AMK MICROFINANCE INSTITUTION PLC.
(Registration No. 00007298)

FOR THE YEAR ENDED 31 DECEMBER 2024

REPORT OF THE BOARD OF DIRECTORS AND AUDITED FINANCIAL STATEMENTS

AMK MICROFINANCE INSTITUTION PLC.

REPORT OF THE BOARD OF DIRECTORS AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

CONTENTS

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (the "Directors") is pleased to present its report and the audited financial statements of AMK Microfinance Institution Plc. (the "Company") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to provide loans, savings and other related financial services through its head office in Phnom Penh and its various offices in the Kingdom of Cambodia.

FINANCIAL RESULTS

The financial performance of the Company for the year ended 31 December 2024 is set out in the statement of profit or loss and other comprehensive income on page 9.

RESERVES AND PROVISIONS

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

DIVIDENDS

There was no dividend declared or paid during the year (2023: nil).

SHARE CAPITAL

The paid up capital of the Company as at 31 December 2024 was KHR 273,662 million or approximately US$ 67,990,671 (2023: KHR 273,662 million or approximately US$ 66,992,032).

BAD AND DOUBTFUL LOANS

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

ASSETS

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ensure that any assets, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Company had been written down to amounts which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributable to the assets in the financial statements of the Company misleading.

ការិយាល័យកណ្តាល (Head Office)
អគារលេខ ២៨៥ មហាវិថីយុទ្ធពលខេមរៈភូមិន្ទ (ផ្លូវ ២៧១) សង្កាត់ទំនប់ទឹក ខណ្ឌបឹងកេងកង រាជធានីភ្នំពេញ
Building No. 285, Yothapol Khemarak Phoumin Blvd. (St. 271), Sk. Tumnobtuek, Kh. Boeng Keng Kang, Phnom Penh
ប្រអប់សំបុត្រ Po.Box 480 / ទូរស័ព្ទ Tel: (+855 23 22 02 02 / 1800 200 200) / Email: info@amkcambodia.com / www.amkcambodia.com

CONTINGENT AND OTHER LIABILITIES

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

1. any charge on the assets of the Company which has arisen since the end of the year which secures the liabilities of any other person except as disclosed in the financial statements; and
2. any contingent liability in respect of the Company that has arisen since the end of the year other than in the ordinary course of its business operations.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company for the year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the current financial year in which this report is made.

EVENTS AFTER THE REPORTING DATE

No significant events occurred after the statement of financial position date requiring disclosures or adjustments other than those disclosed in the financial statements, if any.

THE BOARD OF DIRECTORS

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

Mr. John Con-Sing Yung	Chairman
Mr. Chetan Tanmay	Director
Mr. Kea Borann	Director
Mr. Chien-Chih Cheng	Director
Mr. Chien-Ling Cheng	Director
Mr. Cheng-Chung Chen	Director
Mr. Tip Janvibol	Independent Director
Ms. Heng Seida	Independent Director
Ms. Blandine Claudia Marie Pons	Independent Director

DIRECTORS' INTERESTS

No directors held any interest in the equity of the Company. No arrangements existed to which the Company is a party with the object of enabling the directors to obtain an interest in the Company or in any corporate body.

DIRECTORS' BENEFITS

During and at the end of the year, no arrangement existed to which the Company is a party with the objective of enabling Directors of the Company to acquire benefits by means of the share purchase option.

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

RESPONSIBILITIES OF THE DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Directors are required to:
- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with the requirements of Cambodian International Financial Reporting Standards ("CIFRS"), or, if there have been any departures in the interests of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal controls;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- effectively control and direct the Company and is involved in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Directors confirm that the Company has complied with the above requirements in preparing the financial statements.

STATEMENT OF THE BOARD OF DIRECTORS

The accompanying financial statements present fairly, in all material respects, the financial position of AMK Microfinance Institution Plc. as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with CIFRS, and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

AMK Microfinance Institution Plc
KINGDOM OF CAMBODIA

Mr. John Con-Sing Yung
Chairman

Phnom Penh, Kingdom of Cambodia

Date: 1 April 2025

pwc

Independent auditor's report

To the shareholders of AMK Microfinance Institution Plc.

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of AMK Microfinance Institution Plc. (the Company) as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (CIFRS).

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

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

PricewaterhouseCoopers (Cambodia) Ltd.
58C Sihanouk Boulevard, Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh, Cambodia
T: +855 (0)23 860 606, F: +855 (0)23 211 594, www.pwc.com/kh

Other information

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

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

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

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

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For PricewaterhouseCoopers (Cambodia) Ltd.

PricewaterhouseCoopers
(Cambodia) Ltd.

By Lang Hy
Partner

Phnom Penh, Kingdom of Cambodia
1 April 2025

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

		31 December 2024		31 December 2023	
	Notes	**KHR Million**	**US$**	**KHR Million**	**US$**
ASSETS					
Cash on hand	5	98,842	24,557,008	114,283	27,976,365
Balances with the NBC	6	301,591	74,929,437	282,292	69,104,579
Balances with other banks	7	145,468	36,141,094	246,882	60,436,304
Loans to customers	8	2,221,571	551,943,174	2,264,043	554,233,233
Debt securities measured at amortised cost	9	4,099	1,018,472	4,146	1,015,005
Property and equipment	10	15,405	3,827,361	19,427	4,755,601
Intangible assets	11	6,179	1,535,172	6,297	1,541,610
Right-of-use assets	12	28,566	7,097,138	32,012	7,836,494
Current tax assets	13	3,816	947,977	-	-
Deferred tax assets	13	17,297	4,297,358	19,510	4,776,076
Investments under the equity method, net	14	1,648	409,464	-	-
Other assets	15	26,839	6,668,170	23,862	5,841,490
TOTAL ASSETS		2,871,321	713,371,825	3,012,754	737,516,757
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from customers	16	1,311,814	325,916,596	1,118,843	273,890,666
Deposits from other financial institutions	17	70,306	17,467,383	33,916	8,302,646
Current tax liabilities		-	-	454	111,118
Other liabilities	18	21,535	5,349,983	25,762	6,306,604
Lease liabilities	12	27,584	6,853,188	31,261	7,652,566
Borrowings	19	776,022	192,800,535	1,173,606	287,296,518
Subordinated debts	20	75,162	18,673,854	57,441	14,061,418
Employee benefit obligations	22	41,142	10,221,599	30,514	7,469,780
TOTAL LIABILITIES		2,323,565	577,283,138	2,471,797	605,091,316
EQUITY					
Share capital	23	273,662	67,990,671	273,662	66,992,032
Share premium		22,425	5,571,517	22,425	5,489,683
Reserves	24	174,462	43,613,174	173,674	42,507,105
Retained earnings		77,207	18,913,325	71,196	17,436,621
TOTAL EQUITY		547,756	136,088,687	540,957	132,425,441
TOTAL LIABILITIES AND EQUITY		2,871,321	713,371,825	3,012,754	737,516,757

The accompanying notes from pages 12 to 94 form an integral part of these financial statements.

AMK MICROFINANCE INSTITUTION PLC.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

		Year ended 31 December 2024		Year ended 31 December 2023	
	Notes	KHR Million	US$	KHR Million	US$
Interest income	25	410,110	100,739,250	444,364	108,117,769
Interest expense	26	(171,511)	(42,129,829)	(172,811)	(42,046,481)
Net interest income		238,599	58,609,421	271,553	66,071,288
Fee and commission expense	27	(18,267)	(4,487,004)	(19,908)	(4,843,759)
Other income	28	34,635	8,507,799	42,409	10,318,536
Total operating income		254,967	62,630,216	294,054	71,546,065
Grant income		219	53,784	40	9,671
Personnel expenses	29	(126,611)	(31,100,669)	(127,373)	(30,990,958)
Depreciation and amortisation	30	(17,430)	(4,281,626)	(18,574)	(4,519,184)
Other operating expenses	31	(47,246)	(11,605,468)	(46,583)	(11,334,037)
Net impairment loss on financial instruments	32	(52,406)	(12,873,118)	(71,995)	(17,516,970)
Share of net profit of investments using the equity method		42	10,409	-	-
Other gains	33	301	73,889	202	49,081
Profit before income tax		11,836	2,907,417	29,771	7,243,668
Income tax expense	13	(2,874)	(705,846)	(6,916)	(1,682,863)
Net profit for the year		8,962	2,201,571	22,855	5,560,805
Other comprehensive income:					
Items that may be reclassified to profit or loss					
Hedging gains/(losses), net of tax		196	47,996	(460)	(111,963)
Items that will not be reclassified to profit or loss					
Remeasurement of employee benefits, net of tax		(2,359)	(579,451)	2,134	519,304
Currency translation differences		-	1,993,130	-	1,019,150
		(2,163)	1,461,675	1,674	1,426,491
Total comprehensive income for the year		6,799	3,663,246	24,529	6,987,296
Profit attributable to owners of the Company		8,962	2,201,571	22,855	5,560,805
Total comprehensive income attributable to owners of the Company		6,799	3,663,246	24,529	6,987,296

The accompanying notes from pages 12 to 94 form an integral part of these financial statements.

AMK MICROFINANCE INSTITUTION PLC.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company									
	Share capital		**Share premium**		**Reserves**		**Retained Earnings**		**Total**	
	KHR Million	**US$**	**KHR Million**	**US$**	**KHR Million**	**US$**	**KHR Million**	**US$**	**KHR Million**	**US$**
Balance as at 1 January 2023	273,662	66,471,326	22,425	5,447,014	72,000	17,164,185	148,341	36,355,620	516,428	125,438,145
Net profit for the year	-	-	-	-	-	-	22,855	5,560,805	22,855	5,560,805
Remeasurement of employee benefits, net of tax	-	-	-	-	2,134	519,304	-	-	2,134	519,304
Hedging loss, net of tax	-	-	-	-	(460)	(111,963)	-	-	(460)	(111,963)
Currency translation differences	-	-	-	-	-	455,775	-	-	-	455,775
Total comprehensive income for the year	-	-	-	-	1,674	863,116	22,855	5,560,805	24,529	6,423,921
Transactions with owners in their capacity as owners:										
Transfer to reserves	-	-	-	-	100,000	24,479,804	(100,000)	(24,479,804)	-	-
Currency translation differences	-	520,706	-	42,669	-	-	-	-	-	563,375
	-	520,706	-	42,669	100,000	24,479,804	(100,000)	(24,479,804)	-	563,375
Balance as at 31 December 2023	273,662	66,992,032	22,425	5,489,683	173,674	42,507,105	71,196	17,436,621	540,957	132,425,441
Balance as at 1 January 2024	273,662	66,992,032	22,425	5,489,683	173,674	42,507,105	71,196	17,436,621	540,957	132,425,441
Net profit for the year	-	-	-	-	-	-	8,962	2,201,571	8,962	2,201,571
Remeasurement of employee benefits, net of tax	-	-	-	-	(2,359)	(579,451)	-	-	(2,359)	(579,451)
Hedging loss, net of tax	-	-	-	-	196	47,996	-	-	196	47,996
Currency translation differences	-	-	-	-	-	912,657	-	-	-	912,657
Total comprehensive income for the year	-	-	-	-	(2,163)	381,202	8,962	2,201,571	6,799	2,582,773
Transactions with owners in their capacity as owners:										
Transfer to reserves	-	-	-	-	2,951	724,867	(2,951)	(724,867)	-	-
Currency translation differences	-	998,639	-	81,834	-	-	-	-	-	1,080,473
	-	998,639	-	81,834	2,951	724,867	(2,951)	(724,867)	-	1,080,473
Balance as at 31 December 2024	273,662	67,990,671	22,425	5,571,517	174,462	43,613,174	77,207	18,913,325	547,756	136,088,687

The accompanying notes from pages 12 to 94 form an integral part of these financial statements.

