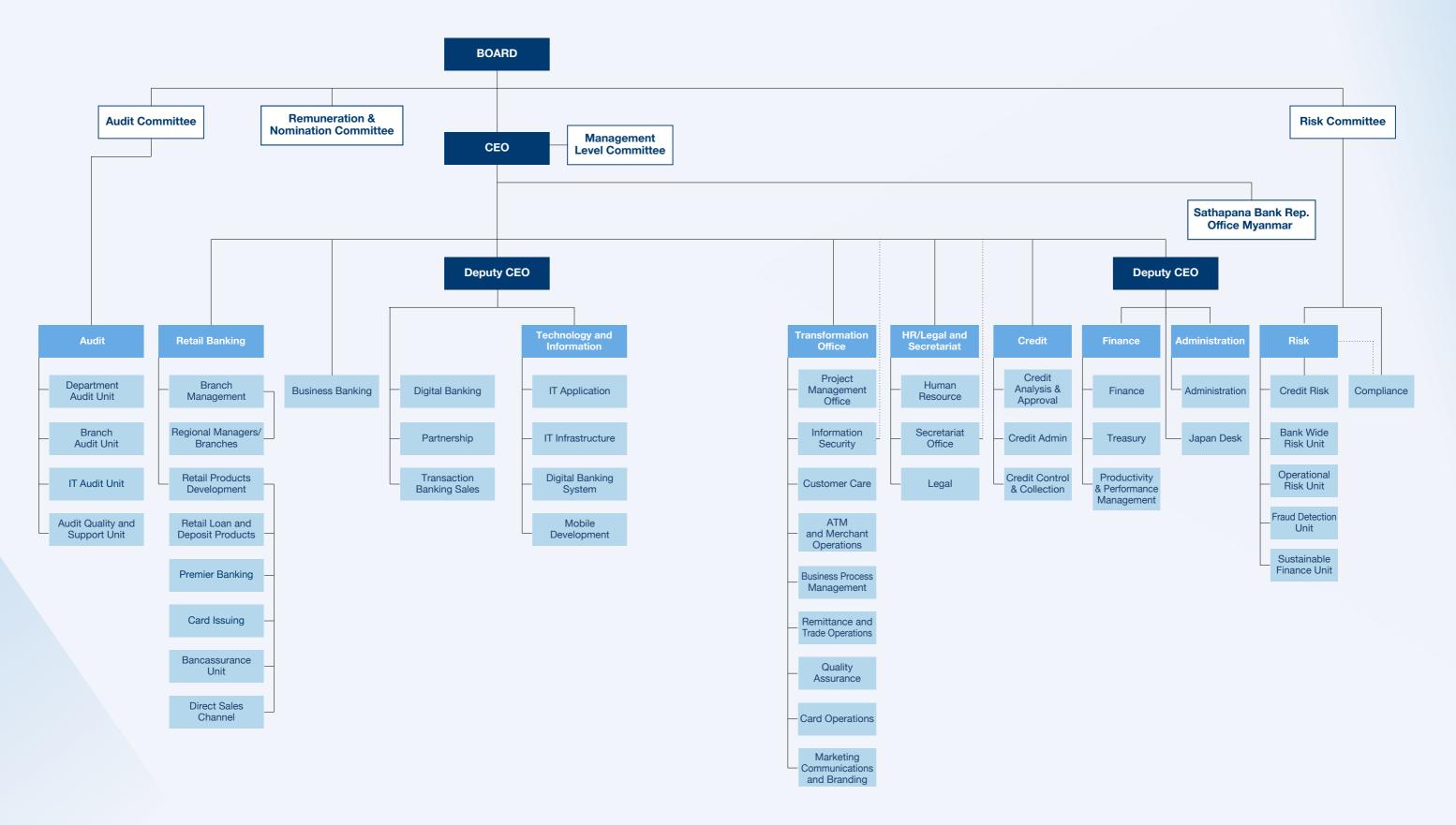
Appreciation

I would like to thank the Board of Directors and Management Team for their invaluable leadership in making Everyday Banking Convenience a reality for our customers. My sincere appreciation also goes out to our shareholders, customers, business partners and all other stakeholders for your continued support, trust, and loyalty in progressing with us through a challenging business environment. We are grateful for our all Sathapana Bank employees who have contributed countless hours to deliver results, in many cases going over and beyond what is required. You represent what it means to create value for our customers, shareholders, communities, and all other stakeholders. It is a pleasure to be part of a dynamic working environment together with such a dedicated team.

Last but not least, I would like to extend my gratitude to the National Bank of Cambodia and the Royal Government of Cambodian for their continuous support and guidance given to us over the year.

MR. FUNG KAI JIN
Chief Executive Officer

ORGANIZATIONAL STRUCTURE



BOARD OF DIRECTORS PROFILE



DR. HAN CHANG-WOODirector and Chairman

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Dr. HAN Chang-Woo is the founder, Chairman, and CEO of MARUHAN Corporation of Japan, which operates and manages a variety of entertainment and amusement facilities such as golf courses, driving ranges, bowling alleys, game centers, restaurants, and pachinko parlors. He founded MARUHAN Corporation in 1957 and saw the business grow rapidly, with earnings over US\$ 25 billion in annual sales. MARUHAN Corporation is known as the industry's leading company in Japan. The success in the company's business growth comes from Dr. Han's determination in challenges, and strong belief in pursuing customer satisfaction. Currently, he actively participates in several associations and sits as Honorary Chief Advisor of Han Chang-Woo Tetsu Cultural Foundation, Director of the Kyoto UNESCO Association, Director of the United Nations Association of Japan Kyoto Headquarters, Director of Tokyo Philharmonic, Chairman of the World Federation of Korean Chambers of Commerce and Industry and Honorary Advisor of the Central Association of Japan-Korea Friendship Societies. He obtained his Bachelor of Political Economics degree from Hosei University in 1953.



MR. HAN KEN
Director

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Mr. HAN Ken joined MARUHAN Corporation in 2000, after working for Nomura Securities since 1998. In 2007, he was appointed as Director of MARUHAN Corporation and in 2014, rose to become Managing Director. In 2020, he was subsequently appointed as Representative Director. In 2021, he was appointed as President of Financial Company. He is also the Managing Director and CEO/President of MARUHAN Investment Asia Pte. Ltd. that has its financial headquarters in Singapore. He manages its financial subsidiaries such as Sathapana Bank Plc., Sathapana Limited in Myanmar, and MARUHAN Japan Bank Lao. He obtained his Bachelor of Law degree from DOSHISHA University in 1997.



MR. IWASA TOMOYUKI Director

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Mr. IWASA Tomoyuki has over 30 years' banking business experience since he started his career in 1989 at Mizuho Bank Ltd. in Japan. He covered various positions in corporate banking area including business promotion, strategic planning, risk management, and credit both for domestic and international markets. After his final career at Mizuho Bank as Deputy General Manager of Americas Credit Department at New York, he joined MARUHAN Corporation in August 2019, the shareholder of Sathapana Bank Plc. and currently serves as Corporate Officer of Financial Company and General Manager of Banking Business Department and Strategic Planning Department. Mr. Iwasa obtained a Master of Business Administration degree from Vanderbilt University (U.S.A.) in 2000 and a Bachelor of Economics degree from The University of Tokyo (Japan) in 1989.



H.E. SHINOHARA KATSUHIRO
Independent Director

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H.E. SHINOHARA Katsuhiro has a history with Cambodia that spans over 50 years. In 1967, he first arrived in Cambodia as a Japanese Diplomat. He spent his first 2 years in Wat Ounalom Pagoda in Phnom Penh; of which, 7 months he spent as a monk studying language, and Khmer culture, before taking up the position as Secretary Officer at the Japanese Embassy in Cambodia. After returning to Cambodia for as a Senior Consular Official at the Japanese Embassy in Cambodia (from 1991-1994 and 2001-2004 respectively), he eventually cemented his relationship with Cambodia by serving as the Japanese Ambassador to the Kingdom of Cambodia from 2007 to 2009. Since December 2012, has sat on Sathapana Bank's board as an Independent Director and committee member. Current, he is the Chief Representative of CIESF's (the NGO, Cambodia International Education Support Foundation of Japan) Cambodian Office in Phnom Penh.

BOARD OF DIRECTORS PROFILE



MR. NAKAGOME AKIHIRO

Independent Director

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Mr. NAKAGOME Akihiro has 30 years of experience in accounting audits, tax consulting, and Official Development Assistance (ODA) consulting under the CPA qualification in EY Japan. ODA projects he was involved in includes improving the governance code of the banking sector in Mongolia, and the streamlining of tax administration in Cambodia. After serving as Director of EY Consulting Company in Japan until 2017, he established SC Japan Co., Ltd. and provided consulting services as its CEO. In August, 2021, Mr. Nakagome joined Sathapana Bank Plc. as an Independent Director. In 1980, he obtained his bachelor's degree from the Department of Electrical Engineering, Faculty of Engineering at Yamanashi University, and in 1994, he qualified as a Certified Public Accountant in Japan.



H.E. KIM VADA
Independent Director

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H.E. KIM Vada had over 37 years of working experience at the National Bank of Cambodia (NBC). He started as the Head of NBC's Kandal Provincial Branch and made his way up to becoming Director General of Banking Supervision Directorate. During his time at the central bank, he held several senior positions in the banking field, covering the areas of risk management (market, credit, liquidity, operational risks, etc.), corporate governance, and business strategy. He played a key role in restructuring the banking system successfully in Cambodia during the 2000s, by developing a competitive, safe and sound banking system which was well-regulated and supervised. He had also effectively mobilized savings for financing to stimulate the growth of the Cambodian economy. H.E. Vada obtained a Bachelor of Law degree in 1975, a bachelor's degree in Banking in 1985, and an MBA majoring in Finance, from Charles Sturt University of Australia in 2003. He was also sought after as a lecturer and guest speaker at several well-known universities in Cambodia. Besides that, over the last 10 years, he has actively participated as a prominent speaker in various conferences and seminars pertaining to the regulatory and supervisory framework, banking and microfinance supervision, mobile banking, as well as financial inclusion, both locally and internationally. In the international sphere, he held the position of the Chairman of Asia Pacific Rural and Agricultural Credit Association (APRACA) from July 2012 to June 2014 and was an executive member of Alliance for Financial Inclusion (AFI) from January 2015 to June 2017.

EXECUTIVE COMMITTEE



MR. FUNG KAI JIN
Chief Executive Officer
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Mr. FUNG Kai Jin has more than 30 years of banking experience with international and regional financial institutions. Prior to Sathapana Bank Plc., he was Head of SME Division/ Deputy CEO of VPBank Vietnam. He was also Executive Vice President. Head of Commercial Banking at Alliance Bank Malaysia Berhad and General Manager, SME Banking at Standard Chartered Bank Malaysia Berhad. Mr. Fung obtained his Master of Business Administration from Curtin University, Western Australia and Bachelor of Construction Economics from Royal Melbourne Institute of Technology, Melbourne, Australia.



MR. KENJI KUROKI
Deputy Chief Executive Officer
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Mr. Kenji KUROKI has over 30 years of commercial banking experience, since he started his career in 1989 at The Sumitomo Bank, Limited (subsequently changed to Sumitomo Mitsui Banking Corporation, aka "SMBC") in Japan. Most of his experience was centered in emerging markets within the Southeast Asia region. In SMBC, he served as the Planning Manager of PT Bank Sumitomo Mitsui Indonesia from 1996 until 2003. He served as Deputy General Director of Vietnam Eximbank, the then affiliate of SMBC in Vietnam, from 2008 until 2015. In May 2018, he left SMBC and joined MARUHAN Corporation, the ultimate shareholder of Sathapana Bank Plc. In December 2021, he assumed the current position of Deputy Chief Executive Officer at Sathapana Bank Plc. Mr. Kuroki received a Bachelor of Arts degree in Indochinese Studies from Tokyo University of Foreign Studies in



MR. JEAN PIERRE
GAGNON
Deputy Chief Executive Officer

Mr. Jean Pierre GAGNON, Deputy Chief Executive Officer of Sathapana Bank Plc., has more than 20 years' experience leading organizations in the fintech and payment industries. Before joining Sathapana Bank, he was the CEO of beFinancial, in Vietnam, and CEO of Eko-Pay. In his previous roles, he drove the development, integration, and implementation of proprietary solutions within various banks and card schemes such as Visa and Mastercard. Over the years, Mr. Gagnon drove sales of POS systems, loyalty programs, co-branded cards, digital financial solutions and digital banking products across North-America, Europe, and APAC regions. With a global lens and profound knowledge of business development activities, payment solutions, processing infrastructure, issuing, and acquiring, he oversees Transaction Banking, IT and Digital Products. He drives partnership development while coaching and building high-performing teams in Sathapana Bank.

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EXECUTIVE COMMITTEE



MS. JENNIFER LEE
CHEAU LIN
Chief Transformation Officer
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Ms. Jennifer LEE Cheau Lin, Chief Transformation Officer of Sathapana Bank Plc., has always been a digital geek at heart since her first exposure to a digital project in 1993. For 26 years, she has accumulated extensive experience in various technology-related industries. Jennifer has worked as a digital service provider, a technopreneur, helped to set up enforcement technology start-ups, and led digital and convergence project in telecommunication companies. She has recently led the IT and Digital divisions to set up a new bank and transformed it from an MFI to a fulledged commercial bank. Jennifer holds a Bachelor of Mass Communications (Hons) degree from the University of Science Malaysia.



MR. SEANG SEREY
Chief Administrative Officers

Mr. Seang Serey has over 25 years of professional experience with various financial institutions and multi-national FMCG companies. He was seconded to be Chief Executive Officer of SATHAPANA Limited, Myanmar before resuming his office with SATHAPANA Bank Plc as Chief Administrative Officer in January 2023. He joined MARUHAN Japan Bank in 2008 as Branch Manager and developed his professional career in many different roles including Head of Main Branch, Head of Sales, Head of Financial Institution, Chief Administrative Officer and Chief Executive Officer.

Mr. Serey obtained his Bachelor of Management degree from MAHARISHI Vedic University in 1997 and Master of Business Administration in 2008 from Charles Sturt University, Australia. During his career he attended various local and international training related with business banking and he is a certified board of director by Myanmar Institute of Director in 2020.



MR. MENG VEASNA
Chief Risk Officer

Mr. MENG Veasna has over 17 years of professional experience in the banking industry and an international audit firm. He was an Audit Manager in PricewaterhouseCoopers (Cambodia) before joining MARUHAN Japan Bank in April 2012, as Head of Internal Audit and later, held other positions such as Head of Corporate Risk Management and then Head of Credit: before the merger in April 2016 between MARUHAN Japan Bank and Sathapana Limited to create a new commercial bank. He continued to serve as Head of Commercial Credit in the newly formed Sathapana Bank until appointed as Chief Risk Officer (CRO) in April 2020. Mr. Veasna obtained his Bachelor of Business Administration degree from the National University of Management in 2002. He passed the exam and became a member of ACCA in 2009, and FCCA in 2014. In September 2019, he obtained his Certified Expert in Risk Management certification from the Frankfurt School of Finance and Management, Germany.



MR. SVOEUY
PONNAKRATH
Chief Financial Officer

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Mr. SVOEUY Ponnakrath has over 18 years of work experience with various companies and financial institutions in Cambodia. He joined Sathapana Bank as CFO in October 2017. Prior to Sathapana Bank Plc., he was the General Manager in charge of the Finance and IT Division of Toyota, Cambodia. He was the Chief Financial Officer (CFO) of a Microfinance Institution in Cambodia before being promoted to CEO within the same institution. Mr. Ponnakrath has an extensive practice in dealing with various international financial institutions and has strong experience in managing various projects in areas like ERP, IT, IFRS, and Core Banking. He is a Project Management Professional (PMP) credential holder, certified by the US-based Project Management Institute. Moreover, he is a Chartered Banker (CB), jointly awarded by the Chartered Banker Institute in the UK and the Asian Institute of Chartered Bankers in Malaysia. He is also a Fellow Member (FCCA) of the Association of Chartered Certified Accountants (ACCA) in the UK. Additionally, he obtained an International MBA from Audencia Business School, one of the top business schools globally and in France. On top of his MBA, he was awarded a Certificate of Management Excellence (CME) credential from Harvard Business School (HBS) in the United States and a Certificate in Business Analytics from Columbia Business School. He is also a member of the Harvard Business Review Advisory Council, an opt-in research community for business professionals.



MR. HONG LUNDY Chief Internal Audit Officer

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Mr. HONG Lundy has more than 17 years of working experience in the banking industry and in one of Cambodia's big four accounting firms. Before joining Sathapana Bank Plc., he was an auditor at PricewaterhouseCoopers, Cambodia, for assurance and advisory services. He served various clients, mainly in the telecom and banking industry. In 2013. Mr. Lundy joined MARUHAN Japan Bank as Head of Internal Audit until its merger in 2016, with Sathapana Limited that formed Sathapana Bank. Since 2016, he led various control sessions for the Bank, including Risk and Compliance, Operational and Market Risk, and Internal Audit. Mr. Lundy obtained his BBA degree from the Institute of Technology and Management, CAT and ACCA qualifications from the Association of Chartered Certifi-ed Accountants (ACCA), and Certified Expert in Risk Management (CERM) certification from the Frankfurt School of Finance and Management, Germany. He was an FCCA, and is IIAP and KICPAA member.



MR. NAK PECHKORSA
Chief Technology and
Information Officer

Mr. NAK Pechkorsa has over 19 years of technology experience with international companies and -financial institutions. Before joining Sathapana Bank Plc., he was the Head of Information Technology at J Trust Royal Bank. He has worked in ANZ Royal Bank and J Trust Royal Bank for over eight years. Mr. Korsa obtained a Master of Business Administration degree from Norton University, and a Bachelor of Economics Informatics degree from the Royal University of Law and Economics. He also holds international certifications in ITIL, COBIT. CPISI. ISO 27001:2013 ISMS Lead Implementer, and ISO 9001:2015 QMS Requirement.

EXECUTIVE COMMITTEE



MR. KOY CHAMROEUNVICHEA

Chief Credit Officer

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Mr. KOY Chamroeunvichea has over 15 years of working experience in the banking industry. Before joining Sathapana Bank, he worked as a Branch Manager at Vattanac Bank for over 8 years. In September 2015, he joined Sathapana Bank as Deputy Head of Credit. He was then promoted to Head of Credit Operations in April 2018, managing a range of units such as retail and commercial credit analysis, credit administration, and collateral valuation.

Over the years, he has led credit functions to deliver remarkable results. He successfully led the Merger Project team in setting up the parameter for credit products and modules in the core banking system. He also developed standard operating procedures and policies, as well as conducted process reengineering and automation. Additionally, he has led the Credit Admin team to improve data quality in the core banking system, which resulted in the Bank obtaining the Data Quality Award from the CBC in October, 2017.

Currently, he is appointed as the Chief Credit Officer of Sathapana Bank. In 2007, Mr. Vichea received his bachelor's degree in management. In 2010, he obtained his Master of Business Administration, majoring in Management, at Norton University, Cambodia.



MS. CHHIM SAM OL

Chief People and Legal Officer

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Ms. CHHIM Sam OI is a key member of Sathapana Bank's senior management team. She currently stands as the Chief of People and Legal Officer, leading two divisions—the Human Resource and Legal & Secretariat department.

Sam OI is a licensed attorney-at-law with the Bar Association of the Kingdom of Cambodia. She has over 10 years of experience in providing quality legal advice and services to domestic and multinational clients. Her experience includes but is not limited to civil and criminal cases. She has also provided legal services in the securities sector for the Security and Exchange Regulator of Cambodia.

Sam OI is a PhD candidate in Royal Academy of Cambodia and holds a dual Master in Land Law from Royal University of Law and University Lumière Lyon 3. She was also awarded the "Scholarship of Royal Government of Cambodia" from 2004 to 2008, where she completed her dual Bachelor's degree in Comparative Law from both Royal University of Law and University Lumière Lyon 2. Additionally, Sam OI has earned a Bachelor of Education in Teaching English as a Foreign Language (TEFL) from Royal University of Phnom Penh, Institute of Foreign Languages (IFL).

Her professional accolades include he CEDR Mediator Accreditation of United Kingdom in 2022 and the completion of the International Entry Course to be a member of SIArb (Singapore Institute of Arbitration) in 2017. She also served as a fellow researcher in the National University of Singapore in 2010.

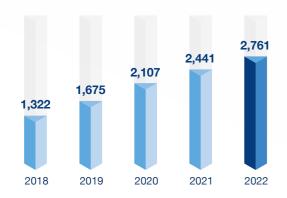


KEY FINANCIAL

HIGHLIGHTS

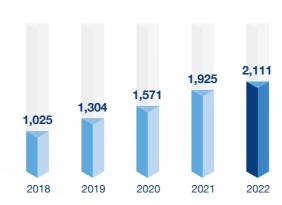
TOTAL ASSETS

US\$ Millions



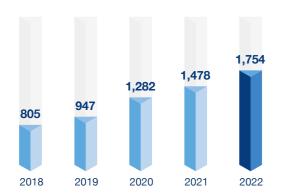
TOTAL LOANS (GROSS)

US\$ Millions



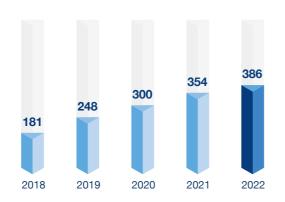
TOTAL DEPOSITS

US\$ Millions



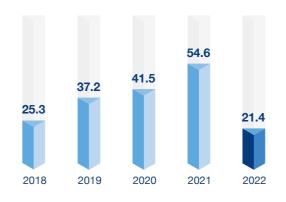
TOTAL SHAREHOLDER'S EQUITY

US\$ Millions



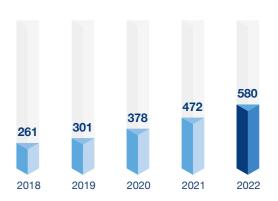
NET PROFIT

US\$ Millions



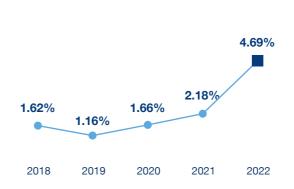
TOTAL CUSTOMERS (LOAN AND DEPOSIT)

PERSONS'000

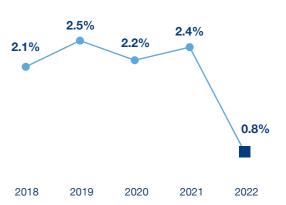


ASSET QUALITY

NPL ≥ 90 DAYS

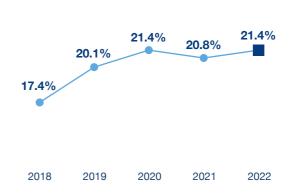


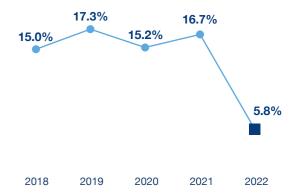
RETURN ON ASSET (ROA)



CAPITAL ADEQUACY RATIO

RETURN ON EQUITY (ROE)

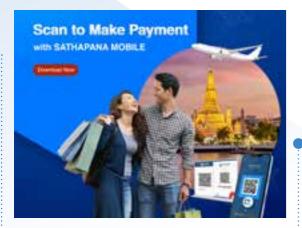




DIGITAL BANKING



Sathapana Bank won two prestigious awards for its newly revamped mobile banking app, Sathapana Mobile – "Best Mobile Banking App Awards 2022" from the UK-based Global Brands Magazine and "Mobile Banking and Payment Initiative of the Year" – from the Asian Banking & Finance Retail Banking Awards. This recognition is a testament of our continuous effort and commitment to serving our customers better as the need for mobile banking services becomes more imperative in our digital world today.



KHQR & Thai QR

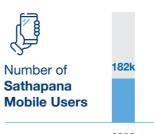
It's easier for customers to pay with Sathapana QR at all Sathapana merchants and other local banks under KHQR-Bakong, which is a service initiated by the National Bank of Cambodia (NBC) to simplify the use of QR code payment with just a single QR code.

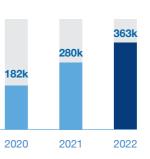
Sathapana customers can also enjoy making QR code payments via Sathapana Mobile at all shops displaying a Thai QR Payment logo when they are on a business or tour trip to Thailand.

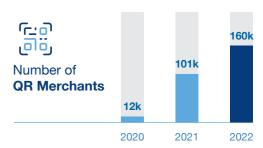


Sathapana ePayroll

Sathapana ePayroll is a digital payroll solution designed for all types of Small and Medium Enterprises (SMEs) in any sector. This solution improves business efficiency; where staff payroll is centrally managed via a flexible and reliable digital portal. In the portal, businesses can request, manage, approve, and report all payroll transactions easily and securely. The main features are—Staff Management Portal, Approval Matrix, and Dashboard Access.







Personal Digital Banking

Sathapana Mobile

The newly revamped Sathapana Mobile marks a new milestone for us at Sathapana. On top of introducing new functions and features, we deliver a robust, safe, and secure mobile banking experience for existing and new customers. Our customers can do more beyond mobile banking such as making KHQR payments instore, sending money to family and friends, performing bill payments and mobile top-ups, and more with a few taps, using just one app. They can also create different types of accounts such as Savings Account, Smart Savings Account, Term Deposits, Virtual Debit cards, and more.



Sathapana Mobile Special Functions and Features

- 1. Online Self-Registration
- 2. Request for Special Account Number
- 3. Open Savings Account
- 4. Open Smart Savings Account
- 5. Open/Close Term Deposit Account
- 6. Set Default Account
- Perform Multiple Transfers within Sathapana Bank
- 8. Send Money Gifts within Sathapana Bank
- Fund Transfer to/from Local Banks via Credit Remittance
- 10. Fund Transfer to/from Local Banks via Bakong
- 11. Fund Transfer to/from Local Banks via FAST
- 12. Fund Transfer to/from Local Banks via Retail Pav
- 13. Fund Transfer via VISA Direct
- 14. Fund Transfer to/from WING's Agents
- 15. Fund Transfer to/from TrueMoney's Agents
- 16. Fund Transfer to/from LyHour's Agents
- 17. Fund transfer to/from PiPay's Wallet
- 18. Fund Transfer to/from Bakong Wallet
- 19. Cash by Code from ATM

- 20. Cash by Code from Retail Pay's Members
- 21. Cash by Code from TrueMoney's Agents
- 22. Pin/Pinless Phone Top Up
- 23. Scan to Pay and Accept KHQR
- 24. Scan to Pay Thai QR
- 25. Credit Card Bill Payment
- 26. Create/Close Virtual Debit Card
- 7. Request for a Plastic Debit Card
- 8. Link Sathapana Card Online
- 29. Request for Loan Online
- 30. Request for Banker Cheque Online
- 31. Request for Cheque Book Online
- 32. Request for CBC Health Report
- 3. KESSCHAT Payment
- 34. Nham24 Online Payment
- 85. Multiple-Device Login
- 6. My QR Widget
- Customize Widgets

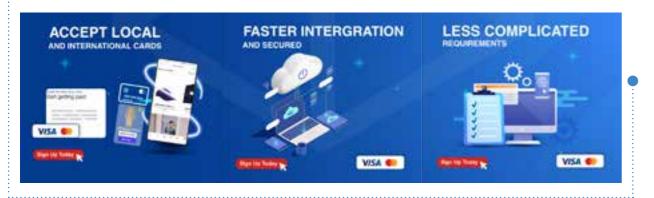


Business Digital Banking

Sathapana Gateway

Sathapana Gateway is an eCommerce payment solution that allows merchant partners to accept credit and debit card payments by Mastercard and Visa. This entails local and international online purchases for a variety of products and services. This solution can be enabled speedily and easily integrated on a merchant's platform without need for advanced IT skills. The Special features are Express gateway, Direct Gateway, Booking Gateway and Domestic Gateway.







Sathapana ePOS

Sathapana ePOS is designed for merchant to perform clear virtual card payment of global online travel agent such as Agoda, Expedia, Ctrip, Booking.com and more. Sathapana ePOS allows for secure transactions via the global fraud detection platform, Brighterion. Moreover, it entails a simple payment process flow with minimum documents required. In whole—it is a fast, convenient, and safe channel to process virtual card numbers, perform real time review, and reconcile transaction reports via Sathapana Bank's portal.



BIN Sponsorship

Sathapana Bank, in partnership with card schemes, launched BIN Sponsorship. BIN Sponsorship allows for the Bank's non-financial/financial institution (FI) partners to leverage on its existing issuing license and BIN. Partners can also use the Bank's processing platform and any related technologies to service their consumers.



CARDS, ATM AND POS

Sathapana Bank's Visa Cards Provide customers direct access to funds in either the savings account or credit line.

With Sathapana Visa Cards, customers can shop, go on tours, enjoy dining, and other activities conveniently without having to carry cash or cheques.

Besides being convenient and secure in terms of transactions, Sathapana Bank offers premium perks and benefits for its cardholders. Benefits include worldwide airport lounge access, travel insurance coverage up to US\$1M, and a 24/7 concierge service.



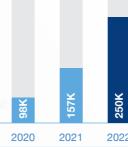
DEBIT CARD

Our Visa Debit Card is accepted worldwide and is embedded with the latest visa chip and contactless technology.

Customers can enjoy the convenience of paying via Visa Debit Card, while being confident in all the security features that the card provides.

It offers a quick, secure, and convenient access to funds domestically or overseas, whether physically, or online.





Cards Issued

CREDIT CARD

Our Visa Credit Cards give customers the convenience and security to make purchases, pay bills, or withdraw cash from over 2 million ATMs worldwide.

Whenever customers use the Visa Credit Card, they tap into the credit-line and funds provided by the bank, in which they can pay back on the set due date. In addition to flexible payment options, our credit card offers travel rewards, cash backs, and other benefits.

>

VISA DIRECT TRANSFER

Customers can make real-time fund transfers to any Visa cardholder for a low cost, within 7 neighboring countries (i.e. Cambodia, Philippines, Malaysia, Singapore, Thailand, Indonesia, Brunei Darussalam, and Vietnam). This is a fund transfer technology service by Sathapana Bank in conjunction with Visa to enable easy and instantaneous fund transfer, domestically and internationally.



TRANSACTION NOTIFICATION

To enhance security, an SMS notification will be sent for every transaction made. Sathapana Mobile provides credit card features for easy viewing of credit limit, billing statement, transactions and amount of payment due.

ATM

- 295 ATMs as of Dec 2022
- Available KHR denomination of KHR 100,000, KHR 50,000, KHR 20,000 and KHR 10,000 notes for withdrawal and deposit





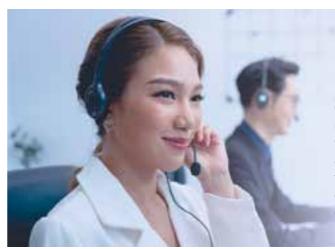
UPCOMING YEAR

Sathapana Bank aims to be the market leader in Cambodia by providing Cash Management Solutions and expanding its terminals (ATMs, CRMs and CDMs). Plans are in place for these terminals to be installed at various locations nationwide.

POS

In 2022, a total of 419 POS terminals were deployed to our merchants. Our POS terminals are EMV and NFC enabled and can accept both chip and contactless card payments for both domestic (CSS) and internal VISA cards. Soon, Mastercard will be accepted too. A new merchant app that allows for digital self-onboarding and all-in-one payment solutions like QR Payment (KHQR) and Tap to Phone Payment (NFC card payment with VISA and Mastercard); will be released. This will instate us as the first bank in Cambodia to offer these solutions.



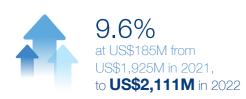


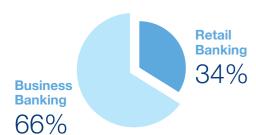
CUSTOMER CARE

Our friendly and experienced Customer Care team is ready to provide support and resolve complaints around the clock. The 24-hour team monitors all transactions and will take immediate action when required. The team is also ready to provide concierge service to our customers on travel-related and discount programs for our cardholders.

LOAN BUSINESS HIGHLIGHTS









Sathapana Bank saw an increase in loan growth by 9.6% (US\$185M)—from US\$1,925 in 2021 to US\$2,111M in 2022. Retail Banking contributed 34% to the overall loan growth, while Business Banking represented 66% of the loan growth. The net fee income had a steady growth of 7.7% to US\$23.7M, which is a compounded fee from base income products such as local and international remittance services, bancassurance business referral, and strategic eco payment solutions with corporate partnerships.

Inevitably, the pandemic had an impact on Credit Risk Management, where the NPL ratio jumped from 2.18% to 4.69%. However, Sathapana Bank is confident in being able to more effectively navigate and grow the loan portfolio in 2023.

Corporate Governance remained strong in 2022, as the Bank has continued to be prudent in its principles for evaluating lending activities. The Bank has also been proactive in its lending activities to attract new potentials and help customers manage funds effectively.

DEPOSIT BUSINESS HIGHLIGHTS

Sathapana Bank has generated a very liquid deposit portfolio in 2022; thus, making it one of the most trusted banks in Cambodia. As of 31st December 2022, the bank grew its deposit grew rapidly by 18.7% from US\$1,478M in 2021 to US\$1,754M in 2022.



THREE MAIN CONTRIBUTORS TO SATHAPANA'S NOTICEABLE DEPOSIT GROWTH:



Customer satisfaction and service excellence have always been Sathapana Bank's top priority. We want to ensure that our customers have the best banking experience when using our services. Our large network of branches across the nation makes it easy for customers to access our banking services anywhere in the country.



Digital banking has actively been used by customers for easy access to their finances. Customers have been enjoying our digital solutions that make interaction with the bank faster and more accessible. Our large network of branches is equipped with ATMs and Cash Recycling Machines (CRM) so that our customers can quickly perform transactions without waiting in line to visit the counter.



Sathapana Bank partnered with various governmental departments to provide various services to our customers, like tax, electricity, and bill payments across the nation. This was done in support of NBC's initiative to integrate Bakong as a convenient payment gateway for customers.

The Bank also introduced new and enhanced products and services. The Safe Deposit Box, Pension Fund Account and Smart Savings Account are amongst the various services introduced to help customers manage their savings and day-to-day banking activities.

With customers' perception and attitude towards deposits continuing to mature, customers seeing the value of depositing their money in Sathapana Bank, and the introduction of new products and services (i.e. mobile banking, visa cards, additional state-of-the-art ATMs); we expect deposits to continue its upward growth in the years to come.

PARTNERSHIPS

2022 was an outstanding year for Sathapana Bank Plc. in terms of strengthening its partnership and cooperation with other organizations. We have expanded our partnerships with various government sectors and private institutions to create a competitive and enriching digital banking experience for our customers.



Partnerships with General Department Of Taxation

Sathapana Bank is one of the banks partnering with the Ministry of Economy and Finance by providing tax collection services. In 2022, Sathapana Bank improved this service, in partnership with the General Department of Taxation by expanding the service scope through the:

- GDT Taxpayer App
- GDT Tax Prefiling App

Benefits:

- Fast and convenient for taxpayers throughout Sathapana Bank networks nationwide
- Secure cash handling



Partnership with Electricite Du Cambogde

Sathapana Bank partnered with Electricite Du Cambogde to allow easy electricity bill payments. In 2021, Sathapana Bank expanded this service with the other branches of Electricite Du Cambogde, such as, EDC Banteameanchey, EDC Battambong, EDC Kompong Speu, EDC Kompong Cham, EDC Kratie, EDC Preah Sihanouk Ville, EDC Prey Veng, EDC Siem Reap, EDC Steung Treng, EDC Svay Rieng, EDC Taekeo, EDC Kampot, EDC Tbong Khmum, EDC Mondulkiri, and EDC Ratanakiri.



Partnership with Private Sectors

Sathapana Bank partnered with institutions in the private sector to provide customers with access to a wider variety of bill payment services. These partnerships allow customers to manage all bill payments easily and conveniently in a single place. Customers can pay bills for utilities, education, internet, insurance, trading, real estate, financial service, transportation, donations, and other general bills via Sathapana Mobile.

STAFF DEVELOPMENT



ACHIEVEMENTS

Sathapana Bank's compensation and benefit packages remained unchanged despite the adverse impact of the global pandemic on the worldwide economy. While many private companies inevitably struggled during the pandemic and resorted to remove or reduce employee benefits and compensation packages, we came together to further improve our current packages.

The Covid-19 pandemic has dramatically changed our world in many ways - economically, professionally, and personally. Therefore, we strive to provide virtual learning, training programs, and development opportunities to support our staff development journey through its different stages. Our approach to developing our staff is a combination of E-learning, on-the-job experience, experiences, induction programs, learning through others, and internal and external training programs.

Our training program called, Traineeship Program, was developed and continue to roll out successfully. It aimed to offer opportunities for fresh graduates to obtain practical experiences, and potentially join Sathapana as permanent staff upon program completion. Likewise, we have also developed a Succession Training Program to prepare our Bank Supervisors to move up the career ladder.

Regarding Employer Branding, we were awarded, 'Asia's Best Employer Brand Award from Employer Branding Institute. Notably, we were handpicked as a world class corporation with high levels of employee engagement.

RISK MANAGEMENT, CORPORATE GOVERNANCE & COMPLIANCE

The success of our business strategies is underpinned by prudent management of sound corporate governance and risk management.

We value good corporate governance with strong internal control systems in place that creates a well-controlled environment. This allows us to foster sustainable growth in our business, contribute to Cambodia's economic growth, and improve standard of living of Cambodians through our direct and indirect banking services.

Currently, our corporate governance is well-structured and clearly communicated from the top, starting from the Board of Directors.

THE BOARD

Our Board members have relevant academic backgrounds, as well as mature experiences and expertise in the areas of Banking, Finance, and Economics. The Board comprises both independent and non-independent members.

At the Board level, the Bank has three Board Committees: Risk Committee, Audit Committee, and Remuneration and Nomination Committee. The Board and Board Committees have clear roles and responsibilities to protect the interests of the Bank, create value, and lead business strategy. This includes approving and overseeing the implementation of the Bank's strategic objectives, governance framework and corporate culture. The Board also oversees our Senior Management team in terms of recruiting, promoting, and assigning key people as members of the management team. The Board ensures that the management team's decisions are consistent with Bank's strategies, objectives, policies, and risk appetite approved by the Board.

SENIOR MANAGEMENT

In addition to the three Board Committees, the Board delegates its authority to the Bank's Chief Executive Officer and Executive Committee to oversee risk management, Bank strategies, and objectives based on their own expertise, concerning the Bank's day-to-day management activities.



THREE LINES OF DEFENSE

The Bank's Organization Structure is designed and implemented in alignment to the Three Lines of Defense as recommended by Basel Committee on Banking Supervision (BCBS). Each of the three lines reflects clear roles and responsibilities members have to carry out.

The First Line of Defense starts with the risk owners in the business lines. These owners manage the types of risk that may occur when conducting banking activities.

The Second Line of Defense lies with the Risk Management and Compliance functions that are responsible for bankwide risk management and compliance matters, including AML/CFT. The Risk Management and Compliance function is independent and reports directly to the Board Risk Committee.

The Third Line of Defense lies with the Internal Audit function. The unit's main role and responsibility is to conduct risk-based approaches, perform general audit, and provide assurance to the Board about the overall governance framework. This also includes assurance on the risk management framework, and that the Bank's strategy and objectives are effective and consistent with the Board's approval. It also ensures all policies and processes are in place and consistently applied by the First and Second Lines of Defense.

1 st LINE OF DEFENSE

RISK OWNERS

Business Units

- Identify and manage the risks in daily operations
- Execute the business within the Risk Appetite Level
- Conduct business operations following guidelines and policies

2nd LINE OF DEFENSE

RISK OVERSIGHT

Risk Management

- Promote Risk Management culture and awareness
- Oversee risks and controls in policies and procedures
- Monitor and report on the risk performance, including regulatory compliance.

3rd LINE OF DEFENSE

ASSURANCE

Internal Audit

- Provide the Board independent assurance on the effectiveness of risk management strategies, internal control processes, and systems implemented by the First and Second Lines.
- Review the effectiveness of controls and provide advice to First and Second lines.

CODE OF CONDUCT AND BUSINESS ETHICS

Our unique Code of Conduct defines our corporate culture and how we operate in our business. It is aligned with set laws and regulations. We value professionalism in our business operations and in serving our customers. We believe that professionalism is the core factor in driving growth and gaining trust from our customers and employees. Our team constantly explores better ways to provide Service Excellence to our customers who believe in us and have used our services since the beginning. We recognize the importance of understanding banking needs from our customers.

Sathapana Bank Plc.'s Code of Conduct ensures that there is no discrimination, sexual harassment, and political interests within the Bank. Eliminating discrimination, we provide unbiased financial services to all people regardless of background and social class. Another important characteristic of our Code of Conduct is that we ensure customer information is safeguarded.

CONFLICT OF INTEREST

We have a Conflict of Interest policy in place. All employees including Board members are required to declare their conflicts of interests to the Bank. We manage conflicts by practicing fair evaluation of employees' performances and the conflict at hand. Overall, the goal is to protect the Bank's reputation, and gain trust from employees and the public.

SATHAPANA BANK SATHAPANA BANK **Annual Report 2022** Annual Report 2022

RISK MANAGEMENT

We recognize that Risk Management is a core component in overseeing and supporting our business strategies and objectives successfully. Acting as the Second Line of Defense, Risk Management provides a professional risk analytical perspective to protect the interest of the Bank. The unit ensures that the Bank is protected from any exposed business activities in the business lines' processes, systems, people, and business initiatives.

The Bank also implements a Risk Appetite Framework approved by the Board. It monitors all risk-taking activities and ensures activities are being aligned with the accepted risk appetite and risk tolerance. All policies, procedures and guidelines are established, communicated, and monitored.

Furthermore, the unit closely monitors and informs the Board and business lines on the Threats and Opportunities from the external environment (i.e. economic factors, banking industry, market competition, politics, social factors, technological development and natural disasters).

The Bank has exposure to the following key risks:







Risk

Operational

Liquidity

Risk



IT Risk



Risk

Credit Risk Management is carried out by the Bank's Credit Committee. Credit Risk refers to a Bank's financial loss when a borrower or counterparty fails to meet its contractual obligation. Credit risk is the most prominent risk for a Bank and can be found in off-balance sheet financial instruments, such as loan commitments.

Sathapana Bank Plc. has established a Credit Policy that is designed to govern the Bank's lending activities. Execution of lending activities is governed by a credit operating manual that sets out the plan for a particular product or portfolio, including the target market, terms and conditions, documentation, and procedures under which, a credit product will be assessed, offered, and measured. We also ensure clear segregation of duties between loan originators, evaluators and approving authorities.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations. The management also performs credit reviews on a yearly basis. This is done after loans to customers have been disbursed to analyze the financial conditions and performance of the borrowers. Additionally, it is managed by obtaining collateral and personal guarantees. The Bank employs a range of policies and practices to mitigate credit risk exposure. The common traditional practice is to take security in the form of collateral for customer loans. Further quidelines on the acceptability of specific classes of collateral or credit risk mitigation have been implemented.