AMK MICROFINANCE INSTITUTION PLC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Year ended 31 December 2024 KHR Million	Year ended 31 December 2024 US$	Year ended 31 December 2023 KHR Million	Year ended 31 December 2023 US$
Cash flows from operating activities					
Profit before income tax		11,836	2,907,417	29,771	7,243,668
Adjustments for:					
Depreciation and amortisation	30	17,430	4,281,626	18,574	4,519,184
Net impairment loss on financial instruments	32	52,406	12,873,118	71,995	17,516,970
Increase in employee benefit obligations		5,463	1,341,812	4,516	1,098,713
Loss on disposals of property and equipment		33	8,166	17	4,151
Loss on disposals of intangible assets		8	1,962	8	2,003
Gain on disposals of property and equipment		(342)	(84,017)	(227)	(55,234)
Proportionate share of profit of associate		(42)	(10,409)	-	-
Unrealised foreign exchange differences		385	94,858	(2,749)	(668,887)
Interest income	25	(410,110)	(100,739,250)	(444,364)	(108,117,769)
Interest expense	26	171,511	42,129,829	172,811	42,046,481
		(151,422)	(37,194,888)	(149,648)	(36,410,720)
Changes in working capital:					
Balances with the NBC		3	737	(6)	(1,385)
Balances pledged as security with other banks		54,338	13,347,458	(19,465)	(4,736,010)
Statutory deposits		11,858	2,912,798	(52,785)	(12,843,052)
Loans to customers		(20,004)	(4,913,735)	(57,623)	(14,020,310)
Other assets		(1,125)	(276,321)	103	25,121
Deposits from customers		194,888	47,872,293	101,078	24,593,264
Deposits from banks and other financial institutions		37,609	9,238,310	(3,439)	(836,623)
Other liabilities		(3,898)	(957,460)	(3,569)	(868,346)
Cash generated from/(used in) operations		122,247	30,029,192	(185,354)	(45,098,061)
Interest received		396,491	97,394,043	429,692	104,547,837
Interest paid		(159,854)	(39,266,510)	(161,464)	(39,285,545)
Income tax paid		(4,504)	(1,106,306)	(16,324)	(3,971,857)
Net cash generated from operating activities		354,380	87,050,419	66,550	16,192,374
Cash flows from investing activities					
Proceeds from debt securities		-	-	4,307	1,047,955
Purchases of property and equipment	10	(2,810)	(698,218)	(10,879)	(2,663,372)
Purchases of intangible assets	11	(1,468)	(364,699)	(1,915)	(468,676)
Proceeds from disposals of property and equipment		642	159,475	596	146,036
Net cash used in investing activities		(3,636)	(903,442)	(7,891)	(1,938,057)
Cash flows from financing activities					
Proceeds from borrowings		752,274	184,788,442	575,502	140,881,678
Repayments of borrowings		(1,141,820)	(280,476,538)	(630,943)	(154,453,637)
Proceeds from subordinated debts		24,426	6,000,000	40,850	10,000,000
Repayments of subordinated debts		(5,699)	(1,400,000)	(9,804)	(2,400,000)
Principal elements of lease payments		(9,584)	(2,354,207)	(10,091)	(2,470,353)
Net cash used in financing activities		(380,403)	(93,442,303)	(34,486)	(8,442,312)
Net (decrease)/increase in cash and cash equivalents		(29,659)	(7,295,326)	24,173	5,812,005
Cash and cash equivalents at the beginning of the year		333,789	81,710,890	309,616	75,204,259
Currency translation differences			1,144,999	-	694,626
Cash and cash equivalents at the end of the year	34	304,130	75,560,563	333,789	81,710,890

Non-cash transactions:

- Non-investing activities of acquisition in right-of-use assets are disclosed in note 13.
- Borrowings of KHR 50,000 million were rolled over in 2024 (2023: 204,575 million Riels).

The accompanying notes from pages 12 to 94 form an integral part of these financial statements.

1. REPORTING ENTITY

AMK Microfinance Institution Plc. (the "Company") is a licensed micro-finance institution ("MFI") incorporated and registered in the Kingdom of Cambodia.

The Company was initially established in 1999 as Thanakea Ponleu Thmey ("TPT") Programme by Concern Worldwide Cambodia ("CWC"). All assets, liabilities and accumulated donations of TPT were transferred to the Company on 1 July 2003 against the issue of shares. The Company commenced to trade on the date of the asset transfer. On 29 January 2010, the Company obtained a Microfinance Deposit-Taking Institution ("MDI") license from the National Bank of Cambodia ("NBC") to conduct deposit-taking business. On 7 July 2014, the Ministry of Commerce approved the change in business name of the Company from Angkor Mikroheranhvatho (Kampuchea) Co., Ltd. to AMK Microfinance Institution Plc.

The registered office of the Company is currently located at #285, Yothapol Khemarak Phoumin Blvd. (St. 271), Sangkat Tomnub Teuk, Khan Boeng Keng Kang, Phnom Penh, Kingdom of Cambodia. The Company operates its business in 143 offices (2023: 147 Offices).

The principal activity of the Company is to provide loans, savings and other related financial services through its head office in Phnom Penh and its various offices in the Kingdom of Cambodia.

The financial statements were authorised for issue by the Board of Directors on 1 April 2025.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

2.1 Basis of accounting

The financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRS").

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Going concern

Management has, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Basis of aggregation

The financial statements include the financial statements of the head office and its branches after the elimination of all significant inter-branch balances and transactions.

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). Management has determined the Khmer Riel ("KHR") to be the Company's functional currency owing to the significant influence of the KHR on its operations. The financial statements are presented in KHR, which is the Company's functional and presentation currency.

(ii) Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

(iii) Presentation in United States Dollar ("US$")

For shareholder reporting purpose, the financial statements are presented in US$. Assets and liabilities for each statement of financial position presented are translated at the closing rate ruling at each reporting date whereas income and expense items for each statement of comprehensive income and cash flow items presented are translated at the average rate for the year then ended. Resulting exchange difference arising from translation of shareholders' capital is recognised directly in equity,;all resulting exchange differences are recognised in other comprehensive income.

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

	31 December 2024	31 December 2023
Closing rate	4025	4,085
Average rate	4071	4,110

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.5 Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest million Khmer Riel ("KHR Million") and dollar for KHR and US$ amounts, respectively.

2.6 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

i. Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

a. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

a. Classification of financial assets (continued)

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Debt instruments at amortised cost or at FVTOCI

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

a. Classification of financial assets (continued)

Debt instruments at amortised cost or at FVTOCI (continued)

The Company considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models at each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

a. Classification of financial assets (continued)

Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which CIFRS 3 applies.

A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of CIFRS 9.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with CIFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:
- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

a. Classification of financial assets (continued)

Reclassification

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

b. Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other gains/(losses)" line item;

c. Impairment of financial assets

The Company recognises loss allowances for expected credit losses ("ECLs") on the following financial instruments that are not measured at FVTPL:

- balances with other banks;
- loans to customers;
- debt securities measured at amortised costs; and
- other assets.

No impairment loss is required for equity investments measured at FVTOCI.

With the exception of purchased or originated credit-impaired (POCI) financial assets, ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. portion of lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided below in this note.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

c. Impairment of financial assets (continued)

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate ("EIR").

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Credit-impaired 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. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

c. Impairment of financial assets (continued)

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- the borrower is past due more than 30 days on short-term loan or equal to or more than 90 days on long-term loan on any material credit obligation to the Company;
- The account has been written off in accordance with the loan agreement; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

This definition of default is used by the Company for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore, credit impaired assets will include defaulted assets, but will also include other non-defaulted given the definition of credit impaired is broader than the definition of default.

Significant increase in credit risk

The Company monitors all financial assets and issued loan commitments that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL. The Company’s accounting policy is not to use the practical expedient that financial assets with ‘low’ credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Company monitors all financial assets and issued loan commitments that are subject to impairment for significant increase in credit risk.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

c. Impairment of financial assets (continued)

Significant increase in credit risk (continued)

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Forward-looking information includes the future prospects of the industries in which the Company's counterparties operate, obtained from credit rating bureaus, governmental bodies, and other similar organisations, as well as internally generated information of customer payment behaviour.

The PDs used are forward-looking and the Company uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Company still considers separately some qualitative factors to assess if credit risk has increased significantly.

As a back-stop when an asset becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. In addition, loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted, if there is evidence of credit-impairment, the assets are at stage 3 of the impairment model.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

d. Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

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 or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Company 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 2.6.i.f). 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 Company 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 or 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 modification fees received 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 under the effective interest rate method.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

e. Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

i. Financial assets (continued)

f. Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company 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. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains, which will be presented in 'other income' in the statement of profit or loss.

Presentation of allowance for ECL in the statement of financial position

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

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

ii. Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method. For all financial liabilities, the amount presented on the statement of financial position represent all amounts payable including interest element.

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on EIR see the "net interest income" in Note 2.16.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

iii. Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.7 Reserves

i. Regulatory reserves

The NBC issued a number of regulations that require banks and financial institutions to provide impairment provisioning for short-term and long-term facilities as follows:

Classification	Number of days past due		Allowance
	Short-term (one year or less)	**Long-term** (more than one year)	
General allowance:			
Normal	14 days or less	Less than 30 days	1%
Specific allowance:			
Special mention	15 days – 30 days	30 days – 89 days	3%
Substandard	31 days – 60 days	90 days – 179 days	20%
Doubtful	61 days – 90 days	180 days – 359 days	50%
Loss	91 days or more	360 days or more	100%

Facilities under the NBC's regulations include all loans and other financial products, whether reported on the statement of financial position or off-the statement of financial position, provided by the Company to a counterparty, which give rise to credit risk exposure on the Company. The provision is calculated as a percentage of the facility amount outstanding at each reporting period, inclusive of principal and interest capitalisation.

The Company calculates the impairment loss allowance for credit facilities in accordance with the regulatory provision simultaneously with the calculation in accordance with the CIFRS. The impairment loss allowance calculated in accordance with CIFRS is to be recognised and recorded in profit or loss and statement of financial position. When the impairment loss allowance calculated in accordance with regulatory provision is higher than that calculated under CIFRS, the excess amount is transferred from retained earnings to regulatory reserves as disclosed in Note 24.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.7 Reserves

i. Regulatory reserves (continued)

When the impairment loss allowance calculated in accordance with regulatory provision is subsequently less than that calculated under CIFRS, the regulatory reserve is reversed at the amount that does not exceed the amount that would have been determined had no regulatory reserve been recognised in prior years.

ii. Non-distributable reserve

The non-distributable reserve is maintained accordance with the NBC's Prakas No. B7-018-068 Prokor dated 22 February 2018 on the determination of capital buffer of banks and financial institutions. Any movement requires approval from the Board of Directors and the NBC.

2.8 Derivatives held for risk management

Derivatives held for risk management include all derivative assets and liabilities that are not classified as trading assets or liabilities and are not designated in a qualifying hedge relationship.

Derivatives held for risk management are measured at fair value in the statement of financial position at initial recognition. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within the other comprehensive income

2.9 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets, motorbikes, and small items of office furniture). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Leases (continued)

The Company as a lessee (continued)

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under CIAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Leases (continued)

The Company as a lessee (continued)

Right-of-use assets are depreciated over the shorter period of the lease term and the useful lives of the underlying assets. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies CIAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.12.

As a practical expedient, CIFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.10 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of a property and equipment item comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Where an item of property and equipment comprises major components having different estimated useful lives, the components are accounted for as separate items of property and equipment.

Subsequent expenditure relating to an item of property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Gain or loss arising from the retirement or disposal of an item of property and equipment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and is recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold improvement	Shorter of 4 years or lease terms
Motor vehicles	8 years
Motorcycles	5 years
Computer and office equipment	3 to 4 years

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.10 Property and equipment (continued)

Construction in progress is not depreciated until such time as the relevant assets are completed and when it is available for use.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets. If there is any indication that there has been a significant change in rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

2.11 Intangible assets

Intangible assets comprise software and licences and work in progress.

Software is stated at cost less accumulated amortisation and accumulated impairment losses, if any. It is amortised on a straight-line basis at the rate of 20% per annum. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of software, the amortisation is revised prospectively to reflect the new expectations.

Work in progress is not depreciated until such time as the relevant assets are completed and when it is available for use.

2.12 Impairment of property and equipment, intangible assets and right-of-use assets

At each reporting date, the Company reviews the carrying amounts of its property and equipment, intangible assets and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.12 Impairment of property and equipment, intangible assets and right-of-use assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

2.13 Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is recognised initially in the statement of financial position at cost and adjusted thereafter to recognise the Company’s share of the profit or loss and other comprehensive income of the associate. When the Company’s share of losses of an associate exceeds the Company’s interest in that associate (which includes any long-term interests that, in substance, form part of the Company’s net investment in the associate), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Company’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

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

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

2.15 Employee benefits

Defined benefits plan

The Company provides its employees with benefits under the staff pension fund policy. Employees who complete three months of service with the Company have to participate in the staff pension fund scheme. The fund is sourced from the following:

Employees contribute 3% of their monthly salary, and the Company contributes 6% for employees who are working less than or equal to three years, and 7% for employees working in the Company for over three years. The Company's contribution is charged to the profit or loss on accrual basis.

The Company contributes interest on the cumulative balance of the staff pension fund in line with the market rates the Company provides to depositors. This interest is charged to the profit or loss on accrual basis.

The staff pension fund will be paid to employees (who have contributed to the fund) upon their retirement, resignation or termination of employment. The employee's contribution and interest are paid in full accordingly. Those who have been terminated due to serious misconduct are only entitled to their contribution plus interest, regardless of how long they have been employed by the Company.

The staff pension fund is accounting for as a defined benefits plan following actuarial techniques using the projected unit cost method and actuarial assumptions about demographic variables such as employee turnover and mortality and discounting in order to determine the present value of the defined benefit obligation and the current service costs.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.15 Employee benefits (continued)

Short-term employee benefits

The Company recognises the expected cost of short-term employee benefits where it is contractually obliged or where there is a past practice that has created a constructive obligation. Salary and wages, annual leave and other paid absences and bonuses and incentives are recognised in the year in which the services are rendered by employees, and the Company measures the expected liability related to the short-term employee benefits at the end of the reporting period.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Pension obligations

The Company pays contributions to publicly administered social security scheme for pension on a mandatory basis in Cambodia. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as personnel expenses when they are due.

Other long-term employee benefits

Other long-term employee benefits include benefits not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. These include unvested deferred performance incentives under the Company's policies and seniority payments in accordance with the Labour Law.

Other long-term employment benefits may be vesting (employees are entitled to a cash payment for unused entitlement on leaving the entity) or non-vesting (when employees are not entitled to a cash payment for unused entitlement upon leaving). The company recognised a liability for the present value of the long-term employee benefits expected to be paid at the end of the reporting period.

2.16 Net interest income

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at FVTPL are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in the profit or loss account using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period.

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the gross carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.16 Net interest income (continued)

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

The interest income/interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any ECL allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

2.17 Other income and expense

Other income and expense include fees other than those that are an integral part of EIR (see above). The fees included in this part of the Company's statement of profit or loss include a diverse range of services it provides to its customers such as fees charged for servicing a loan.

Fee and commission expenses with regards to services are accounted for as the services are received.

2.18 Grant income

Grants received from third parties to subsidise the Company's operating expenses are released to the statement of profit or loss on a systematic and rational basis, matching the related costs which they are intended to compensate.

Grants received from third parties for the purchase of property and equipment are amortised to the statement of profit or loss on a systematic and rational basis over the useful life of the assets. The unamortised grants are shown as deferred grant income.

2.19 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.19 Taxation (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 Critical judgments in applying accounting policies

In applying the Company's accounting policies, management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Functional currency

Based on the economic substance of underlying circumstances relevant to the Company, management determines the functional currency of the Company to be the KHR. The KHR is the currency of the primary economic environment in which the Company operates and it is the currency that mainly influences the loans to customers and interest income.

(ii) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(iii) Significant increase in credit risk

As explained in Note 2, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. CIFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

3.1 Critical judgments in applying accounting policies (continued)

(iii) Significant increase in credit risk (continued)

Quantitative information may include the days past due of the asset, and the borrower's history with the Company. Qualitative information includes borrower specific information, such as the borrower's individual or business performance indicators and whether the borrower has been provided restructuring or other forms of relief, and portfolio specific information, such as risks associated with geographic regions or portfolio level risks.

(iv) Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

(v) Models and assumptions used

The Company uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

(vi) Employee benefits obligations

The Company provides short-term, long-term and post-employment benefits to its employees. Short-term and long-term benefits are calculated based on reliable estimates where the measurement reflects the possibility that some employees may leave without receiving the benefits.

The Company provides a defined benefit plan post-employment benefit to its employees, the liability of which is calculated by using an actuarial using an actuarial technique, the projected unit credit method, to make a reliable estimate of the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods, and discounting that benefit in order to determine the present value of the defined benefit obligation and the current service costs.

Judgement is applied in developing the actuarial techniques and assessing actuarial assumptions, including demographic assumptions, financial assumptions, mortality assumptions and the discount rate applied.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

3.1 Critical judgments in applying accounting policies (continued)

(vii) Existence of significant influence

Forte Life Assurance (Cambodia) Plc. is an associate of the Company although the Company only owns a 5.7% ownership interest in Forte Life Assurance (Cambodia) Plc. (Note 15). The Company has significant influence over Forte Life Assurance (Cambodia) Plc. by virtue of its contractual right to appoint one out of six directors to the board of directors of that company and its material transactions between Forte Life Assurance (Cambodia) Plc. and the Company.

(viii) Income tax and minimum tax

In accordance with Cambodian tax law, the Company has the obligation to pay tax on income ("ToI") at the rate of 20% of taxable income or minimum tax at 1% of turnover inclusive of all taxes except value-added tax, whichever is higher.

Taxpayers may be exempted from Minimum Tax if they comply with the conditions governing the maintenance of proper accounting records. The tax regulations also defined five criteria of improper accounting records. Management believes that the Company has maintained proper accounting records in accordance with the tax regulations and concluded that they are exempted from Minimum Tax because the Company obtained the gold certificates from the GDT for the years of 2023 and 2024 and has now requested the letter of proper accounting records from the GDT; hence it was not considered probable that the Minimum Tax will be paid. Minimum Tax has been therefore not recognised as expense and any prepayment of income tax that exceeds the tax on income is recorded as current tax assets (Note 14.1).

3.2 Key sources of estimation uncertainty

Calculation of loss allowance

When measuring expected credit losses, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Further information on the credit quality analysis of the Company is provided in note 38.1(h).

4. NEW AND AMENDED CIFRS STANDARDS AND INTERPRETATIONS

4.1 New and amended standards adopted by the Company

The Company has also applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants –Amendments to CIAS 1;
- Lease Liability in Sale and Leaseback – Amendments to CIFRS 16; and
- Supplier Finance Arrangements – Amendments to CIAS 7 and CIFRS 7

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

4.2 New and amended standards not yet adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Company.

CIFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

CIFRS 18 will replace CIAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though CIFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Company’s financial statements.

All other standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

5. CASH ON HAND

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Khmer Riel (“KHR”)	46,464	11,543,805	45,968	11,252,957
US Dollars (“US$”)	44,400	11,031,034	48,474	11,866,430
Thai Baht (“THB”)	7,978	1,982,169	19,841	4,856,978
	98,842	24,557,008	114,283	27,976,365

6. BALANCES WITH THE NBC

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Statutory deposits				
Capital guarantee (i)	27,366	6,799,067	27,366	6,699,203
Reserve requirement (ii)	121,318	30,141,014	134,778	32,993,510
	148,684	36,940,081	162,144	39,692,713
Cash and cash equivalents				
Current accounts	149,503	37,143,662	119,741	29,312,370
Other deposits and placements				
Negotiable Certificate of Deposit	3,003	746,005	-	-
Guarantee placement	401	99,689	407	99,496
	3,404	845,694	407	99,496
	301,591	74,929,437	282,292	69,104,579

(i) Under NBC Prakas No. B7-07-163 on Licensing of Microfinance Deposit Taking Institutions dated 13 December 2007, the Company is required to maintain a capital guarantee deposit equivalent to 10% of registered and paid capital with the NBC. This deposit is not available for use in the Company's day-to-day operations but is refundable when the Company voluntarily ceases to operate the business in Cambodia.

(ii) Reserve requirement represents the minimum reserve on deposits from customers and borrowings in foreign currencies. The NBC issued Announcement B7-024-1718 on 21 August 2024 to financial institutions to continue to apply the reserve requirement calculated at 7% for foreign currencies and for local currency (KHR) of customers' deposits and foreign borrowings until 31 December 2025.

The balances with the NBC earn interest according to the following rates:

	31 December 2024	31 December 2023
Capital guarantee	3.00%	3.00%
Reserve requirement	0.00%	0.00%
Current account	0.00%	0.00%
Negotiable certificate of deposit	1.00%	-
Guarantee placement	1.18%-1.40%	1.08%-1.45%

No impairment loss allowance is created against the balance with the NBC as management determines that the credit risk on these facilities is minimal.

7. BALANCES WITH OTHER BANKS

	31 December 2024		31 December 2023	
	KHR Million	**US$**	**KHR Million**	**US$**
Current accounts	39,652	9,851,447	40,942	10,022,615
Saving accounts	1,131	281,074	2,057	503,580
Fixed deposits	12,179	3,025,883	57,322	14,032,223
Guaranteed placements	92,843	23,066,540	147,646	36,143,377
	145,805	36,224,944	247,967	60,701,795
Less: impairment loss allowance	(337)	(83,850)	(1,085)	(265,491)
Balance with other banks, net	145,468	36,141,094	246,882	60,436,304

The guaranteed placements are held as security against secured borrowings (Note 20).

The balances with other banks earn interest according to the following rates:

	31 December 2024	31 December 2023
Current accounts	0.0%-1.5%	0.0%-1.5%
Saving accounts	0.1%-2.0%	0.1%-2.0%
Fixed deposits	5.00%	3.0%-5.5%
Guaranteed placements	4.4%-5.5%	1.1%-5.5%

8. LOANS TO CUSTOMERS

	31 December 2024		31 December 2023	
	KHR Million	**US$**	**KHR Million**	**US$**
Loans to customers at amortised costs	2,341,175	581,658,322	2,389,847	585,029,816
Less: impairment loss allowance	(119,604)	(29,715,148)	(125,804)	(30,796,583)
Loans to customers, net	2,221,571	551,943,174	2,264,043	554,233,233

Loans to customers at amortised cost

	31 December 2024			31 December 2023		
	Gross carrying amount	**ECL allowance**	**Carrying amount**	**Gross carrying amount**	**ECL allowance**	**Carrying amount**
	KHR Million	**KHR Million**	**KHR Million**	**KHR Million**	**KHR Million**	**KHR Million**
Village bank loans	280,066	(25,635)	254,431	422,981	(39,345)	383,636
Individual loans	1,191,333	(52,715)	1,138,618	1,044,441	(45,944)	998,497
Small and medium enterprise loans	762,506	(40,572)	721,934	803,964	(39,430)	764,534
Other loans	107,270	(682)	106,588	118,461	(1,085)	117,376
	2,341,175	(119,604)	2,221,571	2,389,847	(125,804)	2,264,043

9. DEBT SECURITIES MEASURED AT AMORTISED COST

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Cambodia Airport Investment Co., Ltd	4,170	1,036,191	4,232	1,036,041
Less: allowance for debt securities	(71)	(17,719)	(86)	(21,036)
Debt securities measured at amortised cost, net	4,099	1,018,472	4,146	1,015,005

The debt securities hold a coupon rate of 5.50% (2023: 5.50%) with an issue term of 3 years (2023: 3 years).