The principal collateral types to secure for customer loans are:

- Mortgages over residential properties (i.e. land, building and other properties)
- Charges over business assets such as land and buildings
- · Cash in the form of margin deposits.

The Bank understands that the pandemic has impacted some borrowers' sources of income. The National Bank of Cambodia (NBC) circulated a loan restructuring during the Covid-19 pandemic. This initiative is key in maintaining financial stability and to relieve the financial burden for borrowers. The Bank performed loan restructuring in accordance with NBC's circulation, as well as economic circumstances.



Market Risk

Market Risk is the risk of losses arising from movement of market prices that causes the fair value or future value of cash flows and financial instruments to fluctuate because of changes in market prices. Market risk arises from open positions in interest rate, currency and equity products; all of which are exposed to general and specific market movement, and volatility of market rates or prices, such as interest rates, credit spreads, foreign exchange rates and equity prices.

The Bank is only exposed to market risk in the Banking Book and is not exposed to risk in the Trading Book. The main market risk in the Banking Book comes from exposure to interest rate risk and foreign exchange rate risk, which are the key market risks in the day-to-day of the Cambodian banking market.



Operational Risk

Operational Risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, personnel, technology, infrastructure, and external factors. This is besides credit, market, and liquidity risks; such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

Operational risk losses are managed through an established Operational Risk Management process. This comes with proper monitoring and reporting of business activities by the relevant supported units overseen by the Senior Management of the Bank.



The Bank's Operational Risk Management entails the establishment of clear organizational structures, roles and

control policies. Various internal control policies and measures have been implemented; including the establishment of signing authorities, defining system parameters controls, streamlining procedures, documentation, and compliance with regulatory and legal requirements.

The objective of Operational Risk Management is not to eliminate all risks, but to ensure that inherent risks are managed with proper controls in place, and that residual operational risks of the Bank remain within acceptable levels according to the Risk Appetite Statement.

To improve the Operational Risk Management process, we have a proper risk assessment tool, Risk Control Self-Assessment (RCSA). The Bank's risk-taking activities across branch operations and headquarter departments, business strategy, and new products and services are assessed to mitigate the risks they might have on the Bank.

We have a range of insurance policies to transfer and mitigate operational risks. These policies cover different types of incidents. They include the Bankers Blanket Bond and Electronic Computer Crime Insurance (BBB Policy), Directors and Officers Liability Insurance (D&O Policy), Money Insurance in ATM and in Transit, and Building Fire Insurance.

The Bank has also established a Business Continuity Management (BCM) policy comprising business continuity plans for each critical business function. Business Continuity Plan and Disaster Recovery Plan are well prepared, planned and exercised to ensure the readiness of people and system to immediately respond to any unforeseen event that might occur.



Liquidity Risk

Liquidity Risk is the risk of a Bank being unable to meet its payment obligations associated with its financial liabilities or commitments, and inability 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.

The Bank has a Liquidity Management Framework that provides guidance for sound liquidity risk management including funding, deposits, borrowings, and capital activities. The Bank closely monitors its balance sheet liquidity and manages the concentration and profile of cash flow management. The aim is to ensure adequate liquidity performance that complies with the Liquidity Coverage Ratio (LCR) requirements. The Bank also regularly reviews and reports its short- and long-term cash position and cash ow projection. Additionally, the Bank has implemented a Liquidity Contingency Plan for responding to any unforeseen circumstances affected by economic factors, banking industry changes, or other external events.



Information Technology Risk

The Information Technology (IT) unit operates and delivers operation support and services across the Bank. As a business enabler, the IT unit is committed to providing high-quality services and add value to stakeholders by improving internal process, efficiency, security, governance, productivity, and cost through innovative technologies.

The IT Project Committee has been formalized to oversee IT projects and IT governance. It also validates the alignment of IT strategies with the business and ensures there is adequate IT investment for operations and ongoing IT Risk and Compliance Management.

Information Security requires an integrated strategy governing discipline over people, processes, and technology. Information Security strives to strengthen and enhance the Bank's information security posture by adopting international best practices, process and management standards. The Bank complies with PCI-DSS, PCI-PIN Security, SWIFT CSP, and Technology Risk Management Guideline (TRMG).



We recognize the paramount importance of safeguarding customer data and having up-to-date security systems for the sustainable growth of the Bank. Therefore, we invest in the most competent resources and system tools. Employees in the Information Security department have obtained international standard certification in COBIT 5 Foundation, Microsoft Security Operation Analyst, CIPA, CEH, CPISI, ISMS Lead Implementer, and CISSP. These standards provide effective frameworks to create enterprise governance and management techniques according to globally accepted practices. The Bank will continue to invest in obtaining other certifications to remain competitive.

In line with the rapid banking business growth and IT infrastructure expansions, our technological designs are regularly reviewed and improved to effectively mitigate both internal and external risks and threats. Additionally, we leverage on both internal resources and 3rd party cyber security experts to perform regular assessment on our systems. This ensures that the IT team can take prompt actions as technological issues arise.

At the network security level, Web Application Firewall, and DoS protection module, multi-tier network firewalls with Intrusion Prevention System and Intrusion Detection System, have been deployed to ensure tight security control. Besides that, server farms and user networks are segmented to segregate required domain access. All Internet and email traffic are scanned and

filtered. End-point anti-virus and EDR have also been deployed to all end-user's computer, which can significantly mitigate the security risks when data traverses the network.

Information Security Awareness Programs are conducted regularly to raise employee awareness about privacy, leakage of information, and security responsibility. These programs consist of e-learning materials and periodic newsletters circulated within the organization. Moreover, we have expanded the Information Security Awareness Programs to the public and our customers via the Bank's official social media platforms (i.e. Facebook, Instagram, etc.).

COMPLIANCE

The role of the Compliance Department is to oversee compliance in the Bank and promote a compliance culture. This is done through training, facilitating, advising, monitoring and supporting employees to ensure deep commitment to comply with Cambodia's laws and regulations. To avoid conflict of interest, this department reports to the Board Risk Management Committee to ensure adherence with compliance policies, the AML/CFT framework, prudential regulations and the Bank's whistleblowing policy. These policies and procedures are developed and executed in compliance with the regulations imposed by the National Bank of Cambodia (NBC) and Cambodia Financial Intelligence Unit (CAFIU).

KEY HIGHLIGHTS IN 2022

ACTIVITIES	KEY HIGHLIGHTS
Strong Compliance Culture	A Compliance Culture continually ensures all employees conduct their respective tasks ethically, and fully comply with the Bank's policies and procedures. An employee training agenda with a compulsory compliance training was introduced and tracked the attendance properly.
Fraud Detection Unit	The Fraud Detection Unit increased the scope of detection by conducting loan client call interviews, vendor surveys, staff hearing participation, staff surveys, and instating a fraud declaration process.
Project Risk Assessment	56 projects were completed for risk assessment purposes to ensure all risks were identified with adequate controls in place to successfully launch new products and services.
Risk and Control Self-Assessment	The Risk and Control Self-Assessment (RCSA) is conducted by all departments and branches to ensure all types of risks are identified with sufficient controls in place.
Credit Risk Stress Test	Loan Restructuring Stress Tests were conducted following regulator 's guidelines. It also measured the loan portfolio quality during stressful situations.
Credit Data and Insight Analysis	Credit portfolio was improved on by conducting a deep dive analysis on credit portfolio risk management processes and pro-actively training credit personnel on how to take remedial action to improve loan collection and ensure loan quality.
Risk Management Newsletters	Risk Management Newsletters were issued monthly and circulated to all employees, educating them on how to manage operational risks.
Disaster Recovery Plan	The Disaster Recovery Plan was exercised for core systems and met the Recovery Time Objective successfully.
Business Continuity Plan	The Business Continuity Plan was exercised as planned.
Liquidity Stress Test	Liquidity Stress Tests were performed and reported on a quarterly and annually basis to ensure sufficient liquidity in a given stressful scenario, and to meet regulators' guidelines.

AWARDS & CERTIFICATIONS

At Sathapana Bank, we take pride in our commitment to providing the best possible service to our customers and staying at the forefront of industry innovation.

Our hard work and dedication has not gone unnoticed, as we have received numerous awards, accolades, and industry recognition for our innovative ideas and customer-centric work philosophy.

From being named the best mobile bank app in Cambodia to receiving awards for our customer service excellence, we are honoured to have received recognition from both our peers and independent industry experts.

We believe that these awards reflect our dedication to providing the utmost service to our valued customers. In this report, we will highlight some of the most notable awards and recognitions that we have received over the past year.



Top Performing Financial Institutionsof CGCC 2022







Certificate of Appreciation from Credit Bureau Cambodia Co., Ltd (CBC)

Sathapana Bank awarded as Top 9th largest taxpayer in Cambodia

Certificate of Appreciation from SME Bank





Payment Card Industry Data Security Standard (PCI DSS) Version 3.2.1

Payment Card Industry (PCI) PIN Security Version 3.1



Certificate of Appreciation from T Open 2022

2 mark

Certificate of Appreciation from Association of Banks in Cambodia "Bankers Annual Dinner 2022"



Top Performing Financial Institutions of CGCC 2022



Certificate of Appreciation from CamEd "Banking Forum 2022"



Certificate of Appreciation from Cambodia Badminton Federation

CORPORATE SOCIAL RESPONSIBILITY & EVENTS

Sathapana Bank's CSR philosophy and practices involve taking actions that positively impact the community, environment, and society as a whole.

One of the key aspects of our CSR philosophy is community development. This involves supporting local organizations and initiatives that are working to promote economic development in the communities we serve. Examples include investing in small businesses and supporting local housing initiatives.

Sustainability is another key area of our CSR focus. This includes implementing sustainable business practices—such as reducing energy consumption and waste, and supporting local conservation efforts.

We believe that by playing our part in being good corporate citizens, we can help to improve the well-being of the communities we serve and make a positive impact in the world around us.

>

Donation to Cambodian Red Cross

On May 8, 2022, Sathapana Bank donated USD 5,000 to Cambodian Red Cross (CRC) on its 159th Anniversary; the World Red Cross and Red Crescent Day. This funding allows CRC to continue its humanitarian services, provide emergency relief, and support to the most vulnerable people across the country.



Food Donation to families impacted by the unprecedented flooding



Sathapana Bank prepared and delivered food items to 110 families impacted by the unprecedented flooding in Banteay Meanchey province. This donation is part of our goodwill and effort to help the community affected and bring comfort and relief to the families during their moments of greatest need.

Food Donation to vulnerable families in the Kreung Indigenous Community

On November 26, 2022, Sathapana Bank organized a charity event to donate food items to 40 vulnerable families in the Kreung Indigenous Community in Rattanakiri Province. Sathapana Bank is committed to continue supporting children, youth, and women through its CSR programs.













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Donation to Angkor Hospital for Children

The Sathapana Cup 2022 Final Match was organized as a fundraising event to support Angkor Hospital for Children (AHC). The Bank was able to raise and donate USD 3,000 to AHC—in ensuring Cambodian children will continue to get access to medical treatment. Sathapana Bank is honored to have been a part of this great cause and we look forward to doing more for our community; particularly children in need.



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Donation to Raksa Koma Foundation



Sathapana Bank is honored to have had the opportunity to donate to the Raksa Koma Foundation. This donation was a compilation of personal contributions collected from the staff and management team of Sathapana Bank—to support the foundation in caring for the health and welfare of underprivileged children in Cambodia.

Musica Felice Charity Concert

Sathapana Bank hosted a Musica Felice Charity Concert at Sathapana Tower. Over 50 guests were treated to an evening of music and drinks. All proceeds from the concerts were donated to charitable causes in Cambodia, and to provide opportunities for talented young musicians unable to afford music tuition.

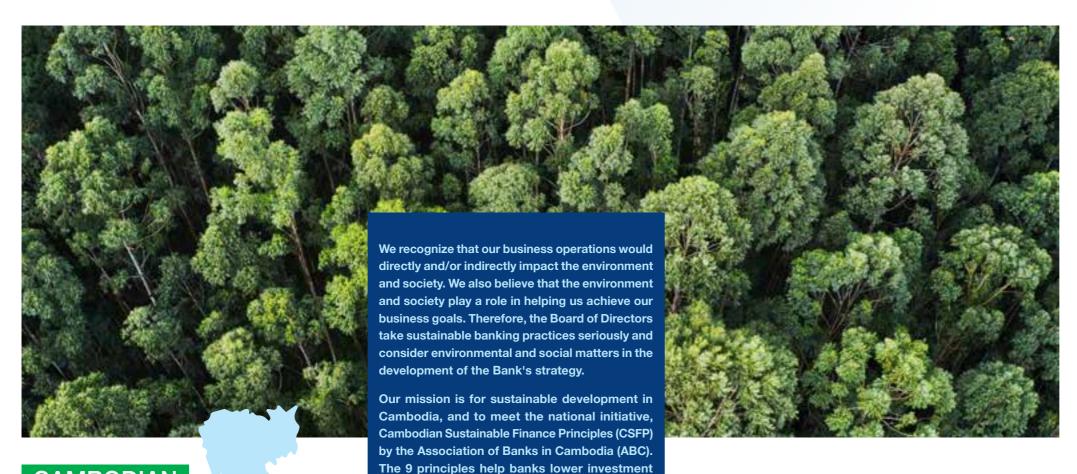








ENVIRONMENT & SOCIAL SUSTAINABILITY MANAGEMENT





FINANCIAL LITERACY

We will increase the financial awareness and literacy of the Cambodian people and improve our approach to customer protection.

FINANCIAL INCLUSION

We will expand our reach to those who previously had no or limited access to the formal banking sector, as well as provide more innovative solutions to improve banking access and service levels.

FINANCIAL INNOVATION

We will finance innovations that create efficiencies and improvements for existing, traditional sectors and developing green economy business activities.

SUSTAINABLE FINANCE PRINCIPLES

ENVIRONMENT PROTECTION

local communities.

We will assess and manage environmental risks relating to climate change, pollution, waste management, and the protection of our critical natural resources.

risks and find new business opportunities whilst preserving the environment, cultural heritage, and

PEOPLE PROTECTION

We will assess and manage risks that could potentially negatively impact our people in particular local communities, workers, and indigenous/ minority populations.

CULTURE PROTECTION

We will assess and manage risks that could potentially negatively impact aspects of our cultural heritage including our language, culture, traditional and monuments

LEADING

THE WAY

ENVIRONMENTAL & SOCIAL STANDARDS

We will seek to build capacity across the Bank to deliver on our commitments and raise awareness amongst our customers and communities about sustainable, inclusive financing.

ENVIRONMENTAL & SOCIAL FOOTPRINTS

We will manage our own environmental and social (E&S) footprints and request similar standards to our suppliers.

TRANSPARENCY & ACCOUNTABILITY

We will report our individual and sector progress against these commitments annually, to hold ourselves accountable and to share the story and outcomes of our journey and the value we believe that can be created for Cambodia.

PROTECTING THE ENVIRONMENT

OUR PEOPLE, AND OUR

CULTURAL HERITAGE

aspects of our cultural heritage including our language, culture, traditional and monuments.

SATHAPANA BANK

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PROTECTING THE ENVIRONMENT OUR PEOPLE, AND OUR CULTURAL HERITAGE

We have a credit policy for managing ES risk in our lending practices. This policy is supplemented by a policy on Environmental and Social Sustainability which sets out the performance standards and prohibited transactions (exclusion list). This provides a more structured guidance to identify and assess potential ES risks as part of the credit evaluation process.

Additionally, the bank implemented an environmental and social risk management procedure to determine a risk assessment approach. Our ES risk assessment approach is conducted by the Credit Assessment Team of Credit Analysis to ensure all ES issues are considered for all credit applications and periodic reviews. If a borrowing customer is suspected to have businesses involved in activities that may lead to ES issues, the Credit Assessment team will immediately consult the responsible ES officer of the Risk Management Department.

If the borrowing customer is not willing to take actions to adequately manage and mitigate the identified ES issues, we will not accept their credit application and will re-assess the banking relationship. Moreover, if a borrowing customer is suspected to have a business in the exclusion list, the Credit Assessment Team will reject the application.



FINANCING THE FUTURE OF CAMBODIANS

The Bank has established many financial programs to increase financial awareness and expand our reach to those who previously had no or limited access to the formal banking sector. Among the many financial programs that we have established, we have a special financial initiative called 'Women in Business' that supports women in funding and financial protection; thus, empowering them to expand their businesses and financial plans. The goal is to grow and strengthen our female customer base. In addition to that, we established the "I'm Financially Literate" executive program to support women in business and entrepreneurs in Cambodia.

In terms of customer protection, the Bank received a client protection certification, formerly known as Client Protection Principle (CPP). After examination and assessment by M-CRIL, Sathapana Bank Plc. proved to comply with 94.9% of all indicators; hence qualifying us for the Silver Certificate in December 2021 which is valid for 3 years.

FINANCING GROWTH (CREDIT PORTFOLIO, US\$ MILLIONS)

Descriptions	2020	2021	2022
Loan to Female Borrower %	43%	41%	48%
Loan to Urban %	39%	40%	46%
Loan to Rural %	61%	60%	54%
Total Loan (Million USD)	1,571	1,925	2,111

ENCOURAGING SAVING(NUMBER OF DEPOSITORS, PERSON' 000)

Descriptions	2020	2021	2022
Total Depositors	377	472	579
Female Depositors	189	234	287





We are continuing to implement initiatives to manage our footprints on energy consumption and paper usage. As such, we have introduced a digital platform to replace paper-based operations such as the HR System, Loan Origination System, Stationary Request System, Fixed Assets Request System and many more.

ENERGY, WATER AND TISSUE CONSUMPTION

Descriptions	2020	2021	2022
Energy Kwh/FTE	1,371	1,232	1,292
Gasoline L/FTE	97	93	73
Water m3/FTE	33	29	31
Tissue Kg/FTE	4	5	4
Paper Kg/FTE	7	9	5

The Bank upholds "equal employment opportunity" regardless of gender. The focus is on professional development of employees through comprehensive training programs and opportunities to upskill through external programs. The Bank also provides traineeship programs for university students to better understand the banking sector.

EMPLOYMENT

Descriptions	2020	2021	2022
Female Employee	39%	40%	41%
Male Employee	61%	60%	59%
Total Employee	4,362	4,369	4,378
Trainee	4%	9%	6%

STAFF TRAINING

Descriptions	2020	2021	2022
Refresher Program	2,879	2,764	3,634

Sathapana Bank Zero Waste Program

Reusing, recycling, and upcycling



What do we accept?



Sathapana Bank launched Sathapana Bank Zero Waste Program as part of its sustainable ESG efforts. The Bank has placed donation boxes at its head office and various branches—where Sathapana Bank customers and staff can avoid wastage and easily donate their preloved items to those in need.

WOMEN IN BUSINESS (WIB)

Women entrepreneurs in Cambodia own 62% of micro-businesses and a notable 26% of SMEs. However, lack of financing source is the top challenge for women entrepreneurs. They face some difficulties such as collateral requirements, complex loan procedures, high loan interest rates, and limited financial literacy when they apply for bank loans.

That's why Sathapana Bank came up with WIB Program, designed to support women, particularly Women in SME segment who need fund and financial protection to expand their Business and Financial plan.

Sathapana Bank aims to better serve our female customers who are small business entrepreneurs by offering tailored financial products and services that are designed to meet their specific needs.

We provide a welcoming and inclusive environment for female entrepreneurs and provide them with personalized support and guidance to help them succeed in their businesses.

Beyond low-interest rates and flexi-interest business loans, we offer our female entrepreneurs—financial education, training programs, mentorship and networking opportunities.

On top of that, our Bank actively collaborates with organizations and networks that support female entrepreneurship—whilst also participating in initiatives that promote gender equality in the business world.

I'm Financially Literate Program

In October 2022, Sathapana Bank, a leading commercial bank in Cambodia, successfully launched the "I'm Financially Literate" (IFL) program in partnership with Khmer Enterprise, Manulife Cambodia, and Credit Guarantee Corporation of Cambodia (CGCC). The goal is to provide non-financial services to SMEs and MSMEs—especially women in business.

The IFL program is conducted by two certified financial literacy and business management trainers in the local language. During the sessions, the trainers provide in-depth knowledge, practical examples, and real-life case studies. Over the different cohorts, business owners testified to gaining new understanding of their business models, cash flow management, use of capital, and debt management.



We attribute the success of this program to the relevancy of

the course design. The course material is designed to solve various pain-points of business owners—such as the lack of business and financial literacy skills, lack of confidence, reluctance to apply for loans, improper cash flow management and uncertainty on credit score building.



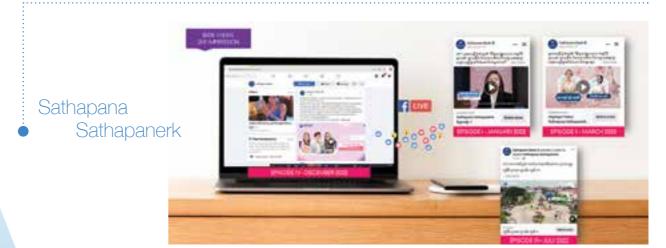












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Women Digital Entrepreneurship (WDE)

In August 2022, Sathapana Bank sponsored the Women Digital Entrepreneurship (WDE) Training by Asian Vision Institute (AVI)—that trained 40 female entrepreneurs on digital business literacy and financial literacy; at Sathapana Tower. The 2 stages of training were conducted on weekends from August 2022 to January 2023.