10. PROPERTY AND EQUIPMENT

	Leasehold improvement	Motor Vehicles	Motorcycles	Computer and office equipment	Construction in progress	Total
	KHR Million	KHR Million	KHR Million	KHR Million	KHR Million	KHR Million
Cost						
At 1 January 2024	8,548	5,923	5,057	37,451	13	56,992
Additions	26	165	-	1,077	1,542	2,810
Disposals	(240)	(133)	(1,351)	(1,421)	-	(3,145)
Transfers	286	-	-	1,236	(1,522)	-
At 31 December 2024	8,620	5,955	3,706	38,343	33	56,657
Accumulated depreciation						
At 1 January 2024	4,793	2,810	3,729	26,233	-	37,565
Depreciation	1,182	426	297	4,594	-	6,499
Disposals	(218)	(107)	(1,080)	(1,407)	-	(2,812)
At 31 December 2024	5,757	3,129	2,946	29,420	-	41,252
Carrying amounts						
At 31 December 2024	2,863	2,826	760	8,923	33	15,405
Carrying amounts in US$						
At 31 December 2024	711,089	702,162	188,843	2,217,007	8,260	3,827,361

10. PROPERTY AND EQUIPMENT (continued)

	Leasehold improvement	Motor Vehicles	Motorcycles	Computer and office equipment	Construction in progress	Total
	KHR Million	KHR Million	KHR Million	KHR Million	KHR Million	KHR Million
Cost						
At 1 January 2023	6,199	5,751	5,777	30,199	1,325	49,251
Additions	127	516	40	2,617	7,579	10,879
Disposals	(177)	(598)	(760)	(1,603)	-	(3,138)
Transfers	2,399	254	-	6,238	(8,891)	-
At 31 December 2023	8,548	5,923	5,057	37,451	13	56,992
Accumulated depreciation						
At 1 January 2023	3,963	2,850	3,683	24,008	-	34,504
Depreciation	1,002	438	638	3,735	-	5,813
Disposals	(172)	(478)	(592)	(1,510)	-	(2,752)
At 31 December 2023	4,793	2,810	3,729	26,233	-	37,565
Carrying amounts						
At 31 December 2023	3,755	3,113	1,328	11,218	13	19,427
Carrying amounts in US$						
At 31 December 2023	919,065	762,196	325,207	2,746,031	3,102	4,755,601

11. INTANGIBLE ASSETS

	Software and licenses	Work in progress	Total
	KHR Million	KHR Million	KHR Million
Cost			
At 1 January 2024	19,028	2,300	21,328
Additions	34	1,434	1,468
Disposals	(511)	-	(511)
Transfers	1,579	(1,579)	-
At 31 December 2024	20,130	2,155	22,285
Accumulated amortisation			
At 1 January 2024	15,031	-	15,031
Amortisation	1,578	-	1,578
Disposals	(503)	-	(503)
At 31 December 2024	16,106	-	16,106
Carrying amounts			
At 31 December 2024	4,024	2,155	6,179
Carrying amounts in US$			
At 31 December 2024	999,827	535,345	1,535,172

	Software and licenses	Work in progress	Total
	KHR Million	KHR Million	KHR Million
Cost			
At 1 January 2023	18,616	1,383	19,999
Additions	-	1,915	1,915
Disposals	(586)	-	(586)
Transfers	998	(998)	-
At 31 December 2023	19,028	2,300	21,328
Accumulated amortisation			
At 1 January 2023	12,402	-	12,402
Amortisation	3,207	-	3,207
Disposals	(578)	-	(578)
At 31 December 2023	15,031	-	15,031
Carrying amounts			
At 31 December 2023	3,997	2,300	6,297
Carrying amounts in US$			
At 31 December 2023	978,528	563,082	1,541,610

12. LEASES

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

(i) Amounts recognised in the statement of financial position

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Right-of-use-assets				
Buildings	24,181	6,007,656	25,130	6,151,830
ATM/CDMs	3,769	936,556	5,964	1,460,045
Parking lots	616	152,926	918	224,619
	28,566	7,097,138	32,012	7,836,494
Lease liabilities				
Current	11,039	2,742,551	9,544	2,336,289
Non-current	16,545	4,110,637	21,717	5,316,277
	27,584	6,853,188	31,261	7,652,566

Additions to the right-of-use assets during the year were KHR million 1,594 (2023: KHR million 7,569).

(ii) Amounts recognised in profit or loss

	Year ended 31 December 2024		Year ended 31 December 2023	
	KHR Million	US$	KHR Million	US$
Depreciation expense on ROUA (Note 30)				
Buildings	6,983	1,715,278	7,130	1,734,658
ATM/CDMs	2,068	508,104	2,120	515,933
Parking lots	302	74,193	303	73,804
	9,353	2,297,575	9,553	2,324,395
Interest expense on lease liabilities (Note 26)	1,991	488,976	1,997	485,946
Expense relating to short-term leases (Note 31)	187	45,981	490	119,173
Expense relating to low value leases (Note 31)	8,749	2,149,001	8,082	1,966,453

The total cash outflows for leases amounted to KHR 20,150 million (2023: KHR 20,660 million).

13. INCOME TAX

The Company's tax returns are subject to examination by the General Department of Taxation ("GDT"). Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the GDT.

13.1 Income tax expense

Income tax expense comprises:

	Year ended 31 December 2024		Year ended 31 December 2023	
	KHR Million	US$	KHR Million	US$
Current income tax	1,229	301,726	5,276	1,283,722
Deferred tax	2,269	557,494	1,726	420,084
Over-provision of income tax in prior year	(624)	(153,374)	(86)	(20,943)
	2,874	705,846	6,916	1,682,863

The reconciliation of income tax expense shown in profit or loss is as follows:

	Year ended 31 December 2024		Year ended 31 December 2023	
	KHR Million	US$	KHR Million	US$
Profit before income tax	11,836	2,907,417	29,771	7,243,668
Income tax expense at applicable tax rate of 20%	2,367	581,483	5,954	1,448,734
Adjustments:			-	
Non-deductible expenses	26	6,474	537	130,683
Over-provision of income tax in prior year	(624)	(153,374)	(86)	(20,943)
Previously unrecognised deferred tax	1,105	271,263	511	124,389
	2,874	705,846	6,916	1,682,863

As at 31 December 2024, the Company's 1% prepayment of income tax exceeds its tax on income by KHR3,816 million (equivalent to US$947,977). Management believes that the Company has maintained proper accounting records in accordance with the tax regulations and concluded that it is exempted from Minimum Tax. Accordingly, the Company recognises this exceeding amount as current tax assets.

13. INCOME TAX (continued)

13.2 Other tax matters

The taxation system in Cambodia is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory and 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 Company. Directors believe 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 income tax and deferred tax provisions in the period in which such determination is made.

13.3 Deferred tax

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Deferred tax assets	23,391	5,811,385	25,399	6,217,697
Deferred tax liabilities	(6,094)	(1,514,027)	(5,889)	(1,441,621)
	17,297	4,297,358	19,510	4,776,076

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

	At 1 January 2024	(Charged)/Credited to Profit or Loss	(Charged)/Credited to Other Comprehensive Income	At 31 December 2024	
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Deferred tax assets:					
Allowance for loan losses	5,448	19	-	5,467	1,358,153
Unamortised loan processing fees	7,736	(2,440)	-	5,296	1,315,986
Depreciable assets	492	(29)	-	463	114,953
Other assets	281	35	-	316	78,391
Lease liabilities	6,365	(848)	-	5,517	1,370,638
Employee benefits	5,077	1,199	56	6,332	1,573,264
Total deferred tax assets	25,399	(2,064)	56	23,391	5,811,385
Deferred tax liabilities:					
Right of use assets	5,737	(24)	-	5,713	1,419,428
Unrealised exchange gain	152	229	-	381	94,599
Total deferred tax liabilities	5,889	205	-	6,094	1,514,027
Total	19,510	(2,269)	56	17,297	4,297,358

13. INCOME TAX (continued)

13.3 Deferred tax (continued)

	At 1 January 2023	(Charged)/Credited to Profit or Loss	(Charged)/Credited to Other Comprehensive Income	At 31 December 2023	At 31 December 2023
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Deferred tax assets:					
Allowance for loan losses	5,689	(241)	-	5,448	1,333,786
Unamortised loan processing fees	10,137	(2,401)	-	7,736	1,893,778
Depreciable assets	679	(187)	-	492	120,555
Other assets	-	281	-	281	68,780
Lease liabilities	5,677	688	-	6,365	1,558,022
Employee benefits	4,787	824	(534)	5,077	1,242,776
Total deferred tax assets	26,969	(1,036)	(534)	25,399	6,217,697
Deferred tax liabilities:					
Right of use assets	5,085	652	-	5,737	1,404,478
Unrealised exchange gain	114	38	-	152	37,143
Total deferred tax liabilities	5,199	690	-	5,889	1,441,621
Total	21,770	(1,726)	(534)	19,510	4,776,076

14. INVESTMENTS UNDER THE EQUITY METHOD, NET

Set out below is the associate of the Company as at 31 December.

The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the Company. The country of incorporation or registration is also the principal place of business of the entity, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	% of ownership interest 2024	Nature of relationship	Measurement method	Carrying amount 2024
		%			KHR Million
Forte Life Assurance (Cambodia) Plc	Cambodia	5.71%	Associate	Equity method	1,648
Total equity-accounted investments					1,648

The principal activity of Forte Life Assurance (Cambodia) Plc is underwriting of life insurance business.

15. OTHER ASSETS

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Financial assets				
Refundable deposits	2,645	657,193	2,684	656,970
Penalty receivable	2,611	648,671	6,280	1,537,217
Other equity investments (*)	101	25,000	1,723	421,788
	5,357	1,330,864	10,687	2,615,975
Less: Allowance for penalty receivable	(1,554)	(386,161)	(5,029)	(1,231,009)
Other financial assets, net	3,803	944,703	5,658	1,384,966
Non-financial assets				
Prepayment	20,338	5,053,238	17,478	4,278,724
Other assets	2,698	670,229	726	177,800
Other non-financial assets	23,036	5,723,467	18,204	4,456,524
Other assets, net	26,839	6,668,170	23,862	5,841,490

(*) Investments of KHR million 1,648 previously presented in Other Assets are presented in Note 15 Investments Under the Equity Method, Net. The comparative figure is not reclassified as the amount is not material.

16. DEPOSITS FROM CUSTOMERS

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Savings accounts	400,831	99,585,429	406,442	99,496,306
Term deposits	910,983	226,331,167	712,401	174,394,360
	1,311,814	325,916,596	1,118,843	273,890,666

17. DEPOSITS FROM OTHER FINANCIAL INSTITUTIONS

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Savings accounts	27,997	6,955,682	9,549	2,337,625
Term deposits	42,309	10,511,701	24,367	5,965,021
	70,306	17,467,383	33,916	8,302,646

Deposits from other financial institutions include a trust account balance of KHR million 18,490 the Company holds on behalf of its money transfer agents as required by the NBC.

18. OTHER LIABILITIES

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Short term employee benefits	15,183	3,771,920	16,281	3,985,640
Accrual and other payables	3,668	911,218	6,010	1,471,294
Other taxes payable	2,293	569,634	2,835	694,098
Mark-to-market loss on derivative financial instruments	391	97,211	636	155,572
	21,535	5,349,983	25,762	6,306,604

19. BORROWINGS

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Borrowings at amortised cost				
Secured (*)	78,204	19,429,445	140,534	34,402,462
Unsecured (**)	697,818	173,371,090	1,033,072	252,894,056
	776,022	192,800,535	1,173,606	287,296,518

(*) This represents loans from various banks with terms from one to three years (2023: one to three years) and interest rate from 6.50% to 7.50% (2023: 6.50% to 9.00%). The borrowings are secured by fixed deposits (note 2.7).

(**) This represents bank loans obtained from various banks with terms from one to twenty years (2023: one to seven years) and interest rate from 2.00% to 7.80% (2023: 2.00% to 8.89%).

20. SUBORDINATED DEBTS

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Subordinated debts at amortised cost				
Global Access Fund IV LP (i)	23,914	5,941,572	16,979	4,156,409
IFAD (ii)	20,373	5,061,530	20,667	5,059,120
BIO (iii)	19,720	4,899,447	19,795	4,845,889
Moringaway (iv)	11,155	2,771,305	-	-
	75,162	18,673,854	57,441	14,061,418

(i) This pertains to a subordinated debt from Global Access Fund IV LP which was signed on 21 February 2024 and approved by the NBC on 10 April 2024 as capital tier 2. The loan is repayable to the lender based on the agreed schedules stated in loan agreement. This subordinated debt has a six-year term and matures on 26 February 2030.