Three Sathapana Bank top management staff contributed their knowledge and experience as trainers and guest speakers—



EVENT LAUNCH



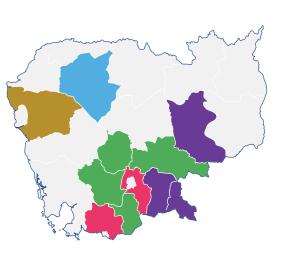
Mr. Senghak as a trainer for WDE L2 on 14 December 2022

Intensive Capacity Development Program for Entrepreneurs

In May 2022, Sathapana Bank became a Communication Partner for the "Intensive Capacity Development Program for Entrepreneurs". This program was organized via a joint cooperation between Cambodia-Japan Cooperation Center (CJCC) and Khmer Enterprise (KE). The training, conducted in 5 regions, consists of 2 courses—"Financial Performance: Budgeting and Control for SMEs" and "Performance Management for Managers."

Sathapana Bank nominated over 25 customers to attend the provincial trainings from May 2022 to January 2023.

No.	Locations	Timeline	SPNB Customers
1	Online Kampot, Kep, Sihanouk Ville, Kandal	May 2022	11
2	Offline Siem Reap	July 2022	0
3	Online Banteay Meanchey, Poi Pet, Kampong Chnang, Kompong Cham, Takeo, Kampong Speu		4
4	Offline Battambang	November 2022	2
5	Online Svay Reang, Prey Veng, Kratie Need Support from BMs and RM for nominating the customers – by Dec 31	January 2023	10





REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of SATHAPANA Bank Plc. ("the Bank") is pleased to present its report and the Bank's financial statements as at 31 December 2022 and for the year then ended.

The Bank

SATHAPANA Limited, the micro-finance institution ("MFI"), was incorporated in the Kingdom of Cambodia by the Ministry of Commerce ("MoC") on 19 February 2003, based on the Memorandum and Articles of Association signed on 27 December 2002 between Cambodia Community Building ("CCB"), a local non-governmental organisation established in 1996 and the MFI's staff. The MFI obtained its license to operate as a micro-finance institution from the National Bank of Cambodia ("NBC") on 23 April 2003 and, from 19 April 2006, with an indefinite term. Under the micro-finance license, the MFI was authorised to grant credit and offer saving services to poor and low-income households and small enterprise operating in the Kingdom of Cambodia.

On 22 January 2009, the MFI received a license from the NBC to conduct deposit-taking business. On 11 February 2014, the MFI received another 3-year license to conduct money exchange business.

On 19 October 2012, MARUHAN Japan Bank ("MJB") entered into a sale and purchase agreement with Stichting Triodos-Doen, Nederlandse Financierings-Maatschapij Voor Ontwikellingslanden N.V., DWM Funds S.C.A.-SICAV SIF, CCB, and SATHAPANA Employee Investment Limited to acquire 95.1% equity in SATHAPANA Limited. This was approved by the NBC on 5 December 2012 with the subject shares approved for change in ownership by the MoC on 17 December 2012.

On 8 February 2016, the Board of Directors of the MFI, pursuant to the option agreement with CCB, the non-controlling interest of the MFI, passed a resolution to sell to MJB the remaining 4.9% equity of the MFI, representing all the non-controlling interest of the MFI for a total price of USD6.02 million. The transaction was completed on 17 March 2016.

In early 2015, MJB and SATHAPANA Limited agreed to merge the two institutions into one entity, under the name SATHAPANA Bank Plc., as approved by the NBC on 28 March 2016. On 29 March 2016, the NBC also granted the Bank its banking license with an indefinite term. On 1 April 2016, all assets and liabilities of MJB were transferred to the Bank.

Principal activity

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

Location

The registered office of the Bank is located at Sathapana Tower, No. 63, Preah Norodom Blvd., corner Street No 172 and Street No 174, Phnum 14, Sangkat Phsar Thmey 3, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia. The Bank operates its businesses in 25 provinces with a network of 172 branches.

Employee

As at 31 December 2022, the Bank had 4,378 employees (2021: 4,369 employees).

Financial result

The financial performance of the Bank for the year ended 31 December 2022 is set out in the statement of comprehensive income.

Paid-up capital

The paid-up capital of the Bank as at 31 December 2022 is USD 250,000,000 (2021: USD 193,000,000).

Reserves and provision

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

Expected credit losses on loans to customers and other financial assets carried at amortised cost 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 writing off or in recognizing provisions for expected credit losses, and satisfied themselves that all known bad loans and other financial assets carried at amortised cost had been written off and that adequate provisions had been made for expected credit losses.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off or the amount of the provisions for expected credit losses on loans to customers and other financial assets carried at amortised cost in the financial statements of the Bank inadequate in any material respect.

Assets

Before the financial statements of the Bank were drawn up, the directors took reasonable steps to ensure that any assets which were unlikely to be realized 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 realize.

At the date of this report, 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.

Valuation methods

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

Contingent and other liabilities

At the date of this report, there is:

- 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; and,
- 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 business.

No contingent liability 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 have a material effect on the ability of the Bank to meet its obligations when they become due.

Subsequent events

No significant events occurred after 31 December 2022 requiring disclosure or adjustment other than those already disclosed in the accompanying notes to the financial statements.

SATHAPANA BANK **Annual Report 2022**

The Board of Directors

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

Dr. Han Chang-Woo	Chairman (non-executive)
Mr. Han Ken	Non-executive director
H.E. Shinohara Katsuhiro	Independent and non-executive director
H.E. Kim Vada	Independent and non-executive director
Mr. Nakagome Akihiro	Independent and non-executive director
Mr. Iwasa Tomoyuki	Non-executive director (appointed on 4 May 2022)
Mr. Anthony Chin Min Khong	Non-executive director (resigned on 19 February 2022)
Mr. Han Yu	Non-executive director (resigned on 29 March 2022)

Auditors

The Bank's financial statements as at 31 December 2022 and for the year then ended were audited by Grant Thornton (Cambodia) Limited.

Directors' interests

No members of the Board of Directors have an interest in the shares of the Bank.

Directors' benefit

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

The directors have not received or become entitled to receive any benefit by reason of a contract made by the Bank or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than as disclosed in the financial statements.

Board of Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended. The Board of Directors oversees preparation of these financial statements by the Management who is required to:

- 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 and guidelines issued by Cambodian International Financial Reporting Standards ("CIFRSs") and guidelines of the NBC 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 a 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 the operations and performance and ascertain that these have been properly reflected in the financial statements.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Bank and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Bank and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Bank has complied with the above requirements in preparing the financial

Approval of the financial statements

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with CIFRSs and guidelines of the NBC.

On behalf of the Board of Directors:

Mr. Fung Kai Jin Chief Executive Officer

Mr. Svoeuy Ponnakrath Chief Financial Officer

Phnom Penh, Kingdom of Cambodia 24 March 2023

SATHAPANA BANK Annual Report 2022 Annual Report 2022

INDEPENDENT AUDITOR'S REPORT



Grant Thornton (Cambodia) Limited

20th Floor Canadia Tower 315 Preah Ang Duong Street corner Monivong Boulevard Sangkat Wat Phnom, Khan Daun Penh Phnom Penh, Kingdom of Cambodia

T +855 23 966 520 www.grantthornton.com.kh

To the Shareholder of SATHAPANA Bank Plc.

Opinion

We have audited the financial statements of SATHAPANA Bank Plc. ("the Bank"), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs") and guidelines of the National Bank of Cambodia ("the NBC").

Basis for opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs") and guidelines of the NBC. 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 are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Management is responsible for the other information. The other information comprises the Report of the Board of Directors, but does not include the financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

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

SATHAPANA BANK

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

If, based on the work we have performed, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors and respond to that matter in accordance with the requirements of CISA 720 (revised).

Responsibilities of Board of Directors and Management for the financial statements

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

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

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 the Board of Directors 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.



GRANT THORNTON (CAMBODIA) LIMITED

Certified Public Accountants Registered Auditors

by

Ng Yee ZentPartner – Audit and assurance

Phnom Penh, Kingdom of Cambodia 24 March 2023

STATEMENT OF FINANCIAL POSITION

31 December 2022 31 December 2021 Note USD KHR'000 (Note 2.4) USD KHR'000 (Note 2.4) Assets Cash on hand 3 193,489,786 796,597,449 139,045,463 566,471,216 Balances with the National Bank of Cambodia 4 315,916,856 1,300,629,696 257,065,592 1,047,285,222 Balances with other banks − net 5 53,368,989 219,720,128 31,056,827 126,525,513 Loans to customers − net 6 2,079,334,836 8,560,621,520 1,904,380,994 7,758,448,170 Other investments 7 3,008,494 12,385,970 93,750 381,938 Other assets 8 17,997,299 74,094,880 17,712,292 72,159,878 Property and equipment − net 9 24,528,772 100,984,954 22,181,814 90,368,710 Right-of-use assets − net 10 43,051,532 177,243,157 42,865,536 174,634,194
Assets Cash on hand 3 193,489,786 796,597,449 139,045,463 566,471,216 Balances with the National Bank of Cambodia 4 315,916,856 1,300,629,696 257,065,592 1,047,285,222 Balances with other banks – net 5 53,368,989 219,720,128 31,056,827 126,525,513 Loans to customers – net 6 2,079,334,836 8,560,621,520 1,904,380,994 7,758,448,170 Other investments 7 3,008,494 12,385,970 93,750 381,938 Other assets 8 17,997,299 74,094,880 17,712,292 72,159,878 Property and equipment – net 9 24,528,772 100,984,954 22,181,814 90,368,710
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Property and equipment – net 9 24,528,772 100,984,954 22,181,814 90,368,710
Right-of-use assets – net 10 43 051 532 177 243 157 42 865 536 174 634 104
Figure of doo dooded Tite 10 40,001,002 111,240,101 42,000,000 114,004,184
Software costs – net 11 8,168,343 33,629,068 4,112,183 16,753,034
Goodwill 12 17,380,030 71,553,584 17,380,030 70,806,242
Deferred tax assets – net 18(c) 4,560,763 18,776,661 5,246,773 21,375,353
Total assets 2,760,805,700 11,366,237,067 2,441,141,254 9,945,209,470
Liabilities and equity
Liabilities
Deposits from customers and other
financial institutions 13 1,753,652,747 7,219,788,359 1,477,823,493 6,020,652,910
Borrowings 14 349,810,219 1,440,168,672 371,525,711 1,513,595,747
Subordinated debts 15 138,950,000 572,057,150 112,950,000 460,158,300
Other liabilities 16 56,209,490 231,414,470 45,776,681 186,494,198
Employee benefits 17 28,748,532 118,357,706 26,158,562 106,569,982
Income tax payable 18(d) 3,486,185 14,352,624 11,082,466 45,149,966
Lease liabilities 19 43,728,562 180,030,490 41,723,412 169,981,180
Total liabilities 2,374,585,735 9,776,169,471 2,087,040,325 8,502,602,283
Equity
Share capital 20(a) 250,000,000 1,000,000,000 193,000,000 772,000,000
Retained earnings 102,171,641 419,972,673 137,292,563 559,422,881
Regulatory reserve 20(b) 34,048,324 138,410,410 23,808,366 96,559,702
Currency translation reserves - 31,684,513 - 14,624,604
Total equity 386,219,965 1,590,067,596 354,100,929 1,442,607,187
Total liabilities and equity 2,760,805,700 11,366,237,067 2,441,141,254 9,945,209,470

STATEMENT OF COMPREHENSIVE INCOME

	Note	For the ye		For the yea	
		USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Operating income					
Interest income	21	250,398,951	1,023,380,513	233,265,539	948,924,213
Interest expense	22	(113,334,882)	(463,199,663)	(98,103,816)	(399,086,323)
Net interest income		137,064,069	560,180,850	135,161,723	549,837,890
Other income		12,095,406	49,433,924	8,797,496	35,788,214
Net fees and commissions	23	8,276,391	33,825,610	6,552,153	26,654,158
Operating income	_	157,435,866	643,440,384	150,511,372	612,280,262
General and administrative expenses	24	(85,995,073)	(351,461,867)	(72,869,833)	(296,434,481)
Provision for expected credit losses	5, 6 & 16	(43,626,937)	(178,303,288)	(8,715,365)	(35,454,105)
Income before income tax		27,813,856	113,675,229	68,926,174	280,391,676
Income tax expense	18(a)	(6,433,566)	(26,293,984)	(14,373,813)	(58,472,671)
Net income for the year		21,380,290	87,381,245	54,552,361	221,919,005
Other comprehensive income:					
Remeasurement of employee benefits – net of tax	17	738,746	3,019,255	-	-
Currency translation differences		-	17,059,909	-	9,014,224
Total comprehensive income	_	22,119,036	107,460,409	54,552,361	230,933,229

STATEMENT OF CHANGES IN EQUITY

	Share capital	apital	Retained earnings	earnings	Regulatory reserve	reserve	Currency translation reserves	Total	미
	OSD	KHR,000	OSD	KHR'000	OSD	KHR'000	KHR'000	OSD	XHR'000
	(Not	(Notes 2.4 and 20)		(Note 2.4)	(Not	(Notes 2.4 and 20)	(Note 2.4)		(Note 2.4)
Balance as at 1 January 2022	193,000,000	772,000,000	137,292,563	559,422,881	23,808,366	96,559,702	14,624,604	354,100,929 1,442,607,187	1,442,607,187
Net income for the year	•	,	21,380,290	87,381,245	1	1	,	21,380,290	87,381,245
Additional capital contribution	10,000,000	40,000,000	,	1	1	1	1	10,000,000	40,000,000
Transfer to regulatory reserve	•	1	(10,239,958)	(41,850,708)	10,239,958	41,850,708	1	1	,
Capitalisation of retained earnings	47,000,000	188,000,000	(47,000,000)	(188,000,000)	1	ı	1	1	1
Remeasurement of employee benefits – net of tax	,	,	738,746	3,019,255	,	1	1	738,746	3,019,255
Currency translation differences	'	,	'	,	'	,	17,059,909	,	17,059,909
Balance as at 31 December 2022	250,000,000	250,000,000 1,000,000,000	102,171,641	419,972,673	34,048,324	138,410,410	31,684,513	386,219,965	386,219,965 1,590,067,596
Balance as at 1 January 2021	193,000,000	772,000,000	94,612,427	385,800,086	11,936,141	48,263,492	5,610,380	299,548,568	299,548,568 1,211,673,958
Net income for the year	•	•	54,552,361	221,919,005	1	1	•	54,552,361	221,919,005
Transfer to regulatory reserve	1	1	(11,872,225)	(48,296,210)	11,872,225	48,296,210	1	1	1
Currency translation differences	'	,	'	,	'	'	9,014,224	,	9,014,224
Balance as at 31 December 2021	193,000,000	772,000,000	137,292,563	559,422,881	23,808,366	96,559,702	14,624,604	354,100,929 1,442,607,187	1,442,607,187

STATEMENT OF CASH FLOWS

		For the year ended 31 December 2022		For the year ended 31 December 2021	
	Note	USD	KHR'000	USD	KHR'000
			(Note 2.4)		(Note 2.4)
Net cash					
from/(used in) operating activities	25	164,390,931	671,922,426	(114,044,521)	(463,933,115)
Investing activities					
Acquisitions of:					
Other investments	7	(2,914,744)	(11,912,559)	(43,750)	(177,975)
Property and equipment	9	(8,260,511)	(33,760,700)	(9,823,907)	(39,963,654)
Software costs	11	(4,510,406)	(18,434,029)	(1,546,113)	(6,289,588)
Proceeds from disposal of property					
and equipment Net cash used in investing activities		1,616,447 (14,069,214)	6,606,419 (57,500,869)	33,025 (11,380,745)	134,346 (46,296,871)
Net cash used in investing activities		(14,003,214)	(37,300,003)	(11,000,740)	(40,230,071)
Financing activities					
Proceeds from:					
Borrowings	14	55,786,237	227,998,351	94,674,933	385,137,627
Subordinated debts	15	35,000,000	143,045,000	53,000,000	215,604,000
Additional capital contribution	20	10,000,000	40,870,000	-	-
Repayment of:					
Borrowings	14	(77,530,199)	(316,865,923)	(98,350,918)	(400,091,534)
Subordinated debts	15	(9,000,000)	(36,783,000)	(3,800,000)	(15,458,400)
Lease liabilities	19	(10,983,532)	(44,889,695)	(9,481,745)	(38,571,739)
Net cash from financing activities		3,272,506	13,374,733	36,042,270	146,619,954
Net change in cash and cash					
equivalents		153,594,223	627,796,290	(89,382,996)	(363,610,032)
Cash and cash equivalents at					
beginning of year	3	233,381,808	950,797,485	322,978,712	1,306,448,889
Currency translation differences		(89,085)	14,219,782	(213,908)	7,958,628
Cash and cash equivalents at end of year	3	386,886,946	1,592,813,557	233,381,808	950,797,485

NOTES TO THE FINANCIAL STATEMENTS

1. General information

SATHAPANA Bank Plc. ("the Bank") was incorporated and registered in the Kingdom of Cambodia.

Establishment and operation

SATHAPANA Limited, the micro-finance institution ("MFI"), was incorporated in the Kingdom of Cambodia by the Ministry of Commerce ("MoC") on 19 February 2003, based on the Memorandum and Articles of Association signed on 27 December 2002 between Cambodia Community Building ("CCB"), a local non-governmental organisation established in 1996 and the MFI's staff. The MFI obtained its license to operate as a micro-finance institution from the National Bank of Cambodia ("NBC") on 23 April 2003 and, from 19 April 2006, with an indefinite term. Under the micro-finance license, the MFI is authorised to grant credit and offer saving services to poor and low-income households and small enterprise operating in the Kingdom of Cambodia.

On 22 January 2009, the MFI received a license from the NBC to conduct deposit-taking business. On 11 February 2014, the MFI received another 3-year license to conduct money exchange business.

On 19 October 2012, MARUHAN Japan Bank ("MJB") entered into a sale and purchase agreement with Stichting Triodos-Doen ("ST"), Nederlandse Financierings-Maatschapij Voor Ontwikellingslanden N.V. ("NFVO"), DWM Funds S.C.A.-SICAV SIF ("DWM"), CCB, and SATHAPANA Employee Investment Limited ("SEI") to acquire 95.1% equity in SATHAPANA Limited. This was approved by the NBC on 5 December 2012 with the subject shares approved for change in ownership by the MoC on 17 December 2012.

On 8 February 2016, the Board of Directors of the MFI, pursuant to the option agreement with CCB, the non-controlling interest of the MFI, passed a resolution to sell to MJB the remaining 4.9% equity of the MFI, representing all the non-controlling interest of the MFI for a total price of USD 6.02 million. The transaction was completed on 17 March 2016.

In early 2015, MJB and SATHAPANA Limited agreed to merge the two institutions into one entity, under the name SATHAPANA Bank Plc., as approved by the NBC on 28 March 2016. On 29 March 2016, the NBC also granted the Bank its banking license with an indefinite term. On 1 April 2016, all assets and liabilities of MJB were transferred to the Bank.

The registered office of the Bank is located at Sathapana Tower, No. 63, Preah Norodom Blvd., corner Street No 172 and Street No 174, Phnum 14, Sangkat Phsar Thmey 3, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia. The Bank operates its businesses in 25 provinces with a network of 172 branches.

As at 31 December 2022, the Bank had 4,378 employees (2021: 4,369 employees).

The financial statements were authorized for issue by the Board of Directors on 24 March 2023.

Principal activity

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

Paid-up capital

The paid-up capital of the Bank as at 31 December 2022 is USD 250,000,000 (2021: USD 193,000,000).

SATHAPANA BANK

The Board of Directors

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

Dr. Han Chang-Woo	Chairman (non-executive)
Mr. Han Ken	Non-executive director
H.E. Shinohara Katsuhiro	Independent and non-executive director
H.E. Kim Vada	Independent and non-executive director
Mr. Nakagome Akihiro	Independent and non-executive director
Mr. Iwasa Tomoyuki	Non-executive director (appointed on 4 May 2022)
Mr. Anthony Chin Min Khong	Non-executive director (resigned on 19 February 2022)
Mr. Han Yu	Non-executive director (resigned on 29 March 2022)

2. Significant accounting policies

The significant accounting policies adopted in the preparation of the 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 have been prepared on a historical cost basis, except for items which are not prepared the under historical cost basis such as:

- Financial instruments at amortised cost:
- Financial instruments which are valued at fair value;
- Defined benefit asset or obligation; and,
- Provisions measured at its best estimate of the expenditure required to settle the present obligation, with discounting if the effect of time value of money is material.

2.2 Statement of compliance

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

The Accounting and Auditing Regulator, as mandated by Prakas (Circular) No. 068-MEF-Pr dated 8 January 2009 issued by the Ministry of Economy and Finance of Cambodia, has fully adopted International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") without modifications. The standards are referred to as CIFRSs.

2.3 Presentation of financial statements

The Bank presents its statement of financial position in the order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line items. An analysis of recovery or settlement within 12 months after the reporting date ("current") and more than 12 months after the reporting date ("non-current") is presented in Note 29.

2.4 Functional and presentation currency

The functional currency of the Bank is United States dollar ("USD"). The financial statements are presented in USD and all values are rounded to the nearest dollar, except when otherwise indicated. The translation of the USD amounts into Khmer Riel ("KHR") is included solely for meeting the presentation requirement pursuant to the Law on Accounting and Auditing dated 11 April 2016 and have been made using the prescribed official exchange rate based on the applicable exchange rate per USD 1 as announced by the NBC.

The financial statements are presented in KHR based on the following applicable exchange rates per USD 1:

	2022	2021
Closing rate	4,117	4,074
Average rate*	4,087	4,068

^{*}The average amounts were determined using the NBC's average of daily rates

2.5 Summary of significant accounting policies

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

2.5.1 Financial assets and financial liabilities

(a) Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the financial instrument.

A financial asset or financial liability is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issuance.

(b) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are 'solely payment for principal and interest' ("SPPI").

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

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

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

All other financial assets are classified as measured at FVTPL.

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

Business model assessment

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

• the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether Management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile,

matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Bank's Management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and,
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

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

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

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

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

In making the assessment, the Bank considers:

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

Non-recourse loans

In some cases, loans made by the Bank that are secured by collateral of the borrower limit the Bank's claim to cash flows of the underlying collateral ("non-recourse loans"). The Bank applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Bank typically considers the following information when making this judgement:

- · whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Bank's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and,
- whether the Bank will benefit from any upside from the underlying assets.

Reclassifications

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

(c) Derecognition

Financial assets

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

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

Financial liabilities

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

(d) Modifications of financial assets and financial liabilities

Financial assets

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

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

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

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

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

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

Financial liabilities

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

(g) Impairment

The Bank recognizes allowance for expected credit loss ("ECL") on the following financial instruments that are not measured at FVTPL:

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

No impairment loss is recognised on equity investments.

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

- debt investment securities that are determined to have low credit risk at the reporting date; and,
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

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

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

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

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

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

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

Determining whether credit risk has increased significantly

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

The Bank considers that a significant increase in credit risk occurs when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

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

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

(e) Offsetting

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

(f) Fair value measurement

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

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

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g., bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

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

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

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
- the Bank considers that a significant increase in credit risk occurs when an asset is more than 30 days past due;
- when the account undergoes debt restructuring or resheduling;
- when account shows deterioration in its credit profile but its delinquency does not exceed 30 days past due ("DPD") (forced accounts); or
- when accounts are crossed default by obligor(s) of the same borrower type within the same loan listing source.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses, measured as follows:

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

Inputs, assumptions and techniques used for estimating impairment

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

- Probability of default ("PD");
- Loss given default ("LGD");
- Exposure at default ("EAD");
- Economic factor adjustment ("EFA"); and,
- Discount factor ("DF").

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by 12-month EAD, by 12-month EFA, by pool LGD and by DF. Lifetime ECL is calculated by multiplying the lifetime PD by lifetime EAD, by lifetime EFA, by pool LGD and by DF.

The Bank adopts the delinquency-based transition matrix, historical loss rate model and proxy models to estimate its PD.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that are integral to the financial asset. The LGD is computed based on a workout style method. The workout style method is based on a set of derived estimated cash flows (i.e., collection or sale of collateral) during the workout period and discounted by the effective interest rate to the date of default.

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

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period. The maximum

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Restructured financial assets

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

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

On 28 December 2021, the NBC issued Circular No. B7.021.2314 on the Classification and Provisioning Requirements on Restructured Loans, which aims at phasing out the forbearance period for the existing restructured loans and phasing in classification and provisioning arrangements complying with the current regulation, Prakas No. B7-017-344 dated 01 December 2017 on Credit Risk Grading and Impairment. In this regard, banks and financial institution ("BFIs") should start provisioning the restructured loan portfolio immediately.

Taking into account the concerns of banks and financial institutions, the NBC allowed BFIs to defer the implementation of the new circular to 2022 as follows:

- the first report to be sent to the NBC based on the Prakas is the "Monthly Report on Credit Classification" of January 2022, which is based on data from 1 to 31 January 2022. The due date of this report was on 10 February 2022; and,
- the classification and recognition of provision expense of these restructured loans can be done from 1 January 2022 onwards, although early implementation was encouraged.

The Bank has implemented and applied the new provisioning on its restructured loan portfolio from 31 December 2021 onwards.

Credit-impaired financial assets

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

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

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

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

Presentation of allowance for ECL in the statement of financial position

Allowance for ECL is presented in the statement of financial position for financial assets measured at amortised cost as contraaccount from the gross carrying amount of the assets.

Write-off

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

Recoveries of amounts previously written off are recognised in profit and loss in the statement of comprehensive income.

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

2.5.2 Cash and cash equivalents

For statement of cash flows purposes, cash and cash equivalents consist of cash on hand, balances with other banks, and highly-liquid short-term investments with an original maturity of less than ninety days that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

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

2.5.3 Equity

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

Retained earnings includes all current and prior period retained profits.

2.5.4 General and regulatory reserves

A general reserve is set up as necessary for any overall financial risk. The Board of Directors exercises its discretion for the use and maintenance of the general reserve. Any transfer from retained earnings to general reserve is subject to the approval of the Board of Directors.

Regulatory reserve is set up to account for the difference in provision between ECL determined in accordance with CIFRS 9, *Financial Instruments*, and the regulatory provision computed in accordance with NBC Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions.

The regulatory provision requires BFIs to classify their loan portfolio into five classes and provide general and specific allowance based on the loan classification as follows:

Classification	Number of days past due	Allowance rate
Standard	0 to 14 days (short-term)	1%
	0 to 29 days (long-term)	
Special mention	15 days to 30 days (short-term)	3%
	30 days to 89 days (long-term)	
Substandard	31 days to 60 days (short-term)	20%
	90 days to 179 days (long-term)	
Doubtful	61 days to 90 days (short-term)	50%
	180 days to 359 days (long-term)	
Loss	From 91 days (short-term)	100%
	360 days or more (long-term)	

The Bank shall compare the provision calculated in accordance with CIFRS 9 and the regulatory provision, and:

• In case the regulatory provision is lower than provision calculated under CIFRS 9, the Bank shall record the provision calculated in accordance with CIFRS 9; and,

• In case the regulatory provision is higher than provision calculated under CIFRS 9, the Bank shall record the provision calculated in accordance with CIFRS 9 and transfer the difference from retained earnings or accumulated loss account to the regulatory reserve.

2.5.5 Deposits and placement with banks

Deposits and placements with banks are stated at cost less ECL.

2.5.6 Loans to customers

Loans to customers are initially measured at fair value plus adjustment on direct transaction costs, and subsequently at their amortised cost using the effective interest method.

2.5.7 Other investments

Other investments consist of equity and bond investments.

The equity investment represents the Bank's investment on unlisted equity securities designated as FVOCI and is valued at cost less any impairment.

The bond investments represent the Bank's investment on treasury bonds guaranteed by the Cambodian Government. These bond investments are valued at amortised cost and are held for the purpose of earning interest, and the cash flows are expected to be collected at a specific future period of time.

2.5.8 Other assets

Other assets are carried at cost less impairment, if any.

2.5.9 Property and equipment

(a) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalized in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

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

(b) Subsequent costs

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

(c) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line over the estimated useful lives of each component of an item of property and equipment.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Bank will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property and equipment are installed and are ready for use, or in respect of internally-constructed assets, from the date that the asset is completed and ready for use. Construction in progress is not depreciated.

The estimated useful lives of property and equipment items are as follows:

	Number of years
Office furniture and equipment	4 to 7
Computers	3 to 7
Motor vehicles	4 to 5
Leasehold improvements	Shorter of lease period and its economic life of 5 years

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

2.5.10 Software costs

Software costs, comprising acquired computer software licenses and related costs, are stated at cost less accumulated amortisation and impairment loss. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire the specific software and bring it to use.

Software costs are depreciated on a straight-line basis over an estimated 10-year useful life.

Costs associated with the development or maintenance of computer software are recognised as expense when incurred.

2.5.11 Leases

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

To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- the contract involves the use of an identified asset this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and,
- the Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In cases where all the decisions about how and for what purpose the asset is used are predetermined, the Bank has the right to direct the use of the asset if either:
 - i) the Bank has the right to operate the asset; or
 - ii) the Bank designed the asset in a way that predetermines how and for what purpose it will be used.

Leases in which the Bank is a lessee

An arrangement conveyed the right to use the asset if one of the following was met:

- · the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output; or
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output.

Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

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

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

The estimated useful lives of right-of-use assets comprising leases of head office, branch offices and ATM locations range between 14 months to 15 years.

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

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the lease term, a change in the assessment of the option to purchase the underlying asset, a change in future lease payments arising from a change in an index or rate, or if there is a change in the Bank's estimate of the amount expected to be payable under a residual value quarantee.

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

The Bank present right-of-use assets and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

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

2.5.12 Employee benefits

(a) Short-term employee benefits

The Bank recognises a liability and a provision for short-term employee benefits where it is contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, bonuses, and other short-term benefits are recognised as an expense in the year in which the associated services are rendered by employees of the Bank.

Post-employment benefits

The post-employment benefits consist of the Bank's liability to employees for provident fund, seniority indemnity payment and unpaid annual leave which are considered as defined benefit obligations.

The Bank provides its employees with benefits under the provident fund policy. Employees who complete their probation have an option to participate in the provident fund scheme. The fund is sourced from the following:

- Employees may contribute up to 5.0% of their monthly salary, and the Bank contributes twice that amount.
- The Bank contributes interest on the cumulative balance of the provident fund computed at 6.5% per annum.

The Bank's contributions are charged to profit or loss during the year the employees rendered services. The provident fund will be paid to employees (who have contributed to the fund) upon their retirement, resignation or termination of employment.

Upon retirement or resignation, the employee's contribution and related interest are paid in full while the Bank's contribution and related interest are paid in accordance with the following conditions:

Years of service	Bank's % of contribution
Equal to or less than 1 year	-
Worked for at least 1 year	20%
Worked for at least 2 years	40%
Worked for at least 3 years	60%
Worked for at least 4 years	80%
Worked for at least 5 years	100%

Those who have been terminated due to serious misconduct are only entitled to his/her contribution plus interest, regardless of how long they have been employed by the Bank.

Seniority indemnity payment

In 2018, the Ministry of Labour and Vocational Training's ("MoLVT") Prakas No. 443 dated 21 September 2018 mandated the payment of seniority indemnity for unspecified duration contracted employees with implementation guidelines issued on 22 March 2019. The said Prakas requires retroactive seniority payment equal to fifteen days per year of employee service for a maximum not exceeding 6 months based on the average net wages for each year.

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Payment shall be spread over a period beginning December 2022 and every June and December thereafter as follows:

- equal to three days payable every June; and
- equal to three days payable every December.

Unpaid annual leave

The Bank provides its active employees with benefits under unpaid annual leave benefit plan. Unused annual leave could be brought forward by certain amount depending on years of services. The total unused annual leaves will be paid based on the salary at the time of leaving the Bank.

Service	Annual Leave Days
1-3 years	18 days per year (max forward a year = 6 days)
4-6 years (from 3 years and 1 day up)	19 days per year (max forward a year = 7 days)
7-9 years (from 6 years and 1 day up)	20 days per year
10 year and above (from 9 years and 1 day up)	21 days per year (max forward a year = 9 days)

At the end of each reporting period, the provident fund, seniority indemnity payment and unpaid annual leave are reassessed following actuarial valuation performed by the Bank's independent actuaries using the projected unit credit method. The liability with respect to current provident fund, seniority indemnity payment and unpaid annual leave is regarded as fully accrued, and, therefore, is not split between a past (or accrued) and future in-service element. The net defined benefit liability is recognised at the present value of the obligation.

2.5.13 Deposit liabilities

Deposit liabilities are stated at amounts in which they are to be paid. Interest is accrued periodically and recognized in a separate liability account before recognizing as part of deposit liabilities.

2.5.14 Provisions

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

2.5.15 Interest

Effective interest rate

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

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

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

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

Amortised cost and gross carrying amount

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

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

Calculation of interest income and expense

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

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

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

Presentation

Interest income and interest expense determined using the effective interest method are presented under the profit or loss in the statement of comprehensive income.

2.5.16 Fee and commission

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

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

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

2.5.17 Dividend income

Dividend income is recognised when the Bank's right to receive the payment is established.

2.5.18 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets, other than inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing

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value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

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

2.5.19 Income tax

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

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

Following the adoption of CIFRSs, the General Department of Taxation ("GDT") has not indicated the changes to tax bases for tax computations for the tax effects of transition to CIFRSs. The Bank has made assumptions that Management assessed to be reasonable and prudent in its assessment of tax payable and deferred taxes. The use of different assumptions could lead to a material impact on the financial statements. The final tax liabilities and deferred taxes of the Bank are subject to the determination of an agreement with the GDT.

(i) Current tax

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

(ii) Deferred tax

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

Deferred tax assets are recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

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

2.5.20 Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised

for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Bank re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is required to be tested at least annually for impairment. For purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2.5.21 Contingent liabilities

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

2.5.22 Contingent assets

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

2.5.23 Related parties

A related party is a person or entity that is related to the Bank. A related party transaction is a transfer of resources, services or obligations between the Bank and its related party, regardless of whether a price is charged.

- a. A person or a close member of that person's family is related to the Bank if that person:
 - i. Has control or joint control over the Bank;
 - ii. Has significant influence over the Bank; or
 - iii. Is a member of the key management personnel of the Bank.
- b. An entity is related to the Bank if any of the following conditions applies:
 - i. The entity and the Bank are members of the same group.
 - ii. One entity is an associate or joint venture of the other entity.
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefits of employees of either the Bank or an entity related to the Bank.
 - vi. The entity is controlled or jointly-controlled by a person identified in a. above.
 - vii. A person identified in a.i. above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Bank or to the parent of the Bank.

2.5.24 Rounding of amounts

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Amounts in the financial statements have been rounded off to the nearest dollar and nearest thousand KHR for USD and KHR amounts, respectively.

2.5.25 Events after the reporting period

The Bank identifies events after the end of each reporting period as those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. The financial statements of the Bank are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

2.6 Significant accounting judgments and estimates

The preparation of the financial statements in accordance with CIFRSs requires the Bank to make estimates and assumptions that affect the reported amounts of resources, liabilities, income and expenses and the disclosures of contingent resources and contingent liabilities. Future events may occur which can cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

2.6.1 Judgments

The following are the critical judgments and key assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Classification of financial assets

The Bank classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial asset are SPPI on the principal amount outstanding. The Bank performs the business model assessment based on observable factors such as:

- performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's Management;
- risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- compensation of business units whether based on the fair value of the assets managed or on the contractual cash flows collected; and,
- expected frequency, value and timing of sales.

In performing the SPPI test, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms and other features that may modify the consideration for the time value of money.

(b) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position or disclosed in the notes to financial statements cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

(c) Lease:

The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfilment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

In assessing whether leases are of low-value, Management considers the economic substance of the underlying asset as a whole.

(d) Extension and termination options

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has several lease contracts that include extension and termination options. The Bank applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors such as leasehold improvements and location that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

2.6.2 Estimates

(a) ECL on financial assets

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include, among others:

- segmentation of the portfolio, where the appropriate model or ECL approach is used;
- criteria for assessing if there has been a significant increase in credit risk and so the allowance for debt financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- segmentation of debt financial assets when their ECL is assessed on a collective basis and on an individual basis for significant customer as defined by the Bank's Management;
- · development of ECL models, including the various formulas and the choice of inputs;
- determination of associations between macroeconomic scenarios and economic inputs and the effect on PDs, EADs and LGDs; and,
- selection of forward-looking macroeconomics scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Coronavirus and impact on ECL

The ECL was estimated based on a range of forecast economic conditions as at reporting date. The Novel Coronavirus ("COVID-19") outbreak has spread across mainland China, Cambodia and beyond, causing disruption to business and economic activity.

The impact on gross domestic product and other key indicators has been considered when determining the severity and likelihood of downside economic scenarios that are used to estimate ECL, in which the calculation of the ECL in this current environment is subject to significant uncertainty. The Management provides its best estimate on the possible outcomes of COVID-19 on the Bank; however, future events may occur which can cause the assumptions used in arriving at the estimate to change. This will have a corresponding impact on the ECL and in the financial position and performance of the Bank.

(b) Recognition of deferred tax assets

Deferred tax assets are recognised for all unused tax losses and temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant estimate is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable income together with future tax planning strategies.

(c) Income tax expense

The taxation system in Cambodia is characterised by numerous taxes and frequently changing legislation, which is subject to

interpretation. Taxes are subject to review and investigation by a number of authorities, which are empowered by law to impose fines, penalties and interest charges.

These factors may create potential tax exposures for the Bank. The Management believes that they have understood relevant tax regulations and adequately provided for tax liabilities based on their interpretation of the current tax legislation. However, where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax amount reported in the period in which such determination is made.

(d) Impairment of non-financial assets and goodwill

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The Bank assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Bank considers important which could trigger an impairment review include the following:

- · significant underperformance relative to expected historical or projected future operating results;
- · significant changes in the manner of use of the acquired assets or the strategy for overall business; and,
- significant negative industry or economic trends.

(e) Estimating useful lives of property and equipment and software costs

The Bank estimates the useful lives of its property and equipment and software costs. This estimate is reviewed periodically to ensure that the period of depreciation and amortisation are consistent with the expected pattern of economic benefits from the items of property and equipment and software costs.

(f) Defined benefit obligations

The present value of the defined benefit obligation depends on a number of factors that are determined by Management using a number of assumptions. The assumptions used in determining the net cost for defined benefits include discount rate. Any changes in these assumptions will impact the value of defined benefit obligation.

(g) Estimating cost of right-of-use assets

Determining the cost of right-of-use asset includes the amount of lease liabilities recognised and the estimated costs to be incurred in dismantling and removing its underlying asset or restoring to the condition required by the contract. Lease liabilities are measured at the present value of lease payments to be made over the lease term. In calculating the lease liabilities, the Bank uses its borrowing cost at the time of the commencement of the lease term.

2.7 Adoption of amended accounting standards

2.7.1 Amended accounting standards effective during the year

The Bank adopted all accounting standards and interpretations as at 31 December 2022. The amended accounting standards were assessed to be applicable and have no material impact to the Bank's financial statements follow:

- Property, Plant and Equipment Proceeds before Intended Use (Amendments to CIAS 16, *Property, Plant and Equipment*)
- Onerous Contracts Cost of Fulfilling a Contract (Amendments to CIAS 37)
- Annual Improvements to CIFRSs (2018–2020 Cycle)

2.7.2 Amended accounting standards which are not yet effective

At the date of authorisation of these financial statements, the following amended accounting standards have been issued but are not yet effective were assessed to be applicable to the Bank:

- Classification of Liabilities as Current or Non-current (Amendments to CIAS 1, Presentation of Financial Statements)
- Disclosure of Accounting Policies (Amendments to CIAS 1 and CIFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to CIAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to CIAS 12, Income Taxes)
- Non-current Liabilities with Covenants (Amendments to CIAS 1)

The Management does not expect that the adoption of the amendments to the accounting standards listed above will have a material impact on the financial statements of the Bank in future periods.

3. Cash on hand

Cash on hand comprises the following currencies:

	31 Decemb	er 2022	31 Decemb	er 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
dollar	123,406,694	508,065,359	86,078,573	350,684,106
an riel	68,321,523	281,279,710	50,741,741	206,721,853
	1,627,382	6,699,932	2,079,004	8,469,862
yen	64,176	264,213	74,754	304,548
	26,789	110,290	23,995	97,756
	17,001	69,993	18,258	74,383
ng	15,421	63,488	16,454	67,034
	9,995	41,149	11,956	48,709
ollar	805	3,315	728	2,965
	193,489,786	796,597,449	139,045,463	566,471,216

For the purpose of the statement of cash flows, cash and cash equivalents comprise:

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	31 Decem	31 December 2022		per 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Cash on hand	193,489,786	796,597,449	139,045,463	566,471,216
Current accounts with the NBC (Note 4)	145,986,377	601,025,914	83,790,912	341,364,175
Other banks (Note 5)	32,906,769	135,477,168	10,545,433	42,962,094
Short-term deposits with the NBC (Note 4)	14,504,014	59,713,026	-	-
	386,886,946	1,592,813,557	233,381,808	950,797,485

4. Balances with the National Bank of Cambodia

Balances with the NBC comprise:

	31 Decem	31 December 2022		ber 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Current accounts	145,986,377	601,025,914	83,790,912	341,364,175
Short-term deposits (i)	14,504,014	59,713,026	37,257,116	151,785,491
Capital guarantee (ii)	25,081,918	103,262,256	19,303,892	78,644,056
Reserve requirement (iii)	130,344,547	536,628,500	116,713,672	475,491,500
	315,916,856	1,300,629,696	257,065,592	1,047,285,222

(i) Short-term deposits

In 2022, short-term deposits denominated in USD with maturities of 3 months earn annual interest at rates ranging from 2.98% and 3.28% and short-term deposits denominated in KHR with maturities of 3 months earn annual interest at 1.55%. In 2021, short-term deposits denominated in USD with maturities of 6 months to 12 months earn annual interest at rates ranging from 0.08% and 0.13% and short-term deposit denominated in KHR with maturities of 1 months, and 6 months earn annual interest at 0.96%, 1.55%, and 1.75, respectively.

(ii) Capital guarantee

Under NBC Prakas No. B7-01-136 dated 15 October 2001, banks are required to maintain a statutory deposit of 10% of registered capital with the NBC. This deposit is not available for use in the Bank's day-to-day operations but is refundable when the Bank voluntarily ceases to operate the business in Cambodia.

(iii) Reserve requirement

Under NBC Prakas No. B7-020-230 dated 18 March 2020, commercial banks are required to maintain certain cash reserves with the NBC in the form of compulsory deposits, computed at 7.0% of customer deposits and borrowings in KHR and other currencies.