20. SUBORDINATED DEBTS (continued)

(ii) This pertains to a subordinated debt from International Fund For Agricultural Development (IFAD) which was signed on 19 June 2023 and approved by the NBC on 28 July 2023 as capital tier 2. The loan is repayable to the lender based on the agreed schedules stated in loan agreement. This subordinated debt has a seven-year term and matures on 1 October 2030.

(iii) This pertains to a subordinated debt from Belgian Investment Company for Developing Countries NV/SA (BIO) which was signed on 25 May 2023 and approved by the NBC on 18 July 2023 as capital tier 2. The loan is repayable to the lender based on the agreed schedules stated in loan agreement. This subordinated debt has a seven-year term and matures on 25 May 2030.

(iv) This pertains to a subordinated debt from Moringaway which was signed on 8 October 2021 and approved by the NBC on 27 January 2022 as capital tier 2. The loan is repayable to the lender based on the agreed schedules stated in loan agreement. This subordinated debt has a five-year term maturing on 31 October 2026.

All the subordinated debts bear fixed interest rates.

21. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

			Non-cash changes		
	1 January 2024	Financing cash flows (i)	New Leases	Other changes (ii)	31 December 2024
	KHR Million	KHR Million	KHR Million	KHR Million	KHR Million
Liabilities arising from financing activities					
Lease liabilities	31,261	(9,584)	5,907	-	27,584
Borrowings	1,173,606	(387,025)	-	(10,559)	776,022
Subordinated debt	57,441	18,515	-	(794)	75,162
Total liabilities from financing activities	1,262,308	(378,094)	5,907	(11,353)	878,768
Financial assets that hedge liabilities from financial activities					
Balances with other banks – guaranteed placement	147,646	(56,438)	-	1,635	92,843
Net liabilities from financing activities	1,114,662	(321,656)	5,907	(12,988)	785,925

21. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES
(continued)

	1 January 2023	Financing cash flows (i)	Non-cash changes: New Leases	Non-cash changes: Other changes (ii)	31 December 2023
	KHR Million	KHR Million	KHR Million	KHR Million	KHR Million
Liabilities arising from financing activities					
Lease liabilities	28,772	(10,091)	12,580	-	31,261
Borrowings	1,235,312	(55,441)	-	(6,264)	1,173,606
Subordinated debt	26,944	31,046	-	(549)	57,441
Total liabilities from financing activities	1,291,028	(34,486)	12,580	(6,813)	1,262,308
Financial assets that hedge liabilities from financial activities					
Balances with other banks – guaranteed placement	125,069	19,465	-	3,111	147,646
Net liabilities from financing activities	1,165,959	(53,951)	12,580	(9,924)	1,114,662

(i) The cash flows from borrowings, subordinated debts and lease liabilities make up the net amount of proceeds from and repayments of borrowings and subordinated debts and the payment of lease liabilities in the statement of cash flows.

(ii) Non-cash changes pertain to interest accruals and payments.

22. EMPLOYEE BENEFIT OBLIGATIONS

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Other long-term employee benefits	5,789	1,438,362	3,904	955,603
Defined benefits plan	35,353	8,783,237	26,610	6,514,177
	41,142	10,221,599	30,514	7,469,780

22. EMPLOYEE BENEFIT OBLIGATIONS (continued)

22.1 Defined benefits plan

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Balance at beginning of year	26,610	6,514,177	23,894	5,803,734
Additions during the year:				
Employer contribution	4,207	1,033,407	4,109	999,701
Interest expense	2,217	544,506	1,818	442,254
Reversals and cancellations	(367)	(90,199)	(338)	(82,134)
Total amount recognised in profit or loss	6,057	1,487,714	5,589	1,359,821
Remeasurements:				
Gain from change in demographic assumptions	(412)	(101,275)	(1,486)	(361,569)
Loss from change in financial Assumptions	3,370	827,908	(1,182)	(287,562)
Experience gain	(9)	(2,319)	-	-
Total amount recognised in other comprehensive income	2,949	724,314	(2,668)	(649,131)
Payments during the year	(2,638)	(647,922)	(2,504)	(609,229)
Employee contributions	2,375	583,481	2,299	559,301
Foreign exchange difference	-	121,473	-	49,681
	35,353	8,783,237	26,610	6,514,177

The significant actuarial assumptions were as follows:

			Impact on staff pension fund	
	Actuarial Assumptions	Change in Assumptions	Increase in assumptions	Decrease in assumptions
31 December 2024				
Discount rate	6.41%	1.00%	Decrease by 9.0%	Increase by 10.5%
Withdrawal rate	12.45%	2.00%	Decrease by 0.2%	Increase by 0.3%
Mortality rate	0.09%	0.20%	Decrease by 2.0%	Increase by 0.5%
31 December 2023				
Discount rate	7.68%	0.50%	Decrease by 3.5%	Increase by 3.7%
Withdrawal rate	14.04%	2.00%	Increase by 1.1%	Decrease by 1.4%
Mortality rate	0.10%	0.10%	Decrease by 0.8%	Increase by 0.4%

22. EMPLOYEE BENEFIT OBLIGATIONS (continued)

22.1 Defined benefits plan (continued)

Amount, timing and uncertainty of future cash flows:

The Company manages its defined benefits plan as an unfunded plan where the Company meets the benefit payment obligation as it falls due. Expected contributions to for the year ending 31 December 2025 are KHR 4,662 million. The weighted average duration of the defined benefit obligation is 9.2 years (2023: 8.3 years). The expected maturity analysis of defined benefit plans is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	KHR Million	KHR Million	KHR Million	KHR Million	KHR Million
31 December 2024					
KHR million	3,640	3,004	6,689	22,020	35,353
In US$ equivalent	904,440	746,234	1,661,781	5,470,782	8,783,237
31 December 2023					
KHR million	3,759	2,980	6,148	13,723	26,610
In US$ equivalent	920,287	729,433	1,505,060	3,359,397	6,514,177

23. SHARE CAPITAL

Number of ordinary shares was as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
	Number of shares	Number of shares
As at 1 January	10,946,498	10,946,498
Additional shares issued	-	-
As at 31 December	10,946,498	10,946,498

Details of shareholdings were as follows:

	31 December 2024			31 December 2023		
	KHR Million	US$	Holding %	KHR Million	US$	Holding %
The Shanghai Commercial & Savings Bank, Ltd. ("SCSB")	273,662	67,990,665	99.999991%	273,662	66,992,026	99.999991%
AMK Staff Association (AMK-SA) Ltd	-	6	0.000009%	-	6	0.000009%
	273,662	67,990,671	100.00%	273,662	66,992,032	100.00%

24. RESERVES

	Non-distributable reserve		Regulatory reserve		General reserves		Revaluation reserve		Total	
	KHR Million	US$	KHR Million	US$	KHR Million	US$		US$	KHR Million	US$
Balance as at 1 January 2023	72,000	17,488,462	-	-	-	-	-	(324,277)	72,000	17,164,185
Remeasurement of employee benefits, net of tax	-	-	-	-	2,134	519,304	-	-	2,134	519,304
Hedging loss, net of tax	-	-	-	-	(460)	(111,963)	-	-	(460)	(111,963)
Currency translation differences	-	136,997	-	-		2,494	-	316,284	-	455,775
Total comprehensive income for the year	-	136,997	-	-	1,674	409,835	-	316,284	1,674	863,116
Transactions with owners in their capacity as owners:										
Transfer to reserves	100,000	24,479,804	-	-	-	-	-	-	100,000	24,479,804
Currency translation differences	-	-	-	-	-	-	-	-	-	-
	100,000	24,479,804	-	-	-	-	-	-	100,000	24,479,804
Balance as at 31 December 2023	172,000	42,105,263	-	-	1,674	409,835	-	(7,993)	173,674	42,507,105
Balance as at 1 January 2024	172,000	42,105,263	-	-	1,674	409,835	-	(7,993)	173,674	42,507,105
Remeasurement of employee benefits, net of tax	-	-	-	-	(2,359)	(579,451)	-	-	(2,359)	(579,451)
Hedging loss, net of tax	-	-	-	-	196	47,996	-	-	196	47,996
Currency translation differences	-	627,656	-	-		35	-	284,966	-	912,657
Total comprehensive income for the year	-	627,656	-	-	(2,163)	(531,420)	-	284,966	(2,163)	381,202
Transactions with owners in their capacity as owners:										
Transfer to reserves	-	-	2,951	724,867	-	-	-	-	2,951	724,867
Currency translation differences	-	-	-	8,284	-	-	-	(8,284)	-	-
	-	-	2,951	733,151	-	-	-	(8,284)	2,951	724,867
Balance as at 31 December 2024	172,000	42,732,919	2,951	733,151	(489)	(121,585)	-	268,689	174,462	43,613,174

25. INTEREST INCOME

	Year ended 31 December 2024		Year ended 31 December 2023	
	KHR Million	US$	KHR Million	US$
Loans to customers	400,006	98,257,089	434,206	105,646,224
Balances with other banks	9,050	2,223,141	8,996	2,188,851
Balances with the NBC	830	203,882	883	214,884
Investment securities	224	55,138	279	67,810
	410,110	100,739,250	444,364	108,117,769

26. INTEREST EXPENSE

	Year ended 31 December 2024		Year ended 31 December 2023	
	KHR Million	US$	KHR Million	US$
Deposits from customers	71,631	17,595,236	60,065	14,614,319
Deposits from other financial institutions	902	221,669	68	16,628
Borrowings	87,370	21,461,613	105,853	25,754,872
Subordinated debts	7,400	1,817,829	3,010	732,462
Staff pension fund	2,217	544,506	1,818	442,254
Leases	1,991	488,976	1,997	485,946
	171,511	42,129,829	172,811	42,046,481

27. FEE AND COMMISSION EXPENSE

	Year ended 31 December 2024		Year ended 31 December 2023	
	KHR Million	US$	KHR Million	US$
Mobile banking agent incentives	9,626	2,364,354	9,676	2,354,316
Insurance premiums on products	7,842	1,926,315	8,659	2,106,799
Village fees and commission	719	176,639	1,388	337,543
Fees and commissions on borrowings and swaps	-	-	80	19,499
Other fees and commissions	80	19,696	105	25,602
	18,267	4,487,004	19,908	4,843,759

28. OTHER INCOME

	Year ended 31 December 2024		Year ended 31 December 2023	
	KHR Million	US$	KHR Million	US$
Loan servicing fees	8,883	2,181,960	6,846	1,665,585
Remittance fees	5,557	1,365,059	5,161	1,255,806
Bancassurance commissions	3,616	888,135	5,694	1,385,367
Payroll fees	3,609	886,588	3,515	855,266
Mobile banking fees	2,839	697,407	3,323	808,578
Recovery of loans written-off	2,360	579,709	2,088	507,923
Gain on exchange differences	2,115	519,584	1,296	315,297
Other account fees	1,934	475,030	1,143	278,186
Loan penalties	665	163,320	10,682	2,599,144
Dividend income	198	48,617	277	67,418
Others	2,859	702,390	2,384	579,966
	34,635	8,507,799	42,409	10,318,536

29. PERSONNEL EXPENSES

	Year ended 31 December 2024		Year ended 31 December 2023	
	KHR Million	US$	KHR Million	US$
Salaries and wages	112,865	27,724,036	116,074	28,241,983
Pension fund benefits	4,207	1,033,407	4,109	999,701
Insurance	5,732	1,407,993	5,774	1,404,811
Other employee benefits	3,807	935,233	1,416	344,463
	126,611	31,100,669	127,373	30,990,958

30. DEPRECIATION AND AMORTISATION

	Year ended 31 December 2024		Year ended 31 December 2023	
	KHR Million	US$	KHR Million	US$
Depreciation of ROUA	9,353	2,297,575	9,553	2,324,395
Depreciation of property and equipment	6,499	1,596,349	5,813	1,414,449
Amortisation of intangible assets	1,578	387,702	3,208	780,340
	17,430	4,281,626	18,574	4,519,184