During the year, interest income from balance with the NBC amounted to USD 669,776 or KHR 2,737,375,000 (2021: USD 113,468 or KHR 461,588,000) (Note 21).

5. Balances with other banks - net

Balances with other banks are held as follows:

	31 Decemb	31 December 2022		per 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Time deposits	20,546,821	84,591,262	20,662,060	84,177,232
Current accounts	32,825,689	135,143,362	10,463,333	42,627,619
Savings accounts	81,080	333,806	82,100	334,475
Gross balances with other banks	53,453,590	220,068,430	31,207,493	127,139,326
Allowance for ECL	(84,601)	(348,302)	(150,666)	(613,813)
Net balances with other banks	53,368,989	219,720,128	31,056,827	126,525,513

a) Interest rates

In 2022, time deposits earn annual interest at rates ranging from 3.20% to 4.00% (2021: 1.25% to 4.00%), savings accounts earn annual interest at rates ranging from 0.50% to 2.00% (2021: 0.50% to 1.25%) whereas current accounts earn annual interest at 0.25% (2021: 0.75%).

During the year, interest income from balances with other banks amounted to USD 429,910 or KHR 1,757,042,000 (2021: USD 116,104 or KHR 472,311,000) (Note 21).

(b) Movements in allowance for ECL

	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Balance as at 1 January	150,666	613,813	7,598	30,734
(Reversal of)/provision for ECL	(66,065)	(270,008)	143,068	582,001
Currency translation differences	-	4,497	-	1,078
Balance as at 31 December	84,601	348,302	150,666	613,813

Loans to customers – net

Details of loans to customers are as follows:

	31 December 2022		31 Decem	ber 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Retail business	963,078,370	3,964,993,650	954,581,775	3,888,966,151
Personal	455,878,756	1,876,852,838	483,463,179	1,969,628,991
Agriculture	266,076,257	1,095,435,950	282,313,700	1,150,146,014
Commercial business	232,403,507	956,805,238	118,173,364	481,438,285
Housing	152,043,805	625,964,345	57,060,703	232,465,304
Overdraft	22,166,580	91,259,810	8,911,669	36,306,140
Staff loans	16,421,940	67,609,127	19,585,276	79,790,414
Credit card	2,605,857	10,728,313	1,151,640	4,691,781
Automobile	17,676	72,772	37,709	153,626
Gross loan to customers	2,110,692,748	8,689,722,043	1,925,279,015	7,843,586,706
Interest receivable	17,237,620	70,967,282	17,215,147	70,134,509
	2,127,930,368	8,760,689,325	1,942,494,162	7,913,721,215
Allowance for ECL	(32,891,051)	(135,412,457)	(24,419,371)	(99,484,517)
Unamortised loan processing fees	(15,704,481)	(64,655,348)	(13,693,797)	(55,788,528)
Net balances of loans to customers	2,079,334,836	8,560,621,520	1,904,380,994	7,758,448,170

Further analyses of loans to customers are as follows:

Movements in allowance for ECL

		2022		
Stage 1 USD	Stage 2 USD	Stage 3 USD	USD	Total KHR'000 (Note 2.4)

Balance as at 1 January	1,498,376	4,170,237	18,750,758	24,419,371	99,484,517
Newly-originated assets	1,272,250	434,956	1,953,187	3,660,393	14,960,026
Payments and assets derecognised	(481,810)	4,250,145	32,743,365	36,511,700	149,223,318
Impact on ECL of exposures					
transferred between stages	-	2,409,721	17,966,923	20,376,644	83,279,344
Effect of loans closed during the year	(1,446,222)	(3,591,564)	(11,934,673)	(16,972,459)	(69,366,440)
Transfers to Stage 1	4,528,846	(2,673,419)	(1,855,427)	-	-
Transfers to Stage 2	(189,352)	678,679	(489,327)	-	-
Transfers to Stage 3	(464,180)	(2,249,613)	2,713,793	-	_
Amount recognised in profit or loss					
during the year	3,219,532	(741,095)	41,097,841	43,576,279	178,096,248
Loans written off	-	-	(35,104,598)	(35,104,598)	(143,472,492)
Currency translation differences	-	-	-	-	1,304,184
Balance as at 31 December	4,717,908	3,429,142	24,744,001	32,891,051	135,412,457

			2021		
	Stage 1 USD	Stage 2 USD	Stage 3 USD	USD	Total KHR'000 (Note 2.4)
Balance as at 1 January	3,596,359	5,057,080	12,616,272	21,269,711	86,035,982
Newly-originated assets	639,087	338,365	-	977,452	3,976,275
Payments and assets derecognised	(2,326,731)	(2,681,242)	1,440,620	(3,567,353)	(14,511,992)
Impact on ECL of exposures					
transferred between stages	-	2,562,591	8,599,607	11,162,198	45,407,821
Transfers to Stage 1	90,002	(30,641)	(59,361)	-	-
Transfers to Stage 2	(242,685)	248,190	(5,505)	-	-
Transfers to Stage 3	(257,656)	(1,324,106)	1,581,762	-	-
Amount recognised in profit or loss					
during the year	(2,097,983)	(886,843)	11,557,123	8,572,297	34,872,104
Loans written off	-	-	(5,379,731)	(5,379,731)	(21,884,746)
Currency translation differences	-	-	(42,906)	(42,906)	461,177
Balance as at 31 December	1,498,376	4,170,237	18,750,758	24,419,371	99,484,517

(ii) By industry

	31 December 2022		31 Decemb	per 2021
	USD KHR'000		USD	KHR'000
		(Note 2.4)		(Note 2.4)
Trade – wholesale and retail	618,411,804	2,546,001,397	687,598,352	2,801,275,686
Personal lending	466,726,978	1,921,514,968	324,718,228	1,322,902,061
Services	358,339,080	1,475,281,992	369,540,184	1,505,506,709
Agriculture	278,722,535	1,147,500,677	322,766,804	1,314,951,959

	2,127,930,368	8,760,689,325	1,942,494,162	7,913,721,215
Others	939,075	3,866,172	-	
Financial institutions	29,091,781	119,770,862	19,005,982	77,430,371
Mortgage	156,010,408	642,294,850	69,627,385	283,661,966
Construction and real estate	219,688,707	904,458,407	149,237,227	607,992,463

(iii) By maturity

Refer to Note 29 on the maturity profile of assets and liabilities.

(iv) By residency, relationship, exposure and interest rates range

	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Residency:				
Residents	2,127,930,368	8,760,689,325	1,942,494,162	7,913,721,215
Non-residents	-	-	-	-
	2,127,930,368	8,760,689,325	1,942,494,162	7,913,721,215
Relationship:				
Related parties	7,734,983	31,844,925	7,307,381	29,770,269
Non-related parties	2,120,195,385	8,728,844,400	1,935,186,781	7,883,950,946
	2,127,930,368	8,760,689,325	1,942,494,162	7,913,721,215
Exposure:				
Large	-	-	-	-
Non-large	2,127,930,368	8,760,689,325	1,942,494,162	7,913,721,215
	2,127,930,368	8,760,689,325	1,942,494,162	7,913,721,215
Annual interest rates are as follows:				
		2022		2021
External customers		6.00% - 36.00%		7.00% - 36.00%
Staff loans		6.50%		6.50%

During the year, interest income from loans to customers amounted to USD 249,299,265 or KHR 1,018,886,096,000 (2021: USD 233,035,967 or KHR 947,990,314,000) (Note 21).

(v) Staging of the loan portfolio, including net interest receivable

	31 Decem	31 December 2022		ber 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
stage 1	2,010,276,127	8,276,306,815	1,828,843,261	7,450,707,445
Stage 2	44,513,941	183,263,895	59,619,633	242,890,385
Stage 3	73,140,300	301,118,615	54,031,268	220,123,385
	2,127,930,368	8,760,689,325	1,942,494,162	7,913,721,215

7. Other investments

	31 December 2022		31 Decem	ber 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Unquoted bond investments at				
amortised cost	2,914,744	12,000,001	-	-
Unlisted equity securities at FVOCI	93,750	385,969	93,750	381,938
	3,008,494	12,385,970	93,750	381,938

8. Other assets

Prepayments
Refundable deposits
Advance payments or deposits
Accounts receivable
Stationery supplies and inventory
Others

31 December 2022		31 December 2021			
USD	KHR'000	USD	KHR'000		
	(Note 2.4)		(Note 2.4)		
10,992,792	45,257,325	12,635,008	51,475,023		
1,912,324	7,873,038	1,601,801	6,525,737		
1,395,491	5,745,236	1,321,619	5,384,276		
1,376,682	5,667,800	809,813	3,299,178		
451,547	1,859,019	221,546	902,578		
1,868,463 7,692,462		1,122,505	4,573,086		
17,997,299	74,094,880	17,712,292	72,159,878		

Property and equipment – net

	Office furniture and equipment	Computers	Motor	Leasehold nprovements	Work in progress	Tot	al
		<u> </u>	<u> </u>	USD		USD	
	USD	USD	USD	000	USD	05D	KHR'000
Cost							(Note 2.4)
As at 1 January 2022	11,695,026	20,275,776	8,293,732	2,267,273	6,145,823	48,677,630	198,312,665
Additions	707,705	2,149,225	-	120,006	5,283,575	8,260,511	33,760,708
Transfers	3,761,173	326,468	-	1,956,117	(6,043,758)	-	-
Reclassed to software (Note 11)	-	-	-	-	(64,621)	(64,621)	(264,106)
Disposals	(172,390)	(36,022)	(3,951,499)	(165,817)	-	(4,325,728)	(17,679,250)
Write-offs	(22,895)	-	(1,910)	-	-	(24,805)	(101,378)
Currency translation differences	-	-	-	-	-	-	2,208,498
As at 31 December							
2022	15,968,619	22,715,447	4,340,323	4,177,579	5,321,019	52,522,987	216,237,137
Accumulated depreciati							
As at 1 January 2022	5,982,046	11,621,711	7,525,410	1,366,649	-	26,495,816	107,943,955
Depreciation (Note 24)	2,055,899	2,760,322	280,552	577,770	-	5,674,543	23,191,857
Disposals	(161,250)	(34,296)	(3,811,258)	(165,817)	-	(4,172,621)	(17,053,502)
Write-offs	(1,613)	-	(1,910)	-	-	(3,523)	(14,398)
Currency translation differences	-	-	-	-	-	-	1,184,271
As at 31 December 2022	7,875,082	14,347,737	3,992,794	1,778,602	-	27,994,215	115,252,183
Carrying amount as at 31 December 2022	8,093,537	8,367,710	347,529	2,398,977	5,321,019	24,528,772	100,984,954
Cost							
As at 1 January 2021	7,969,804	18,620,602	8,332,412	2,296,798	2,519,218	39,738,834	160,743,584
Additions	1,962,897	1,500,737	-	254,556	6,105,717	9,823,907	39,963,654
Transfers	2,094,941	194,920	-	189,251	(2,479,112)	-	-
Disposals	(323,243)	(40,483)	(38,680)	(19,547)	-	(421,953)	(1,716,505)
Write-offs	(9,373)	-	-	(453,785)	-	(463,158)	(1,884,127)
Currency translation differences		-	-	-		-	1,206,059
As at 31 December 2021	11,695,026	20,275,776	8,293,732	2,267,273	6,145,823	48,677,630	198,312,665

Accumulated depreciation

Carrying amount as at 31 December 2021	5,712,980	8,654,065	768,322	900,624	6,145,823	22,181,814	90,368,710
As at 31 December 2021	5,982,046	11,621,711	7,525,410	1,366,649	-	26,495,816	107,943,955
Currency translation differences	-	-	-	-	-	-	672,204
Write-offs	(6,344)	-	-	(413,315)	-	(419,659)	(1,707,173)
Disposals	(289,434)	(35,836)	(38,673)	(8,862)	-	(372,805)	(1,516,571)
Depreciation (Note 24)	1,474,940	2,519,169	641,708	338,169	-	4,973,986	20,234,175
As at 1 January 2021	4,802,884	9,138,378	6,922,375	1,450,657	-	22,314,294	90,261,320

As at 31 December 2022, the fully depreciated property and equipment with total historical cost of USD 10,010,261 or KHR 41,212,245 (2021: USD 9,900,350 or KHR 40,334,026) are still in active use.

During the year, the Bank has disposed property and equipment with total carrying amount of USD 153,107 or KHR 625,748,000 and recognised gain of USD 1,463,340 or KHR 5,980,671,000 to profit or loss, accordingly (2021: total carrying amount of USD 49,148 or KHR 199,934,000; loss of USD 16,123 or KHR 65,588,000). Moreover, the Bank has written off property and equipment with total carrying amount of USD 21,282 or KHR 86,980,000 and recognised a loss of the same amount to profit or loss (2021: USD 43,499 or KHR 176,954,000). The gain or loss on the disposal and write-off of property equipment are presented within general and administrative expenses.

10. Right of use assets – net

The Bank leases office space for its head office and branches and ATM locations. Information about leases for which the Bank is a lessee is presented below.

	Office space	ATM locations	Tota	
	USD	USD	USD	KHR'000 (Note 2.4)
Cost				
As at 1 January 2022	57,995,320	1,021,350	59,016,670	240,433,914
Additions	9,238,957	870,293	10,109,250	41,316,505
Expirations	(6,022,097)	(479,536)	(6,501,633)	(26,572,218)
Currency translation differences	-	-	-	2,645,988
As at 31 December 2022	61,212,180	1,412,107	62,624,287	257,824,189
Accumulated depreciation				
As at 1 January 2022	15,586,374	564,760	16,151,134	65,799,720
Depreciation (Note 24)	7,054,622	491,332	7,545,954	30,840,314
Expirations	(3,652,807)	(471,526)	(4,124,333)	(16,856,149)
Currency translation differences	-	-	-	797,149
As at 31 December 2022	18,988,189	584,566	19,572,755	80,581,032
Net carrying amount as at 31 December 2022	42,223,991	827,541	43,051,532	177,243,157
Cost				
Cost As at 1 January 2021	27,008,888	1,015,690	28,024,578	113,359,418

As at 31 December 2021	15,586,374	564,760	16,151,134	65,799,720
Currency translation differences	(1,020,001)	(201,000)	(2,001,010)	358,941
Expirations	(1,826,934)	(267,985)	(2,094,919)	(8,522,130)
Depreciation (Note 24)	6,451,309	401,943	6,853,252	27,879,029
As at 1 January 2021	10,961,999	430,802	11,392,801	46,083,880
Accumulated depreciation				
As at 31 December 2021	57,995,320	1,021,350	59,016,670	240,433,914
Currency translation differences	-			998,666
Expirations	(1,858,833)	(267,985)	(2,126,818)	(8,651,896)
Additions	32,845,265	273,645	33,118,910	134,727,726

11. Software costs – net

Movements in the Bank's software costs are as follows:

	31 December 2022		31 Decemb	er 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Cost				
As at 1 January	9,140,246	37,237,362	7,594,133	30,718,268
Additions	4,510,406	18,434,029	1,546,113	6,289,588
Reclassed from property and equipment (Note 9)	64,621	264,106	-	-
Currency translation differences	-	530,282	-	229,506
As at 31 December	13,715,273	56,465,779	9,140,246	37,237,362
Accumulated amortisation				
As at 1 January	5,028,063	20,484,328	4,651,206	18,814,128
Amortisation (Note 24)	518,867	2,120,609	376,857	1,533,054
Currency translation differences	-	231,774	-	137,146
As at 31 December	5,546,930	22,836,711	5,028,063	20,484,328
Net carrying amount as at 31 December	8,168,343	33,629,068	4,112,183	16,753,034

12. Goodwill

Goodwill pertains to the excess of cost over fair value of net assets from the legal merger between MJB and SATHAPANA Limited on 1 April 2016 and from MJB's initial acquisition of shares of SATHAPANA Limited on 17 December 2012.

13. Deposits from customers and other financial institutions

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

(a) By type of customers

	31 Decem	31 December 2022		per 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
nts:				
	91,628,798	377,235,761	42,539,560	173,306,167
ment	28,440,933	117,091,321	1,383,857	5,637,833

	1.753.652.747	7.219.788.359	1.477.823.493	6.020.652.910
Other financial institutions	136,949,979	563,823,063	87,573,905	356,776,090
Corporate	159,211,636	655,474,305	124,932,777	508,976,133
Individuals	1,035,416,915	4,262,811,439	951,370,693	3,875,884,203
Term deposits:				
Other financial institutions	32,343,295	133,157,346	13,749,042	56,013,597
Individuals	137,300,793	565,267,365	126,559,834	515,604,764
Corporate	30,895,177	127,195,444	39,152,857	159,508,739
Savings deposits:				
Other financial institutions	76,363,989	314,390,543	72,444,605	295,139,321
Corporate	25,101,232	103,341,772	18,116,363	73,806,063

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(b) By residency status

31 Decemb	31 December 2022		ber 2021
USD	KHR'000	USD	KHR'000
	(Note 2.4)		(Note 2.4)
1,681,728,202	6,923,675,007	1,404,839,879	5,723,317,667
71,924,545	296,113,352	72,983,614	297,335,243
1,753,652,747	7,219,788,359	1,477,823,493	6,020,652,910

(c) By currency

Residents Non-residents

	31 Decem	31 December 2022		ber 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
ates dollar	1,385,155,091	5,702,683,508	1,187,372,664	4,837,356,233
ian riel	337,010,740	1,387,473,217	258,711,949	1,053,992,480
se yen	29,857,492	122,923,295	29,308,202	119,401,615
nt	1,628,983	6,706,523	2,430,209	9,900,671
	428	1,762	455	1,854
n dollar	13	54	14	57
	1,753,652,747	7,219,788,359	1,477,823,493	6,020,652,910

(d) By relationship

31 Dece	mber 2022	31 Decem	nber 2021
USI) KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
56,954,520	3 234,481,771	64,963,263	264,660,334
1,696,698,224	4 6,985,306,588	1,412,860,230	5,755,992,576
1,753,652,74	7,219,788,359	1,477,823,493	6,020,652,910

(e) By maturity

Within 1 month

More than 3 months

Related parties Non-related parties

31 Decem	ber 2022	31 Decem	ber 2021
USD	KHR'000	USD	KHR'000
	(Note 2.4)		(Note 2.4)
547,671,881	2,254,765,134	440,073,177	1,792,858,123
172,373,025	709,659,744	152,804,546	622,525,720
1,033,607,841	4,255,363,481	884,945,770	3,605,269,067
1,753,652,747	7,219,788,359	1,477,823,493	6,020,652,910

(f) By annual interest rates

Between 1 month to 3 months

	2022	2021
Banks and financial insitutions		
Term deposits	3.20% - 7.75%	0.25% - 5.75%
Individuals		
Savings deposits	0.25% - 6.50%	0.75% - 1.25%
Current plus	0.75% - 3.00%	0.25% - 2.50%
Term deposits	0.14% - 8.50%	0.75% - 7.50%
Corporate		
Savings deposits	0.25% - 2.00%	0.25% - 0.75%
Current plus	0.50% - 2.00%	0.75% - 7.50%
Term deposits	2.00% - 8.00%	0.25% - 5.75%

During the year, interest expense on deposits from customers amounted to USD 76,160,272 or KHR 311,267,031,000 (2021: USD 64,348,703 or KHR 261,770,524,000) (Note 22).

14. Borrowings

	31 December 2022		31 Decem	ber 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
MIZUHO Bank Ltd	153,333,333	631,273,332	180,000,000	733,320,000
Societe De Promotion Et De Participation Pour				
La Cooperation Economique S.A ("PROPARCO")	80,000,000	329,360,000	50,000,000	203,700,000
Aozora Bank Ltd	41,700,000	171,678,900	50,000,000	203,700,000
Branch of Industrial and Commercial Bank of				
China Limited	30,000,000	123,510,000	48,409,426	197,220,002
BlueOrchard Microfinance Ltd.	20,000,000	82,340,000	-	-
Nederlandse Financierings – Maatschappij				
voor Ontwik-kelingslanden N.V ("FMO")	15,000,000	61,755,000	25,000,000	101,850,000
SME Bank of Cambodia	9,776,886	40,251,440	5,324,803	21,693,247
NBC (LPCO)	-	-	9,818,360	39,999,999
First Commercial Bank Plc	-	-	2,973,122	12,112,499
_	349,810,219	1,440,168,672	371,525,711	1,513,595,747

Movements in the borrowings are as follows:

31 December 2022	31 December 2021

	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
As at 1 January	371,525,711	1,513,595,747	375,502,609	1,518,908,053
Drawdowns	55,786,237	227,998,351	94,674,933	385,137,627
Repayments	(77,530,199)	(316,865,923)	(98,350,918)	(400,091,534)
Currency translation differences	28,470	15,440,497	(300,913)	9,641,601
	349,810,219	1,440,168,672	371,525,711	1,513,595,747

Further analyses of unsecured borrowings are set out below.

(a) By currency

31 Decem	31 December 2022		ber 2021
USD	KHR'000	USD	KHR'000
	(Note 2.4)		(Note 2.4)
349,765,894	1,439,986,186	340,324,803	1,386,483,247
44,325	182,486	31,200,908	127,112,500
349,810,219	1,440,168,672	371,525,711	1,513,595,747

(b) By maturity

	31 December 2022		31 Decem	ber 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Within one month	8,431,963	34,714,392	69,157	281,746
Between 1 to 3 months	35,269,062	145,202,728	29,530,529	120,307,375
Between 3 to 12 months	58,799,770	242,078,653	47,420,537	193,191,268
More than 1 and up to 5 years	247,309,424	1,018,172,899	294,505,488	1,199,815,358
	349,810,219	1,440,168,672	371,525,711	1,513,595,747

(c) By interest rate range

	2022	2021
United States dollar	2.00% - 7.67%	2.00% - 8.08%
Cambodian riel	3.00%	4.50% - 7.50%

During the year, interest expense on borrowings amounted to USD 16,819,470 or KHR 68,741,174,000 (2021: USD 17,780,817 or KHR 72,332,364,000) (Note 22).