31. OTHER OPERATING EXPENSES

	Year ended 31 December 2024		Year ended 31 December 2023	
	KHR Million	US$	KHR Million	US$
Professional fees (*)	11,529	2,831,899	10,345	2,517,120
Low value and short-term leases	8,936	2,194,982	8,572	2,085,626
Transportation	5,704	1,401,185	5,858	1,425,400
Security and cleaning	3,214	789,378	3,167	770,724
Communication	2,932	720,271	2,729	663,881
Utilities	3,361	825,494	2,246	546,430
Marketing and branding expense	2,421	594,613	1,988	483,750
Licence and registration fees	1,256	308,473	1,644	400,001
Stationeries and supplies	1,700	417,561	1,608	391,302
Bank charges	1,360	334,091	1,795	436,772
Dispensable furniture and fixtures	1,251	307,240	987	240,059
Repairs and maintenance	410	100,798	624	151,709
Fines and penalties	-	-	73	17,760
Other taxes	874	214,635	2,005	487,788
Others	2,298	564,848	2,942	715,715
	47,246	11,605,468	46,583	11,334,037

(*) The professional fees include the fees paid or payable to PricewaterhouseCoopers (Cambodia) Ltd as follows:

	Year ended 31 December 2024		Year ended 31 December 2023	
	KHR Million	US$	KHR Million	US$
Statutory audit	267,150	65,000	267,150	65,000
Assurance engagement	-	-	-	-
Tax services	-	-	-	-
Other services	-	-	-	-
	267,150	65,000	267,150	65,000

32. NET IMPAIRMENT LOSS ON FINANCIAL INSTRUMENTS

	Year ended 31 December 2024		Year ended 31 December 2023	
	KHR Million	US$	KHR Million	US$
(Reversal of) impairment loss on balances with other banks	(747)	(183,501)	794	193,202
Impairment loss on loans to customers	56,642	13,913,653	69,796	16,981,959
(Reversal of) impairment loss on debt securities	(15)	(3,588)	(44)	(10,863)
(Reversal of) impairment of impairment loss on other assets	(3,474)	(853,446)	1,449	352,672
	52,406	12,873,118	71,995	17,516,970

33. OTHER GAINS/(LOSSES)

	Year ended 31 December 2024		Year ended 31 December 2023	
	KHR Million	US$	KHR Million	US$
Gain on disposal of fixed assets	342	84,017	227	55,235
Loss on disposal of fixed assets	(33)	(8,166)	(17)	(4,151)
Loss on disposal of intangible assets	(8)	(1,962)	(8)	(2,003)
	301	73,889	202	49,081

34. CASH AND CASH EQUIVALENTS

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

	Year ended 31 December 2024		Year ended 31 December 2023	
	KHR Million	US$	KHR Million	US$
Cash on hand	98,842	24,557,008	114,283	27,976,365
Balances with the NBC	152,506	37,889,667	119,741	29,312,370
Balances with other banks	52,782	13,113,888	99,765	24,422,155
	304,130	75,560,563	333,789	81,710,890

35. COMMITMENTS

Significant commitments at the end of the reporting period but not recognised as liabilities is as follows:

Credit Commitments:

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Unused portions of loans to Customers	31,987	7,947,089	1,700	416,137
	31,987	7,947,089	1,700	416,137

Capital expenditure commitments:

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Property and equipment	33	8,260	38	9,306
Intangible assets	1,615	401,361	2,421	592,585
	1,648	409,621	2,459	601,891

36. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into a number of transactions with related parties in the normal course of business. The volumes of related party transactions, outstanding balance at the period end and relating expenses and income for the period are as follows:

a) Related parties and relationships

Related party	Relationship
The Shanghai Commercial & Savings Bank, Ltd. ("SCSB")	Shareholder and the ultimate parent company
Board of Directors and key management personnel	All directors of the Company who make critical decisions in relation to the strategic direction of the Company and senior management staff (including their close family members)

36. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Key management personnel compensation during the year was as follows:

Related party	Description	Year ended 31 December 2024		Year ended 31 December 2023	
		KHR Million	US$	KHR Million	US$
Board of Directors	Short-term employee benefits	604	148,272	440	107,118
Key management personnel	Short-term employee benefits	3,324	816,461	3,251	790,991
	Post-employment benefits	248	60,806	247	60,166
	Other long-term benefits	272	66,887	267	65,021
		3,844	944,154	3,765	916,178
		4,448	1,092,426	4,205	1,023,296

c) Significant other transactions with related parties during the year were as follows:

Related party	Description	Year ended 31 December 2024		Year ended 31 December 2023	
		KHR Million	US$	KHR Million	US$
Board of Directors	Interest expense	1,237	303,768	997	242,548
Key management personnel	Interest expense	131	32,149	167	40,740
	Interest income	99	24,277	102	24,704
SCSB	Interest expense	29,903	7,345,349	17,428	4,240,271

d) Balances with related parties at the reporting year were as follows:

Related party	Description	31 December 2024		31 December 2023	
		KHR Million	US$	KHR Million	US$
Board of Directors	Deposits	18,127	4,503,577	17,077	4,180,423
Key management personnel	Deposits	3,214	798,435	3,627	887,848
	Loans	1,795	445,875	2,073	507,094
	Expected credit loss	(1)	(131)	(11)	(2,772)
SCSB	Borrowings	306,048	76,036,890	247,924	60,691,278
	Balances with other banks	1,306	324,510	1,326	324,510

36. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

e) Borrowings from SCSB

	Year ended 31 December 2024		Year ended 31 December 2023	
	KHR Million	**US$**	**KHR Million**	**US$**
As at 1 January	247,924	60,691,278	167,559	41,018,000
Proceeds from borrowings	309,396	76,000,000	80,145	19,500,000
Repayments of borrowings	(246,296)	(60,500,000)	-	-
Interest charged and accrued	29,274	7,190,961	17,390	4,231,181
Interest paid	(29,903)	(7,345,349)	(16,678)	(4,057,903)
Foreign exchange gains	(4,347)	-	(492)	-
As at 31 December	306,048	76,036,890	247,924	60,691,278

The borrowings from SCSB are unsecured syndicated facilities on the same terms and conditions that applies to all other lenders.

37. MATURITY PROFILE OF ASSETS AND LIABILITIES

Management presents the financial statements based on liquidity. Information about short-term and long-term financial assets and liabilities are disclosed in Note 38. The following table shows an analysis of assets and liabilities as to whether they are expected to be recovered or settled within one year or beyond one year from the end of reporting period:

	31 December 2024			
	Within one year KHR Million	**Beyond one year KHR Million**	**Total KHR Million**	**Total US$**
Financial assets				
Cash on hand	98,842	-	98,842	24,557,008
Balances with the NBC	152,907	-	152,907	37,989,357
Balances with other banks	145,468	-	145,468	36,141,094
Loans to customers	352,762	1,868,809	2,221,571	551,943,174
Debt securities measured at amortized cost	4,099	-	4,099	1,018,472
Investments under the equity method, net	-	1,648	1,648	409,464
Other assets	811	2,992	3,803	944,704
Total financial assets	754,889	1,873,449	2,628,338	653,003,273
Non-Financial assets				
Balances with the NBC - statutory deposits	-	148,684	148,684	36,940,081
Property and equipment	-	15,405	15,405	3,827,361
Intangible assets	-	6,179	6,179	1,535,172
Right of use assets	8,197	20,369	28,566	7,097,138
Current tax assets	3,816	-	3,816	947,977
Deferred tax asset	-	17,297	17,297	4,297,358
Other assets	23,036	-	23,036	5,723,465
Total non-financial assets	35,049	207,934	242,983	60,368,552
Total assets	789,938	2,081,383	2,871,321	713,371,825
Financial liabilities				
Deposits from customers	1,010,423	301,391	1,311,814	325,916,596
Deposits from other financial institutions	40,542	29,764	70,306	17,467,383
Lease liabilities	9,457	18,127	27,584	6,853,188
Borrowings	676,629	99,393	776,022	192,800,535
Subordinated debt	5,597	69,565	75,162	18,673,854
Total financial liabilities	1,742,648	518,240	2,260,888	561,711,556
Non-Financial liabilities				
Current tax liabilities	-	-	-	-
Other liabilities	21,535	-	21,535	5,349,983
Employee benefits	9,430	31,712	41,142	10,221,599
Total non-financial liabilities	30,965	31,712	62,677	15,571,582
Total liabilities	1,773,613	549,952	2,323,565	577,283,138

37. MATURITY PROFILE OF ASSETS AND LIABILITIES (continued)

	31 December 2023			
	Within one year KHR Million	**Beyond one year KHR Million**	**Total KHR Million**	**Total US$**
Financial assets				
Cash on hand	114,283	-	114,283	27,976,365
Balances with the NBC	120,148	-	120,148	29,411,866
Balances with other banks	178,002	68,880	246,882	60,436,304
Loans to customers	415,879	1,848,164	2,264,043	554,233,233
Debt securities measured at amortized cost	-	4,146	4,146	1,015,005
Investments under the equity method, net	-	-	-	-
Other assets	1,830	1,143	2,973	727,996
Total financial assets	830,142	1,922,333	2,752,475	673,800,769
Non-Financial assets				
Balances with the NBC - statutory deposits	-	162,144	162,144	39,692,713
Property and equipment	-	19,427	19,427	4,755,601
Intangible assets	-	6,297	6,297	1,541,610
Right of use assets	8,404	23,608	32,012	7,836,494
Current tax assets	-	-	-	-
Deferred tax asset	-	19,510	19,510	4,776,076
Other assets	20,889	-	20,889	5,113,494
Total non-financial assets	29,293	230,986	260,279	63,715,988
Total assets	859,435	2,153,319	3,012,754	737,516,757
Financial liabilities				
Deposits from customers	872,818	246,025	1,118,843	273,890,666
Deposits from other financial institutions	25,746	8,170	33,916	8,302,646
Lease liabilities	7,433	23,828	31,261	7,652,566
Borrowings	870,376	303,230	1,173,606	287,296,518
Subordinated debt	5,663	51,778	57,441	14,061,418
Total financial liabilities	1,782,036	633,031	2,415,067	591,203,814
Non-Financial liabilities				
Current tax liabilities	454	-	454	111,118
Other liabilities	25,762	-	25,762	6,306,604
Employee benefits	4,959	25,555	30,514	7,469,780
Total non-financial liabilities	31,175	25,555	56,730	13,887,502
Total liabilities	1,813,211	658,586	2,471,797	605,091,316

38. FINANCIAL RISK MANAGEMENT

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Asset and Liability Management Committee (ALCO) and Board Risk Committee (BRC), which are responsible for approving and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The policies and procedures adopted by the Company to manage the risks that arise in the conduct of their business activities are as follows:

38.1 Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans to customers and other banks. The Company considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes.

(a) Credit risk management

The Company's credit committee is responsible for managing the Company's credit risk by:

- Ensuring that the Company has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Company's stated policies and procedures, CIFRS and relevant supervisory guidance.
- Identifying, assessing and measuring credit risk across the Company, from an individual instrument to a portfolio level.
- Creating credit policies to protect the Company against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- Developing and maintaining the Company's risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Company's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.
- Ensuring that the Company has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

(a) Credit risk management (continued)

The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

The Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

The Company uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides a summary of the Company's internal credit risk grades.

(b) Significant increase in credit risk

The Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due.

The Company has controls and procedures in place to identify when the credit risk of an asset improves and the definition of significant increase in credit risk is no longer met. When this is the case, the asset may move back to stage 1 from stage 2, subject to payments being up to date and the ability of the borrower to make future payments on time.

On 28 August 2024, the NBC issued Circular B7-024-001 on Loan Restructuring to all financial institutions to provide loan restructuring to their customers under the following conditions:

a) Institutions can provide loan restructuring to customers twice without changing the loan classification or recording additional provisions
b) Institutions can upgrade the loan classification of a loan that has been restructured during this preferential period for the first time after the customer has made consecutive repayments for at least three months. Subsequently, institutions can upgrade the loan classification from one class to another following the principle of the number of due dates for downgrading loans.

The above preferential loan restructuring measures are effective until the end of December 2025.

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

(b) Significant increase in credit risk (continued)

The Company has carefully assessed the impact of restructuring when considering the credit risk position. Restructuring and payment reliefs that are generally available to a market or industry as a whole and are not borrower-specific in nature have not, on their own, resulted in an automatic change in stage. Nevertheless, The Company applied additional internal credit risk assessments of individual borrowers that have received, or are receiving, restructuring and payment relief. This assessment may lead to a downgrade from stage 1 to stage 2 or 3, resulting in a broader PD range across the credit grades.

(c) Incorporation of forward-looking information

The Company analysed forward-looking information by using the statistical regression model for assessment to see whether the credit risk of an instrument has increased significantly to the measurement of ECL.

In recognition of the significant uncertainty, management updated and recalibrated its macroeconomic modelling and forecasting and have maintained the Company's probability weighted percentage in the probability weighted forward looking of Probability of Default ("PD") to give a heavier weight to the worst case scenario and a lighter weight to the best case scenario.

Additionally, management assessed and identified borrowers with both quantitative and qualitative indicators of increased risk and upgraded the stage assessment as appropriate. Quantitative information may include the days past due of the asset, and the borrower's history with the Company. Qualitative information includes borrower specific information, such as the borrower's individual or business performance indicators and whether the borrower has been provided restructuring or other forms of relief, and portfolio specific information, such as risks associated with geographic regions or portfolio level risks.

This resulted in a conservative ECL calculation, in recognition of the significant uncertainty in the global economic landscape. The Company will continue to monitor the situation and actively mitigate the risks to the financial position and operating results of the Company.

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Company operates, supranational organisations such as International Monetary Fund and World Bank.

The Company has identified and documented the key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses. In 2024, the Company reviewed the macroeconomic variables and projections, and refined the variables as appropriate to ensure the most significant correlations are applied.

The key material drivers for credit risk on loan portfolios in 2024 are: Total exports, CSX index, and crude oil brent index (2023: Total exports, total imports, KHR/USD exchange rate, CSX index and crude oil brent index).

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

(d) Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD")

These figures are generally derived from internally developed statistical models and other historical data.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from recovery from collateral. LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Company's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Company uses EAD models that reflect the characteristics of the portfolios.

The Company measures ECL considering the risk of default over the maximum contractual period over which the entity is exposed to credit risk and not a longer period. However, for financial instruments such as revolving credit facilities that include both a loan and an irrevocable undrawn commitment component, the Company's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Company's exposure to credit losses to the contractual notice period. For such financial instruments, the Company measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Company does not enforce in the normal day-to-day management of the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled only when the Company becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Company expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

(d) Measurement of ECL (continued)

The ECL calculation for accounting purposes is different to the ECL calculation for regulatory purposes, although many inputs used are similar. The Company has ensured that the appropriate methodology is used when calculating ECL for both accounting and regulatory purposes. The main differences between the methodologies used to measure ECL in accordance with CIFRS 9 versus the ones applied for regulatory purposes are:

- Percentage of provision by classification based on short/long term loan
- Number of days past due
- Forward-looking of macroeconomic factors
- Probability of default and historical recovery rate.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a significant increase in credit risk it can be necessary to perform the assessment on a collective basis as below.

(e) Modification of financial assets

The Company may modify the terms of loans provided to customers due to commercial renegotiations, for distressed loans or due to regulatory requirements, with a view to maximising recovery and providing relief to borrowers in temporary financial distress.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Company monitors the subsequent performance of modified assets and may upgrade the stage of the assets should there be a significant increase in credit risk.

The following table includes summary information for financial assets whose cash flows were modified during the period as part of the Company's restructuring activities and their respective effect on the Company's financial performance:

	31 December 2024		31 December 2023	
	KHR Million	**US$**	**KHR Million**	**US$**
Amortised cost before modification	209,009	51,927,601	8,361	2,046,764
Net modification loss	(2,480)	(616,202)	-	-

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

(f) Groupings based on shared risks characteristics

The Company has segmented its PD calculation based on the product account type, which have similar risk behaviours based on analysis of roll rates. Where there is insufficient historic data available, a proxy product account type may be used, which most closely represents the product type.

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

(g) Concentration of credit risk

An analysis of the Company's credit risk concentrations per class of financial asset is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Balances with banks at amortised cost				
Concentration by sector:				
Financial institution	145,805	36,224,944	247,967	60,701,795
Loans to customers at amortised cost				
Concentration by sector:				
Household	1,007,201	250,235,932	997,939	244,293,493
Agriculture	553,143	137,426,921	564,920	138,291,345
Trade and commerce	429,919	106,812,244	462,253	113,158,695
Services	281,211	69,866,075	291,776	71,426,115
Transportation	56,791	14,109,596	57,348	14,038,722
Construction	12,910	3,207,554	15,611	3,821,446
	2,341,175	581,658,322	2,389,847	585,029,816

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

(h) Credit quality analysis

An analysis of the Company's credit risk exposure per class of financial asset, days past due status and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	31 December 2024				
	Stage 1	**Stage 2**	**Stage 3**	**Total**	
	KHR Million	**KHR Million**	**KHR Million**	**KHR Million**	**US$**
Balances with other banks:					
Current	145,805	-	-	145,805	36,224,944
Loss allowance	(337)	-	-	(337)	(83,850)
Carrying amount	145,468	-	-	145,468	36,141,094
Loans to customers:					
Current	2,172,389	2,104	5,935	2,180,428	541,721,186
Overdue < 90 days	-	20,177	10,045	30,222	7,508,515
Overdue ≥ 90 days	-	-	130,525	130,525	32,428,621
	2,172,389	22,281	146,505	2,341,175	581,658,322
Loss allowance	(24,647)	(5,607)	(89,350)	(119,604)	(29,715,148)
Carrying amount	2,147,742	16,674	57,155	2,221,571	551,943,174
Debt securities measured at amortised cost:					
Current	4,170	-	-	4,170	1,036,191
Loss allowance	(71)	-	-	(71)	(17,719)
Carrying amount	4,099	-	-	4,099	1,018,472
Other assets:					
Current	2,722	8	1	2,731	678,561
Overdue < 90 days	-	32	6	38	9,373
Overdue ≥ 90 days	-	-	2,487	2,487	617,931
	2,722	40	2,494	5,256	1,305,865
Loss allowance	(1)	(9)	(1,544)	(1,554)	(386,161)
Carrying amount	2,721	31	950	3,702	919,704

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

(h) Credit quality analysis (continued)

	31 December 2023				
	Stage 1	Stage 2	Stage 3	Total	
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Balances with other banks:					
Current	247,967	-	-	247,967	60,701,795
Loss allowance	(1,085)	-	-	(1,085)	(265,491)
Carrying amount	246,882	-	-	246,882	60,436,304
Loans to customers:					
Current	2,057,604	179,667	18,703	2,255,974	552,257,923
Overdue < 90 days	-	16,317	7,224	23,541	5,762,656
Overdue ≥ 90 days	-	-	110,333	110,333	27,009,237
	2,057,604	195,984	136,260	2,389,848	585,029,816
Loss allowance	(12,081)	(32,410)	(81,314)	(125,805)	(30,796,583)
Carrying amount	2,045,523	163,574	54,946	2,264,043	554,233,233
Debt securities measured at amortised cost:					
Current	4,232	-	-	4,232	1,036,041
Loss allowance	(86)	-	-	(86)	(21,036)
Carrying amount	4,146	-	-	4,146	1,015,005
Other assets:					
Current	41	2	5	48	11,723
Overdue < 90 days	-	78	71	149	36,471
Overdue ≥ 90 days	-	-	6,083	6,083	1,489,023
	41	80	6,159	6,280	1,537,217
Loss allowance	(2)	(43)	(4,984)	(5,029)	(1,231,009)
Carrying amount	39	37	1,175	1,251	306,208

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

(h) Credit quality analysis (continued)

This table summarises the loss allowance as of the year end by class of exposure/asset.

	31 December 2024		31 December 2023	
	KHR Million	**US$**	**KHR Million**	**US$**
Loss allowance by classes				
Balances with other banks at amortised cost	337	83,850	1,085	265,491
Loans to customers at amortised cost	119,604	29,715,148	125,804	30,796,583
Debt securities measured at amortised cost	71	17,719	86	21,036
Other assets at amortised cost	1,554	386,161	5,029	1,231,009
	121,566	30,202,878	132,004	32,314,119

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

(h) Credit quality analysis (continued)

More information about the significant changes in the gross carrying amount of financial assets during the year that contributed to changes in the loss allowance, is provided at the table below:

Balances with other banks

	31 December 2024				
	Stage 1	Stage 2	Stage 3	Total	
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Gross carrying amount as at 1 January 2024	247,967	-	-	247,967	60,701,795
Changes in gross carrying Amount					
New financial assets originated	56,250	-	-	56,250	13,686,102
Financial assets which have been derecognised	(158,412)	-	-	(158,412)	(38,542,898)
Foreign exchange and other movements	-	-	-	-	379,945
Gross carrying amount as at 31 December 2024	145,805	-	-	145,805	36,224,944
Loss allowance as at 31 December 2024	(337)	-	-	(337)	(83,850)

	31 December 2023				
	Stage 1	Stage 2	Stage 3	Total	
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Gross carrying amount as at 1 January 2023	181,277	-	-	181,277	44,031,288
Changes in gross carrying amount					
New financial assets originated	94,569	-	-	94,569	23,009,553
Financial assets which have been derecognised	(27,879)	-	-	(27,879)	(6,783,272)
Foreign exchange and other movements	-	-	-	-	444,226
Gross carrying amount as at 31 December 2023	247,967	-	-	247,967	60,701,795
Loss allowance as at 31 December 2023	(1,085)	-	-	(1,085)	(265,491)

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

(h) Credit quality analysis (continued)

Loans to customers at amortised cost

	31 December 2024				
	Stage 1	Stage 2	Stage 3	Total	
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Gross carrying amount as at 1 January 2024	2,057,604	195,984	136,259	2,389,847	585,029,816
Changes in gross carrying amount					
- Transfer to stage 1	131,364	(122,177)	(9,187)	-	-
- Transfer to stage 2	(10,651)	11,002	(351)	-	-
- Transfer to stage 3	(48,657)	(32,962)	81,619	-	-
New financial assets originated	1,105,466	9,843	16,602	1,131,911	278,042,445
Financial assets which have been derecognised	(1,062,010)	(39,149)	(17,645)	(1,118,804)	(274,823,060)
Write-offs	(727)	(260)	(60,792)	(61,779)	(15,175,182)
Foreign exchange and other movements	-	-	-	-	8,584,303
Gross carrying amount as at 31 December 2024	2,172,389	22,281	146,505	2,341,175	581,658,322
Loss allowance as at 31 December 2024	(24,647)	(5,607)	(89,350)	(119,604)	(29,715,148)

	31 December 2023				
	Stage 1	Stage 2	Stage 3	Total	
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Gross carrying amount as at 1 January 2023	2,270,777	24,708	75,567	2,371,052	575,917,312
Changes in gross carrying amount					
- Transfer to stage 1	2,852	(1,836)	(1,016)	-	-
- Transfer to stage 2	(18,915)	18,946	(31)	-	-
- Transfer to stage 3	(88,572)	(14,326)	102,898	-	-
New financial assets originated	1,077,853	181,871	16,635	1,276,359	310,549,403
Financial assets which have been derecognised	(1,184,473)	(11,369)	(20,673)	(1,216,515)	(295,989,118)
Write-offs	(1,918)	(2,010)	(37,121)	(41,049)	(9,987,238)
Foreign exchange and other movements	-	-	-	-	4,539,457
Gross carrying amount as at 31 December 2023	2,057,604	195,984	136,259	2,389,847	585,029,816
Loss allowance as at 31 December 2023	(12,081)	(32,410)	(81,313)	(125,804)	(30,796,583)