15. Subordinated debts

	31 December 2022		31 Decem	ber 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Related party				
Maruhan Investment Asia Pte. Ltd.	2,000,000	8,234,000	2,000,000	8,148,000
Non-related parties				
BlueOrchard Microfinance Ltd.	31,000,000	127,627,000	34,200,000	139,330,800

Nederlandse Financierings – Maatschappij voor				
Ontwik-kelingslanden N.V ("FMO")	20,000,000	82,340,000	-	-
Symbiotics SA	16,750,000	68,959,750	17,750,000	72,313,500
Norfund	15,000,000	61,755,000	15,000,000	61,110,000
Oesterreichische Entwicklungsbank AG ("OeEB")	15,000,000	61,755,000	-	-
Finnish Fund for Industrial Cooperation Ltd	13,000,000	53,521,000	15,000,000	61,110,000
OP FinnFund Global Impact Fund I LP	10,000,000	41,170,000	10,000,000	40,740,000
NMI Fund IV KS	6,400,000	26,348,800	8,000,000	32,592,000
EMF Microfinance Fund AGMVK	5,000,000	20,585,000	5,000,000	20,370,000
The Investment Fund for Developing Countries	4,800,000	19,761,600	6,000,000	24,444,000
	138,950,000	572,057,150	112,950,000	460,158,300

Movements in the subordinated debts are as follows:

	31 Decemb	er 2022	31 December 2021	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
As at 1 January	112,950,000	460,158,300	63,750,000	257,868,750
Drawdowns	35,000,000	143,045,000	53,000,000	215,604,000
Repayments	(9,000,000)	(36,783,000)	(3,800,000)	(15,458,400)
Currency translation differences		5,636,850	-	2,143,950
	138,950,000	572,057,150	112,950,000	460,158,300

Maruhan Investment Asia Pte. Ltd.

On 10 October 2013, the NBC approved the Bank's subordinated debt from Maruhan Investment Asia Pte. Ltd. amounting to USD 5,000,000. The Bank has drawn down the amount of USD 5,000,000 on 12 August 2013. On 7 July 2020, the NBC approved the Bank to renew the outstanding amount of the subordinated debt amounting to USD 2,000,000 which matured on 12 August 2020. This subordinated debt has a seven-year term maturing on 12 August 2027.

BlueOrchard Microfinance Ltd.

On 6 August 2018, the NBC approved the Bank's subordinated debt from BlueOrchard Microfinance Ltd. amounting to USD 9,000,000. The Bank has drawn down the amount of USD 9,000,000 on 23 July 2018. This subordinated debt has seven-year term maturing on 23 July 2025.

On 8 January 2021, the NBC approved the Bank's subordinated debt from BlueOrchard Microfinance Ltd. amounting to USD 7,000,000. The Bank has drawn down the amount of USD 7,000,000 on 24 December 2020. This subordinated debt has six-year term maturing on 24 December 2026.

On 24 November 2021, the NBC approved the Bank's subordinated debt from BlueOrchard Microfinance Ltd. amounting to USD 20,000,000. The Bank has drawn down the amount of USD 20,000,000 on 10 November 2021. This subordinated debt has seven-year term maturing on 10 November 2028.

FMO

On 4 May 2022, the NBC approved the Bank's subordinated debt from FMO amounting to USD 20,000,000. The Bank has drawn down the amount of USD 20,000,000 on 20 May 2022. This subordinated debt has seven-year term maturing on 15 May 2029.

Symbiotic SA

On 14 November 2019, the NBC approved the Bank's subordinated debt from Symbiotics SA amounting to

USD 5,000,000. The Bank has drawn down the amount of USD 5,000,000 on 26 September 2019. This subordinated debt has seven-year term maturing on 26 September 2026.

On 2 October 2020, the NBC approved the Bank's subordinated debt from Symbiotics SA amounting to USD 5,000,000. The Bank has drawn down the amount of USD 5,000,000 on 27 August 2020. This subordinated debt has seven-year term maturing on 27 August 2027.

On 3 November 2020, the NBC approved the Bank's subordinated debt from Symbiotics SA amounting to USD 1,750,000. The Bank has drawn down the amount of USD 1,750,000 on 1 October 2020. This subordinated debt has seven-year term maturing on 1 October 2027.

On 15 December 2021, the NBC approved the Bank's subordinated debt from Symbiotics SA amounting to USD 6,000,000. The Bank has drawn down the amount of USD 6,000,000 on 10 December 2021. This subordinated debt has a seven-year term maturing on 10 December 2028

Norfund

On 3 November 2020, the NBC approved the Bank's subordinated debt from Norfund amounting to USD 15,000,000. The Bank has drawn down the amount of USD 15,000,000 on 12 November 2020. This subordinated debt has a seven-year term maturing on 12 November 2027.

OeEB

On 8 December 2022, the NBC approved the Bank's subordinated debt from OeEB amounting to USD 15,000,000. The Bank has drawn down the amount of USD 15,000,000 on 22 December 2022. This subordinated debt has seven-year term maturing on 10 November 2029.

Finnish Fund for Industrial Cooperation Ltd

On 7 August 2019, the NBC approved the Bank's subordinated debt from Finnish Fund for Industrial Cooperation Ltd amounting to USD 10,000,000. The Bank has drawn down the amount of USD 10,000,000 on 6 September 2019. This subordinated debt has seven-year term maturing on 6 September 2026.

On 17 June 2021, the NBC approved the Bank's subordinated debt from Finnish Fund for Industrial Cooperation Ltd amounting to USD 5,000,000. The Bank has drawn down the amount of USD 5,000,000 on 28 June 2021. This subordinated debt has seven-year term maturing on 28 June 2028.

OP FinnFund Global Impact Fund I LP

On 17 June 2021, the NBC approved the Bank's subordinated debt from OP FinnFund Global Impact Fund I LP amounting to USD 10,000,000. The Bank has drawn down the amount of USD 10,000,000 on 28 June 2021. This subordinated debt has seven-year term maturing on 28 June 2028.

NMI Fund IV KS

On 24 June 2019, the NBC approved the Bank's subordinated debt from NMI Fund IV KS amounting to USD 8,000,000. The Bank has drawn down the amount of USD 8,000,000 on 14 June 2019. This subordinated debt has a seven-year term maturing on 14 June 2026.

EMF Microfinance Fund AGMVK

On 24 November 2021, the NBC approved the Bank's subordinated debt from EMF Microfinance Fund AGMVK amounting to USD 5,000,000. The Bank has drawn down the amount of USD 5,000,000 on 25 November 2021. This subordinated debt has seven-year term maturing on 25 November 2028.

The Investment Fund for Developing Countries

On 24 June 2019, the NBC approved the Bank's subordinated debt from The Investment Fund for Developing

Countries amounting to USD 6,000,000. The Bank has drawn down the amount of USD 6,000,000 on 12 July 2019. This subordinated debt has a seven-year term maturing on 30 June 2026.

Further analyses of unsecured subordinated debts are set out below.

a) By currency

	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
r	138,950,000	572,057,150	112,950,000	460,158,300

(b) By maturity

31 Decemb	er 2022	31 December 2021	
USD	KHR'000	USD	KHR'000
	(Note 2.4)		(Note 2.4)
-	-	-	-
-	-	-	-
13,750,000	56,608,750	9,000,000	36,666,000
125,200,000	515,448,400	103,950,000	423,492,300
138,950,000	572,057,150	112,950,000	460,158,300
	USD - - 13,750,000 125,200,000	(Note 2.4) 13,750,000 56,608,750 125,200,000 515,448,400	USD KHR'000 USD (Note 2.4)

(c) By interest rate range

	2022	2021
Annual interest rates	10.23% - 12.31%	10.23% - 10.70%

During the year, interest expense on subordinated debts amounted to USD 13,036,748 or KHR 53,281,189,000 (2021: USD 8,244,490 or KHR 33,538,585,000) (Note 21).

16. Other liabilities

	31 Decemb	31 December 2022		per 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
payable	46,770,111	192,552,546	35,731,631	145,570,665
sonnel and other related costs	7,047,667	29,015,245	6,883,663	28,044,043
nts payable	1,143,801	4,709,029	2,212,975	9,015,660

	56,209,490	231,414,470	45,776,681	186,494,198
financial guarantee contracts (Note 26(a))	116,723	480,549	-	
Provision for ECL on credit commitment and				
Unearned income	341,187	1,404,667	368,802	1,502,499
Accrued expenses	790,001	3,252,434	579,610	2,361,331

17. Employee benefits

Employee benefits presented in the statement of financial position are broken down as follows:

	31 December 2022		31 Decemb	per 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Provident fund contributed by employees (i)	7,097,885	29,221,992	6,601,208	26,893,322
Provident fund contributed by the Bank (ii)	19,643,192	80,871,021	19,208,640	78,255,999
Seniority indemnity payment (iii)	253,142	1,042,186	348,714	1,420,661
Unpaid annual leave (iv)	1,754,313	7,222,507	-	
	28,748,532	118,357,706	26,158,562	106,569,982

Provident fund contributed by employees (i)

	202	22	202	21
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
As at 1 January	6,601,208	26,893,322	5,921,288	23,951,610
Employees contribution during the year	1,420,168	5,804,227	1,416,234	5,761,240
Interest expense	368,093	1,504,396	338,592	1,377,392
Payments during the year	(1,291,584)	(5,278,705)	(1,074,906)	(4,372,718)
Currency translation differences	-	298,752	-	175,798
As at 31 December	7,097,885	29,221,992	6,601,208	26,893,322

(ii) Provident fund contributed by the Bank

	202	2022		21
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
As at 1 January	19,208,640	78,255,999	17,154,177	69,388,646
Current service cost	2,589,450	10,583,082	2,452,131	9,975,269
Interest expense	1,157,285	4,729,824	928,888	3,778,716
Remeasurement gain	(1,047,612)	(4,281,590)	-	-
Benefits paid directly by the Bank	(2,264,571)	(9,255,302)	(1,326,556)	(5,396,430)
Currency translation differences		839,008	-	509,798
As at 31 December	19,643,192	80,871,021	19,208,640	78,255,999

Seniority indemnity payment

2022	2021
	2021

As at 31 December	253,142	1,042,186	348,714	1,420,661
Currency translation differences		12,127	_	16,491
Payments during the year	(232,762)	(951,298)	(303,917)	(1,236,334)
Remeasurement loss	124,179	507,520	-	-
Interest expense	13,011	53,176	26,591	108,172
As at 1 January	348,714	1,420,661	626,040	2,532,332
		(Note 2.4)		(Note 2.4)
	USD	KHR'000	USD	KHR'000

Unpaid annual leave

	2022	2022		
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
As at 1 January	-	-	-	-
Current service cost	1,754,313	7,169,877	-	-
Currency translation differences	-	52,630	-	-
As at 31 December	1,754,313	7,222,507	-	-

	31 Decemb	31 December 2022		er 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Expense recognised in profit or loss				
Current service cost	4,343,763	17,752,959	2,452,131	9,975,269
Interest expense	1,170,296	4,783,000	955,479	3,886,888
	5,514,059	22,535,959	3,407,610	13,862,157
Remeasurement				
(gain)/loss recognized in OCI				
Provident fund contributed by the Bank	(1,047,612)	(4,281,590)	-	-
Seniority indemnity payment	124,179	507,520	-	
	(923,433)	(3,774,070)	-	-
Tax effect (Note 18(a))	184,687	754,815	-	
Remeasurement of employee				
benefits - net of tax	(738,746)	(3,019,255)	-	

The following is a summary of the defined benefit obligations in USD, with different discount rate, salary growth rate and turnover rate assumptions:

Assumptions		Provident fund	Seniority indemnity pay	Unpaid annual leave
Discount rate				
Baseline assumption	6% per annum	19,643,192	253,142	1,754,313
·	070 per armam			
+ 0.5%		19,198,817	248,670	1,725,762
- 0.5%		20,111,484	257,790	1,784,103
Salary growth				
Baseline assumption	6% per annum	19,643,192	253,142	1,754,313
+ 0.5%		19,735,619	253,142	1,777,702
- 0.5%		19,553,849	253,142	1,731,701
Turnover rate				
Baseline assumption	Range between 15% and			
	30% depending on seniority	19,643,192	253,142	1,754,313
+ 0.5%		19,635,382	247,401	1,764,644
- 0.5%		19,651,168	259,099	1,743,586

The above has been determined based on a method that extrapolates the impact on the defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation from one another.

The following are the expected payments or contributions in USD to the defined benefit plan in future years:

	Provident fund	Seniority indemnity pay	Unpaid annual leave
2023	4,270,431	66,834	531,264
2024	3,990,203	47,894	502,435
2025 to 2029	47,626,856	209,418	3,173,850

18. Income tax

(a) Income tax expense

Major components of income tax expense are as follows:

	For the ye		For the year ended 31 December 2021	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
me tax	5,932,243	24,245,076	13,418,251	54,585,445
X:				
t or loss	686,010	2,803,723	955,562	3,887,226
OCI (Note 17)	(184,687)	(754,815)	-	-

6,433,566 26,293,984 14,373,813 58,472,671

(b) Effective income tax

Reconciliation of effective income tax is as follows:

	For the year ended 31 December 2022		For the yea	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Accounting profit before income tax	27,813,856	113,675,229	68,926,174	280,391,676
Income tax at applicable tax rate of 20% (A)	5,562,771	22,735,046	13,785,235	56,078,335
Minimum tax rate at rate of 1% of revenue (B)	2,728,866	11,152,877	2,503,394	10,183,806
Estimated current income tax expense				
(higher of A or B)	5,562,771	22,735,046	13,785,235	56,078,335
Effect of net non-taxable items	870,795	3,558,938	588,578	2,394,336
Effective income tax	6,433,566	26,293,984	14,373,813	58,472,671

Banking-related activities

In accordance with the Cambodian tax regulations, current income tax is calculated at the higher of the taxable income for the year multiplied by the tax rate of 20% at the reporting date and 1% of annual turnover.

(c) Deferred tax assets – net

Deferred tax assets - net is attributable to:

	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Deferred tax assets on:				
Employee benefits	4,330,129	17,827,141	3,911,471	15,935,333
Unamortised loan processing fees	3,208,949	13,211,243	2,812,509	11,458,162
Allowance for off-balance sheet instruments and				
cash at other banks	16,920	69,660	30,133	122,762
	7,555,998	31,108,044	6,754,113	27,516,257
Deferred tax liabilities on:				
Depreciation on property and equipment	(1,394,281)	(5,740,255)	(975,156)	(3,972,786)
Allowance for ECL	(1,600,954)	(6,591,128)	(532,184)	(2,168,118)
Deferred tax assets – net	4,560,763	18,776,661	5,246,773	21,375,353

Movements in deferred tax assets – net during the year are as follows:

2022		2021	
USD	KHR'000	USD	KHR'000
	(Note 2.4)		(Note 2.4)

As at 31 December	4,560,763	18,776,661	5,246,773	21,375,353
Currency translation differences		205,031	-	174,134
Charge to profit or loss	(686,010)	(2,803,723)	(955,562)	(3,887,226)
As at 1 January	5,246,773	21,375,353	6,202,335	25,088,445

(d) Income tax payable

Details of movements in income tax payable are as follows:

	202	2022		21
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
t 1 January	11,082,466	45,149,966	10,222,127	41,348,504
rrent tax expense	5,932,242	24,245,073	13,418,251	54,585,445
ome tax paid	(13,528,523)	(55,291,074)	(12,557,912)	(51,085,586)
rency translation differences		248,659	-	301,603
t 31 December	3,486,185	14,352,624	11,082,466	45,149,966

19. Lease liabilities

202	22	202	21
USD	KHR'000	USD	KHR'000
	(Note 2.4)		(Note 2.4)
41,723,412	169,981,180	15,393,794	62,267,897
9,906,810	40,489,132	31,728,876	129,073,068
3,081,872	12,595,611	4,082,487	16,607,557
(10,983,532)	(44,889,695)	(9,481,745)	(38,571,739)
	1,854,262	-	604,397
43,728,562	180,030,490	41,723,412	169,981,180
31 Decemb	per 2022	31 Decem	ber 2021
USD	KHR'000	USD	KHR'000
	(Note 2.4)		(Note 2.4)
9,378,343	38,610,639	8,579,752	34,953,911
33,028,837	135,979,724	29,964,577	122,075,688
17,539,888	72,211,719	20,013,063	81,533,220
59,947,068	246,802,082	58,557,393	238,562,819
(5,332)	(21,953)	(2,889)	(11,770)
(16,213,174)	(66,749,637)	(16,831,092)	(68,569,868)
	USD 41,723,412 9,906,810 3,081,872 (10,983,532) 43,728,562 31 December USD 9,378,343 33,028,837 17,539,888 59,947,068 (5,332)	(Note 2.4) 41,723,412	USD KHR'000 (Note 2.4) 41,723,412 169,981,180 15,393,794 9,906,810 40,489,132 31,728,876 3,081,872 12,595,611 4,082,487 (10,983,532) (44,889,695) (9,481,745) - 1,854,262 - 43,728,562 180,030,490 41,723,412 31 December 2022 31 December 2022 USD KHR'000 (Note 2.4) 9,378,343 38,610,639 8,579,752 33,028,837 135,979,724 29,964,577 17,539,888 72,211,719 20,013,063 59,947,068 246,802,082 58,557,393

Amounts recognised in profit or loss are as follows:

	For the yea		For the yea		
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)	
lease liabilities (Note 22) relating to short-term leases	3,081,872 1,192,146	12,595,611 4,872,300	4,082,487 380,914	16,607,557 1,549,558	

Expenses relating to leases of low-value assets

100,577	411,059	18,480	75,177
4,374,595	17,878,970	4,481,881	18,232,292

20. Share capital and regulatory reserve

Share capital

31 Decemb	per 2022	31 Decemb	ber 2021
No. of shares	Amount	No. of shares	Amount
	USD		USE
2,000,000	250,000,000	1,544,000	193,000,000
	1,000,000,000		772,000,000
	No. of shares	2,000,000 250,000,000	No. of shares Amount USD No. of shares USD 2,000,000 250,000,000 1,544,000

The total authorized number of shares is with indicative par value of USD 125 per share. All issued shares are fully paid.

The movement of share capital follows:

	2022		2021	
	USD	KHR'000	USD	KHR'000
As at 1 January	193,000,000	772,000,000	193,000,000	772,000,000
Additional capital contribution	10,000,000	40,000,000	-	-
Capitalisation of retained earnings	47,000,000	188,000,000		-
As at 31 December	250,000,000	1,000,000,000	193,000,000	772,000,000

The additional capital injection was approved by the Board of Directors on 10 February 2022. On 24 March 2022, the NBC approved the Bank's additional capital injection and capitalized retained earnings.

(b) Regulatory reserve (Note 2.5.4)

The movements in regulatory reserve are as follows:

	202	2	202	1
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
ary	23,808,366	96,559,702	11,936,141	48,263,492
om retained earnings	10,239,958	41,850,708	11,872,225	48,296,210
at 31 December	34,048,324	138,410,410	23,808,366	96,559,702

21. Interest income

Interest income arises from:

	For the ye		For the year	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Loans to customers (Note 6)	249,299,265	1,018,886,096	233,035,967	947,990,314
Balances with the NBC (Note 4)	669,776	2,737,375	113,468	461,588
Balances with other banks (Note 5)	429,910	1,757,042	116,104	472,311
	250,398,951	1,023,380,513	233,265,539	948,924,213

22. Interest expense

Interest expense arises from:

		For the year ended 31 December 2022		ar ended ber 2021
	USD	USD KHR'000		KHR'000
		(Note 2.4)		(Note 2.4)
Deposits from customers (Note 13)	76,160,272	311,267,032	64,348,703	261,770,524
Borrowings (Note 14)	16,819,470	68,741,174	17,780,817	72,332,364
Subordinated debts (Note 15)	13,036,748	53,281,189	8,244,490	33,538,585
Loan fees	2,816,011	11,509,037	2,381,956	9,689,796
Lease liabilities (Note 19)	3,081,872	12,595,611	4,082,487	16,607,557
Others	1,420,509	5,805,620	1,265,363	5,147,497
	113,334,882	463,199,663	98,103,816	399,086,323

23. Net fees and commissions

Details of net fees and commission are as follows:

For the year		For the yea	
USD	KHR'000	USD	KHR'000
	(Note 2.4)		(Note 2.4)
6,177,056	25,245,628	5,147,772	20,941,136
536,709	2,193,530	518,620	2,109,746
110,943	453,424	77,727	316,193
1,451,683	5,933,028	808,034	3,287,083
8,276,391	33,825,610	6,552,153	26.654.158

24. General and administrative expenses

Details of general and administrative expenses are as follows:

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Personnel and other related costs	48,123,962	196,682,633	43,861,646	178,429,176
Depreciation of right-of-use assets (Note 10)	7,545,954	30,840,314	6,853,252	27,879,029
Repairs and maintenance	5,839,236	23,864,958	4,510,478	18,348,625
Depreciation of property and equipment (Note 9)	5,674,543	23,191,857	4,973,986	20,234,175
Communications	1,136,949	4,646,711	976,970	3,974,314
Office rentals	1,292,723	5,283,359	399,394	1,624,735
Securities	1,303,798	5,328,623	1,503,597	6,116,633
Stationeries and printing	1,414,366	5,780,514	1,244,793	5,063,818
Utilities	1,388,122	5,673,255	1,286,236	5,232,408
License fees	982,772	4,016,589	953,314	3,878,081
Bank charges	817,358	3,340,542	833,708	3,391,524
Professional fees	1,902,536	7,775,665	1,194,554	4,859,446
Motor vehicle repairs and maintenance	1,715,453	7,011,057	749,345	3,048,335
Marketing and advertising	687,162	2,808,431	391,760	1,593,680
Amortisation of software costs (Note 11)	518,867	2,120,609	376,857	1,533,054
Transportation	493,863	2,018,418	147,735	600,986
Others	5,157,409	21,078,332	2,612,208	10,626,462
	85,995,073	351,461,867	72,869,833	296,434,481

Other expenses include welfare expenses, membership fees and dues, and miscellaneous expenses.

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25. Net cash from/(used in) operating activities

	Note	For the ye 31 Decem		For the ye	ear ended nber 2021
		USD	KHR'000	USD	KHR'000
			(Note 2.4)		(Note 2.4)
Income before income tax		27,813,856	113,675,229	68,926,174	280,391,676
Adjustments for:					
Net interest income		(137,064,069)	(560,180,850)	(135,161,723)	(549,837,890)
Provision for ECL		43,626,937	178,303,288	8,715,365	35,454,105
Depreciation and amortisation of:					
Property and equipment	9	5,674,543	23,191,857	4,973,986	20,234,175
Right-of-use assets	10	7,545,954	30,840,314	6,853,252	27,879,029
Software costs	11	518,867	2,120,609	376,857	1,533,054
Employee benefits expense	17	4,343,763	17,752,959	2,452,131	9,975,269
(Gain)/loss on disposal of property and					
equipment	9	(1,463,340)	(5,980,671)	16,123	65,588
Property and equipment written off	9	21,282	86,980	43,499	176,954
		(48,982,208)	(200,190,285)	(42,804,336)	(174,128,040)
Changes in operating assets and liabilities:					
Balances with the NBC		17,958,276	73,395,474	(21,476,525)	(87,366,504)
Time deposits with other banks		111,921	457,421	(20,705,563)	(84,230,232)
Loans to customers		(218,624,370)	(893,517,800)	(358,208,467)	(1,457,192,044)
Other assets		1,889,864	7,780,571	1,358,321	5,525,650
Deposits from customers and other					
financial institutions		275,829,254	1,127,314,161	195,650,512	795,906,283
Employee benefits		3,082,737	12,599,146	2,710,305	11,025,521
Other liabilities		2,032,699	8,307,641	7,377,659	30,012,316
Cash generated from/(used in)					
operating activities		33,298,173	136,146,329	(236,098,094)	(960,447,050)
Interest received		250,263,099	1,022,825,284	230,043,006	935,814,947
Interest paid		(101,852,900)	(416,272,804)	(92,726,143)	(377,209,948)
Income tax paid	18	(13,528,523)	(55,291,074)	(12,557,912)	(51,085,586)
Employee benefits paid	17	(3,788,918)	(15,485,309)	(2,705,378)	(11,005,478)
Net cash from/(used in) operating activities		164,390,931	671,922,426	(114,044,521)	(463,933,115)

Additional information on operational cash flows from dividends:

For the year 31 December		For the year 31 December	
USD	KHR'000	USD	KHR'000
	(Note 2.4)		(Note 2.4)
 40,411	165,159	38,601	157,030

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26. Commitments and contingencies

(a) Credit commitments

	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Assets				
Foreign exchange contracts	12,628,902	51,993,190	31,723,530	129,241,660
Unused portion of overdraft	74,085,375	305,009,490	44,996,143	183,314,286
Liabilities				
Undrawn down portion of borrowing	10,875,743	44,775,434	13,410,475	54,634,275
Letters of credit	2,133,650	8,784,237	91,783	373,922
Bank guarantees	12,288,695	50,592,556	8,362,232	34,067,734

The Bank has made allowance for ECL of USD 116,723 or KHR 480,549,000 (2021: nil) with respect to the undrawn amounts of credit cards, term loans and revolving credits.

(b) Legal claims recovery

During the year, the Bank pursued legal claims against borrowers in default. Majority of these claims are still being negotiated and/or disputed by borrowers, thus, neither the ultimate outcome of these claims, nor the amounts recoverable can be determined at this time.

(c) Tax contingency

The taxation system in Cambodia has undergone numerous changes and is characterized by either unclear, contradictory and/or differing interpretations existing among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Cambodia substantially more significant than in other countries.

Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislations. However, the relevant authorities may have differing interpretations and the effects since the incorporation of the Bank could be significant.

(d) Local tax inspection status

On 6 August 2021, the Bank received a notice of comprehensive tax audit for all transactions which occurred for the year ended 31 December 2019. As at date of the report, the GDT has not issued any tax reassessment related to the tax audit.

27. Related party balances and transactions

(a) Related parties and relationship

The related parties of and their relationship with the Bank are as follows:

Related party	Relationship
Maruhan Corporation	Under common control
Maruhan (Cambodia) Corporation	Under common control
Maruhan Investment Asia Pte. Ltd	Shareholder
Maruhan Investment Cambodia Co. Ltd.	Under common control
Maruhan Japan Bank Lao Co., Ltd.	Under common control
Key management personnel	All directors of the Bank who make critical decisions in relation to the strategic direction of the Bank and senior management (including their close family members)

(b) Balances with related parties

Related party	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Loans to customers				
Maruhan (Cambodia) Corporation	4,653,819	19,159,773	5,000,000	20,370,000
Senior management	3,081,164	12,685,152	2,307,381	9,400,269
	7,734,983	31,844,925	7,307,381	29,770,269
Security deposit				
Maruhan Investment Cambodia Co. Ltd.	3,221,576	13,263,228	3,221,576	13,124,701
Deposits from customers				
Maruhan Corporation	20,977,437	86,364,108	20,932,561	85,279,255
Maruhan (Cambodia) Corporation	4,171,782	17,175,226	9,592,084	39,078,152
Maruhan Investment Asia Pte. Ltd.	1,045,797	4,305,546	484,292	1,973,004
Maruhan Investment Cambodia Co. Ltd.	3,322,628	13,679,259	3,766,339	15,344,063
Maruhan Japan Bank Lao Co., Ltd.	50,835	209,288	66,087	269,239
Han Family	25,985,489	106,982,262	29,289,394	119,324,990
Senior management	1,400,555	5,766,085	832,506	3,391,631
	56,954,523	234,481,774	64,963,263	264,660,334
Subordinated debt				
Maruhan Investment Asia Pte. Ltd.	2,000,000	8,234,000	2,000,000	8,148,000

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(c) Transactions with related parties

Related party	Nature of transaction	For the year ended 31 December 2022			
		USD	KHR'000	USD	KHR'000
			(Note 2.4)		(Note 2.4)
Maruhan Corporation	Interest expense	52,360	213,995	59,105	240,440
	Deposits received	44,876	183,408	50,701	206,254
Maruhan (Cambodia)	Interest expense	78,672	321,532	48,781	198,441
Corporation	Deposits (paid)/received	(5,420,302)	(22,152,774)	1,734,916	7,057,640
	Loan (repaid)/disbursed	(357,143)	(1,459,643)	5,000,000	20,340,000
	Payments on behalf	95,564	390,569	90,486	368,097
Maruhan Investment Asia Pte. Ltd.	Interest expense	214,859	878,129	606,138	2,465,769
	Deposits received/(paid)	561,506	2,294,875	(133,818)	(544,373)
	Subordinate debt repayment	-	-	10,000,000	40,680,000
Maruhan Investment Cambodia Co. Ltd.	Deposits paid	(443,711)	(1,813,447)	(3,707,344)	(15,081,473)
	Rental expense	4,026,302	16,455,496	4,026,302	16,378,997
	Interest expense	20,172	82,443	10,745	43,711
	Security deposits paid	-	-	(3,221,576)	(13,105,372)
	Payments on behalf	(672,675)	(2,749,224)	(698,676)	(2,842,214)
Maruhan Japan Bank Lao Co., Ltd.	Deposits (paid)/received	(15,252)	(62,335)	44,121	179,484
Han Family	Deposits paid	(3,303,904)	(13,503,056)	(1,519,338)	(6,180,668)
Senior management	Deposits received/(paid)	431,484	1,763,475	(1,089,011)	(4,430,095)
	Loans disbursed/(repaid)	951,214	3,887,612	(803,736)	(3,269,599)
	Remuneration	1,452,831	5,937,720	1,148,791	4,673,283

28. Financial risk management

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

- Operational risk;
- Credit risk;
- Market risk: and.
- Liquidity risk

Risk management functional and governance structure

The Bank's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk and price risk), and liquidity risk. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business.

The Bank does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to manage its risk exposure.

A primary objective of the Bank in risk management is to comply with the NBC's regulations. On the other hand, the Bank has recognised the importance of achieving international best practices on risk management. The Board of Directors has established a Credit Committee to formulate broad parameters of acceptable risk for the Bank and monitor the activities against these parameters.

The details of financial assets and liabilities are as follows:

	31 Decemb	31 December 2022		ber 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Financial assets				
Cash on hand	193,489,786	796,597,449	139,045,463	566,471,216
Balances with the NBC	315,916,856	1,300,629,696	257,065,592	1,047,285,222
Balances with other banks - net	53,368,989	219,720,128	31,056,827	126,525,513
Loans to customers - net	2,079,334,836	8,560,621,520	1,904,380,994	7,758,448,170
Other investments	3,008,494	12,385,970	93,750	381,938
Refundable deposits	1,912,324	7,873,038	1,601,801	6,525,737

Accounts receivable	1,376,682	5,667,800	809,813	3,299,178
Total financial assets	2,648,407,967	10,903,495,601	2,334,054,240	9,508,936,974
Financial liabilities				
Deposits from customers and other				
financial institutions	1,753,652,747	7,219,788,359	1,477,823,493	6,020,652,910
Borrowings	349,810,219	1,440,168,672	371,525,711	1,513,595,747
Subordinated debts	138,950,000	572,057,150	112,950,000	460,158,300
Other liabilities	57,020,616	234,753,875	46,233,415	188,354,932
Total financial liabilities	2,299,433,582	9,466,768,056	2,008,532,619	8,182,761,889

28.1 Operational risk

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The operational risk loss is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the senior management of the Bank.

The Bank's operational risk management entails the establishment of clear organizational structures, roles and control policies. Various internal control policies and measures have been implemented including the establishment of signing authorities, defining system parameters' controls, streamlining procedures and documentation and compliance with regulatory and other legal requirements. These are continually reviewed to address the operational risks of the business unit as well as to assess the level of compliance with the Bank policies by a program of periodic reviews undertaken by the internal audit function. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Bank.

28.2 Credit risk

The Bank takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Bank's business. Credit exposure arises principally in lending activities that lead to loans and advances. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The lending activities are guided by the Bank's credit policy to ensure that the overall objectives in the area of lending are achieved; i.e., that the loan portfolio is strong and credit risks are well diversified. The credit policy documents the lending policy, collateral policy, and credit approval processes, including the Bank's own internal grading system, and procedures implemented to ensure compliance with the NBC's guidelines.

(a) Credit risk measurement

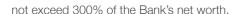
The Bank assesses the probability of default of individual counterparties using internal rating tool. Local Credit Committee is responsible for determining the risk rating policies.

Risk ratings are reviewed and updated regularly, and in events of (i) change of loan terms and conditions including extension; (ii) repayment irregularities or delinquencies and (iii) adverse information relating to the borrower or transaction.

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

The Bank is required, under the conditions of NBC Prakas No. B7-06-226, to maintain at all times a maximum ratio of 20% between the Bank's overall credit exposure to any single beneficiary's net worth. The aggregate of large credit exposure must



(c) Management of credit risk

- Developing and maintaining the Bank's processes for measuring ECL: This includes processes for:
 - initial approval, regular validation and back-testing of the models used;
 - determining and monitoring significant increase in credit risk; and,
 - incorporation of forward-looking information.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk
 and product types. Regular reports on the credit quality of local portfolios are provided to Bank Credit Committee, which
 may require appropriate corrective action to be taken. These include reports containing ECL allowance estimation.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the
 management of credit risk. 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 collateral for loans to customers, which is a common practice. The Bank
 implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral
 types to secure for loans to customers are:
 - mortgages over residential properties (land, building and other properties);
 - charges over business assets such as land and buildings; and,
 - cash in the form of margin deposits.

Concentration of risk

The Bank monitors concentration of credit risk of its counterparties by industry. An analysis of concentration of the credit risk as at the balance sheet date is shown below.

(d) Maximum exposure to credit risk before collateral held or other credit enhancements

Details of maximum exposure to credit risk before collateral held or other credit enhancements are as follows:

	31 Decem	31 December 2022		ber 2021
	USD	KHR'000	USD	KHR'000
		(Note 2.4)		(Note 2.4)
Balances with the NBC	315,916,856	1,300,629,696	257,065,592	1,047,285,222
Balances with other banks	53,453,590	220,068,430	31,207,493	127,139,326
Loans to customers	2,127,930,368	8,760,689,325	1,942,494,162	7,913,721,216
Other investments	3,008,494	12,385,970	93,750	381,938
Refundable deposits	1,912,324	7,873,038	1,601,801	6,525,737
Accounts receivable	1,376,682	5,667,800	809,813	3,299,178
	2,503,598,314	10,307,314,259	2,233,272,611	9,098,352,617

The credit exposure amounts arising from off balance sheet items are disclosed in Note 26.

(e) Concentration of risks of financial assets with credit risk exposure

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographic location.

	31 December 2022						
		Balances with	Loans to				
	Balances with	other banks	customers	Other	Refundable	Accounts	
	the NBC	– net	– net	investments	deposits	receivable	Total
	USD	USD	USD	USD	USD	USD	USD
Financial							
intermediaries	315,916,856	53,453,590	-	-	-	-	369,370,446
Trade - wholesale and							
retail	-	-	618,411,804	-	-	-	618,411,804
Personal lending	-	-	466,726,978	-	-	-	466,726,978
Construction and real							
estate	-	-	219,688,707	-	-	-	219,688,707
Mortgage	-	-	156,010,408	-	-	-	156,010,408
Financial institutions	-	-	29,091,781	-	-	-	29,091,781
Agriculture	-	-	278,722,535	-	-	-	278,722,535
Services	-	-	358,339,080	-	-	-	358,339,080
Others	-	-	939,075	3,008,494	1,912,324	1,376,682	7,236,575
	315,916,856	53,453,590	2,127,930,368	3,008,494	1,912,324	1,376,682	2,503,598,314
Allowance for ECL	-	(84,601)	(32,891,051)	-	-	-	(32,975,652)
Unamortised loan							
processing fees	-	-	(15,704,481)	-	-	-	(15,704,481)
	315,916,856	53,368,989	2,079,334,836	3,008,494	1,912,324	1,376,682	2,454,918,181
KHR'000 equivalent							
(Note 2.4)	1,300,629,696	219,720,128	8,560,621,520	12,385,970	7,873,038	5,667,800	10,106,898,152

	31 December 2021						
	Balances with the NBC	Balances with other banks – net	Loans to customers – net	Other investments	Refundable deposits	Accounts receivable	Total
	USD	USD	USD	USD	USD	USD	USD
Financial intermediaries	257,065,592	31,207,493	-	-	-	-	288,273,085
Trade - wholesale and retail	-	-	687,598,352	-	-	-	687,598,352
Personal lending	-	-	324,718,228	-	-	-	324,718,228

201,000,092	01,000,021	1,001,000,001	00,.00	-,,	,-	_,,
257 065 502	31 056 827	1 904 380 994	93.750	1.601.801	809.813	2,195,008,777
	-	(13,693,797)	-		-	(13,693,797)
-	(150,666)	(24,419,371)	-	-	-	(24,570,037)
257,065,592	31,207,493	1,942,494,162	93,750	1,601,801	809,813	2,233,272,611
	-	-	93,750	1,601,801	809,813	2,505,364
-	-	369,540,184	-	-	-	369,540,184
-	-	322,766,804	-	-	-	322,766,804
-	-	19,005,982	-	-	-	19,005,982
-	-	69,627,385	-	-	-	69,627,385
e -	-	149,237,227	-	-	-	149,237,227
	- - - 257,065,592 -	257,065,592 31,207,493 - (150,666)	69,627,385 - 19,005,982 - 322,766,804 - 369,540,184 	69,627,385 19,005,982 322,766,804 369,540,184 93,750 257,065,592 31,207,493 1,942,494,162 93,750 - (150,666) (24,419,371) (13,693,797) -	69,627,385 19,005,982 322,766,804 369,540,184 93,750 1,601,801 - (150,666) (24,419,371)	69,627,385

(f) Credit quality

	31 December 2022				
	Stage 1	Stage 2	Stage 3	Total	
	USD	USD	USD	USD	
Balances with the NBC	315,916,856	-	-	315,916,856	
Balances with other banks	43,745,442	9,708,148	-	53,453,590	
Loans to customers	2,010,276,127	44,513,941	73,140,300	2,127,930,368	
Other investments	3,008,494	-	-	3,008,494	
Refundable deposits	1,912,324	-	-	1,912,324	
Accounts receivable	1,376,682	-	-	1,376,682	
	2,376,235,925	54,222,089	73,140,300	2,503,598,314	
Allowance for ECL	(4,718,034)	(3,513,617)	(24,744,001)	(32,975,652)	
Unamortised loan processing fees	(15,311,780)	(193,337)	(199,364)	(15,704,481)	
	2,356,206,111	50,515,135	48,196,935	2,454,918,181	
KHR'000 equivalent (Note 2.4)	9,700,500,561	207,970,809	198,426,782	10,106,898,152	

31 December 2021					
	Stage 1	Stage 2	Stage 3	Total	
	USD	USD	USD	USD	

Balances with the NBC	257,065,592	-	-	257,065,592
Balances with other banks	7,400,083	23,807,410	-	31,207,493
Loans to customers	1,828,843,261	59,619,633	54,031,268	1,942,494,162
Other investments	93,750	-	-	93,750
Refundable deposits	1,601,801	-	-	1,601,801
Accounts receivable	809,813	-	-	809,813
	2,095,814,300	83,427,043	54,031,268	2,233,272,611
Allowance for ECL	(1,499,024)	(4,320,254)	(18,750,759)	(24,570,037)
Unamortised loan processing fees	(13,684,318)	-	(9,479)	(13,693,797)
	2,080,630,958	79,106,789	35,271,030	2,195,008,777
KHR'000 equivalent (Note 2.4)	8,476,490,523	322,281,058	143,694,177	8,942,465,758

The Bank applies a three-stage approach based on the change in credit quality since initial recognition. Allowance for impairment will be made based on the following three-stage approach which reflects the change in credit quality of the financial instrument since initial recognition:

(i) Stage 1: 12-month ECL – not credit-impaired

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

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

For exposures where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired, a lifetime ECL will be recognised.

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

Financial assets are assessed as credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit-impaired, a lifetime ECL will be recognised.

Stage	Credit risk status	Default indicator		
1	12-month ECL – not credit-impaired	0 to 30 DPD		
2	Lifetime ECL - not credit-impaired	31 to 90 DPD		
3	Lifetime ECL – credit-impaired	More than 90 DPD		
		Restructured and rescheduled		
		Forced default		
		Related default		

The definition of default used for these purposes shall be applied consistently to all financial assets unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument.

Based on the Bank's definition of default, an account classified as default will be automatically tagged as "Yes" in the "Impairment indicator" field when the "Default reason" field shows one of the four default reasons below.

- (a) Normal turn: The account's delinquency exceeds 90 DPD and is applicable to all products except Trade Finance product which has definition of default 31 DPD due to the short-term nature of the product.
- (b) Restructured and rescheduled: When the account undergoes debt restructuring or rescheduling;
- (c) Forced: When account shows deterioration in its credit profile, but its delinquency does not exceed 90 DPD; and,
- (d) Related: Refers to cross default by obligor(s) of the same borrower type within the same loan listing source.

(iv) Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

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

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

(g) Credit risk grade

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system. The amounts presented are gross of allowance for ECL.

Overdue days	31 December 2022 Probability of default rate
0. 0 days	0.02% - 3.11%
0 - 0 days 1 - 30 days	1.67% - 46.91%
Gross of allowance for ECL in USD	2,010,276,127
31 - 60 days	1.25% - 58.62%
61 - 90 days	0.93% - 59.00%
Gross of allowance for ECL in USD	44,513,941
Above 90 days	100%
Gross of allowance for ECL in USD	73,140,300
Total in USD	2,127,930,368
KHR'000 equivalent (Note 2.4)	8,760,689,325

Overdue days	31 December 2021 Probability of default rate
0 - 0 days 1 - 30 days	0.04% - 1.81% 10.94% - 47.81%
Gross of allowance for ECL in USD 31 - 60 days	1,828,843,261 2.04% - 62.46%
61 - 90 days	0.93% - 54.25%
Gross of allowance for ECL in USD Above 90 days	59,619,633 100%
Gross of allowance for ECL in USD	54,031,268
Total in USD	1,942,494,162
KHR'000 equivalent (Note 2.4)	7,913,721,215

(h) Repossessed collateral

During the year, the Bank did not repossess any collateral held as security.

28.3 Market risk

The Bank takes on exposure to market risk, which is the risk that the fair value or future cash flows 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 contract and interest rate swaps to hedge its risk exposure.

(a) Foreign exchange risk