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

(h) Credit quality analysis (continued)

Debt securities measured at amortised cost

	31 December 2024				
	Stage 1	Stage 2	Stage 3	Total	
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Gross carrying amount as at 1 January 2024	4,232	-	-	4,232	1,036,041
Changes in gross carrying amount					
New financial assets purchased	-	-	-	-	-
Financial assets which have been derecognised	(62)	-	-	(62)	(15,121)
Foreign exchange and other movements	-	-	-	-	15,271
Gross carrying amount as at 31 December 2024	4,170	-	-	4,170	1,036,191
Loss allowance as at 31 December 2024	(71)	-	-	(71)	(17,719)

	31 December 2023				
	Stage 1	Stage 2	Stage 3	Total	
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Gross carrying amount as at 1 January 2023	8,292	-	-	8,292	2,014,239
Changes in gross carrying amount					
New financial assets purchased	(4,060)	-	-	(4,060)	(987,931)
Financial assets which have been derecognised	-	-	-	-	-
Foreign exchange and other movements	-	-	-	-	9,733
Gross carrying amount as at 31 December 2023	4,232	-	-	4,232	1,036,041
Loss allowance as at 31 December 2023	(86)	-	-	(86)	(21,036)

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

(h) Credit quality analysis (continued)

Other assets

	31 December 2024				
	Stage 1	Stage 2	Stage 3	Total	
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Gross carrying amount as at 1 January 2024	41	81	6,158	6,280	1,537,217
Changes in gross carrying amount	-	-	-	-	-
- Transfer to stage 1	17	(5)	(12)	-	-
- Transfer to stage 2	-	2	(2)	-	-
- Transfer to stage 3	(10)	(67)	77	-	-
New financial assets originated	2,695	38	2,052	4,785	1,175,486
Financial assets which have been derecognised	(21)	(9)	(5,779)	(5,809)	(1,426,880)
Foreign exchange and other movements	-	-	-	-	20,042
Gross carrying amount as at 31 December 2024	2,722	40	2,494	5,256	1,305,865
Loss allowance as at 31 December 2024	(1)	(9)	(1,544)	(1,554)	(386,161)

	31 December 2023				
	Stage 1	Stage 2	Stage 3	Total	
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Gross carrying amount as at 1 January 2023	58	118	4,551	4,727	1,148,273
Changes in gross carrying amount					
- Transfer to stage 1	3	(1)	(2)	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	(14)	(43)	57	-	-
New financial assets originated	33	80	6,453	6,566	1,597,484
Financial assets which have been derecognised	(39)	(73)	(4,901)	(5,013)	(1,219,846)
Foreign exchange and other movements	-	-	-	-	11,306
Gross carrying amount as at 31 December 2023	41	81	6,158	6,280	1,537,217
Loss allowance as at 31 December 2023	(2)	(43)	(4,984)	(5,029)	(1,231,009)

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

(h) Credit quality analysis (continued)

The tables below analyse the movement of the loss allowance during the year per class of assets.

Loss allowance – balances with other banks

	31 December 2024				
	Stage 1	Stage 2	Stage 3	Total	
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Loss allowance as at 1 January 2024	1,085	-	-	1,085	265,491
Changes in loss allowance:					
New financial assets originated	78	-	-	78	19,423
Financial assets which have been derecognised	(826)	-	-	(826)	(202,923)
Foreign exchange and other movements	-	-	-	-	1,859
Loss allowance as at 31 December 2024	337	-	-	337	83,850

	31 December 2023				
	Stage 1	Stage 2	Stage 3	Total	
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Loss allowance as at 1 January 2023	290	-	-	290	70,553
Changes in loss allowance:					
New financial assets originated	817	-	-	817	198,764
Financial assets which have been derecognised	(22)	-	-	(22)	(5,561)
Foreign exchange and other movements	-	-	-	-	1,735
Loss allowance as at 31 December 2023	1,085	-	-	1,085	265,491

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

(h) Credit quality analysis (continued)

Loss allowance - Loans to customers at amortised cost

	31 December 2024				
	Stage 1	Stage 2	Stage 3	Total	
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Loss allowance as at 1 January 2024	12,081	32,410	81,313	125,804	30,796,583
Changes in loss allowance					
- Transfer to stage 1	26,046	(21,183)	(4,863)	-	-
- Transfer to stage 2	(88)	292	(204)	-	-
- Transfer to stage 3	(334)	(5,598)	5,932	-	-
Net remeasurement of loss allowance	(24,053)	2,009	63,539	41,495	10,192,924
Write-offs	(9)	(48)	(60,791)	(60,848)	(14,946,624)
New financial assets originated	14,576	2,641	10,187	27,404	6,731,365
Financial assets which have been derecognised	(3,572)	(4,916)	(5,763)	(14,251)	(3,500,772)
Foreign exchange and other movements	-	-	-	-	441,672
Loss allowance as at 31 December 2024	24,647	5,607	89,350	119,604	29,715,148

	31 December 2023				
	Stage 1	Stage 2	Stage 3	Total	
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Loss allowance as at 1 January 2023	23,520	13,198	60,709	97,427	23,664,521
Changes in loss allowance					
- Transfer to stage 1	1,597	(1,025)	(572)	-	-
- Transfer to stage 2	(217)	240	(23)	-	-
- Transfer to stage 3	(1,212)	(7,640)	8,852	-	-
Net remeasurement of loss allowance	(8,332)	2,181	40,222	34,071	8,289,568
Write-offs	(91)	(1,102)	(37,121)	(38,314)	(9,321,729)
New financial assets originated	6,943	29,838	7,442	44,223	10,759,597
Financial assets which have been derecognised	(10,127)	(3,280)	1,804	(11,603)	(2,823,006)
Foreign exchange and other movements	-	-	-	-	227,632
Loss allowance as at 31 December 2023	12,081	32,410	81,313	125,804	30,796,583

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

(h) Credit quality analysis (continued)

Loss allowance – debt securities measured at amortised cost

	31 December 2024				
	Stage 1	**Stage 2**	**Stage 3**	**Total**	
	KHR Million	**KHR Million**	**KHR Million**	**KHR Million**	**US$**
Loss allowance as at 1 January 2024	86	-	-	86	21,036
Changes in loss allowance:					
- New financial assets originated	(15)	-	-	(15)	(3,555)
Foreign exchange and other movements	-	-	-	-	238
Loss allowance as at 31 December 2024	71	-	-	71	17,719

	31 December 2023				
	Stage 1	**Stage 2**	**Stage 3**	**Total**	
	KHR Million	**KHR Million**	**KHR Million**	**KHR Million**	**US$**
Loss allowance as at 1 January 2023	131	-	-	131	31,717
Changes in loss allowance:					
- New financial assets originated	(45)	-	-	(45)	(10,863)
Foreign exchange and other movements	-	-	-	-	182
Loss allowance as at 31 December 2023	86	-	-	86	21,036

38. FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

(h) Credit quality analysis (continued)

Loss allowance – other assets

	31 December 2024				
	Stage 1	Stage 2	Stage 3	Total	
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Loss allowance as at 1 January 2024	2	43	4,984	5,029	1,231,009
Changes in loss allowance					
- Transfer to stage 1	10	(3)	(7)	-	-
- Transfer to stage 2	-	1	(1)	-	-
- Transfer to stage 3	(1)	(36)	37	-	-
Net remeasurement of loss allowance	(9)	7	3,958	3,956	971,781
New financial assets originated	-	1	33	34	8,569
Financial assets which have been derecognised	(1)	(4)	(7,460)	(7,465)	(1,833,796)
Foreign exchange and other movements	-	-	-	-	8,598
Loss allowance as at 31 December 2024	1	9	1,544	1,554	386,161

	31 December 2023				
	Stage 1	Stage 2	Stage 3	Total	
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Loss allowance as at 1 January 2023	4	59	3,518	3,581	869,806
Changes in loss allowance					
- Transfer to stage 1	2	(1)	(1)	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	(1)	(21)	22	-	-
Net remeasurement of loss allowance	-	40	4,092	4,132	1,005,402
Write-offs	-	3	237	240	58,272
New financial assets originated	(3)	(37)	(2,884)	(2,924)	(711,439)
Financial assets which have been derecognised	-	-	-	-	-
Foreign exchange and other movements	-	-	-	-	8,968
Loss allowance as at 31 December 2023	2	43	4,984	5,029	1,231,009

(i) Collateral held as security and other credit enhancements

The Company holds residential properties as collaterals for majority of loans, and the collaterals include land, house, building and other immovable assets. The Company's policy is to fund up to 70% of the collateral value. There was no change in the Company's collateral policy during the year.

38. FINANCIAL RISK MANAGEMENT (continued)

38.2 Market risk

The Company takes on exposure to market risk, which is the risk that the fair value or future cash flow of a financial instrument, will fluctuate because of changes in market prices. Market risk arises from open positions in interest rates and 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.

(i) Market risk management

The Company's market risk management objective is to manage and control market risk exposures in order to optimise return on risk while ensuring solvency.

As with liquidity risk, ALCO is responsible for ensuring the effective management of market risk throughout the Company. Specific levels of authority and responsibility in relation to market risk management have been assigned to appropriate market risk committees.

The core market risk management activities are:

- the identification of all key market risks and their drivers;
- the independent measurement and evaluation key market risks and their drivers;
- the use of results and estimates as the basis for the Company's risk/return-oriented management; and
- monitoring risks and reporting on them.

The Company uses a wide range of quantitative and qualitative tools to manage and monitor market risk. Quantitative limits for fair value and net income sensitivities, stress tests, scenario analyses and ratios on economic capital are used to enforce the Company's market risk appetite. The quantitative and qualitative factors limiting market price risk are determined by the Management ALCO by reference to the Company's management of economic capital. Based on qualitative analyses and quantitative ratios, the market risk function identifies potential future risks, anticipates, in collaboration with the finance function, potential financial losses, and defines proposals for further action, which are discussed with the market units. Risk concentrations are restricted directly with specific limits or are indirectly avoided using the limit structure described above. Market risk reports reflecting the Company's exposures, risk concentrations, stress test results are reviewed on a daily basis. Appropriate actions are taken when needed, including revisiting the market risk management policies and relative limits to ensure that the Company's market risk management objective is met.

The Company may also enter into currency swaps to manage its exposure to foreign currency risk.

The Company's exposure to market risk pertains to non-trading portfolios.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

38. FINANCIAL RISK MANAGEMENT (continued)

38.2 Market risk (continued)

(ii) Foreign exchange risk

The Company operates in the Kingdom of Cambodia and transacts in US$, KHR and THB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

The balances in monetary assets and liabilities denominated in their respective currencies were as follows:

	31 December 2024				
	KHR	US$	THB	Total	Total
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Financial assets					
Cash on hand	46,464	44,400	7,978	98,842	24,557,008
Balances with the NBC	19,561	133,346	-	152,907	37,989,357
Balances with other banks (*)	32,657	113,148	-	145,805	36,224,944
Loans to customers (*)	1,116,151	1,205,597	19,426	2,341,174	581,658,322
Debt securities measured at amortised cost (*)	-	4,171	-	4,171	1,036,191
Investments under the equity method, net	-	1,648	-	1,648	409,464
Other assets (*)	922	4,413	22	5,357	1,330,864
Total financial assets	1,215,755	1,506,723	27,426	2,749,904	683,206,150
Financial liabilities					
Deposits from customers	361,754	945,064	4,996	1,311,814	325,916,596
Deposits from other financial institutions	14,413	54,821	1,072	70,306	17,467,383
Lease liabilities	-	27,584	-	27,584	6,853,188
Borrowings	309,345	466,677	-	776,022	192,800,535
Subordinated debts	-	75,162		75,162	18,673,854
Total financial liabilities	685,512	1,569,308	6,068	2,260,888	561,711,556

(*) The balances exclude loss allowance as at the reporting period.

38. FINANCIAL RISK MANAGEMENT (continued)

38.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

	31 December 2023				
	KHR	US$	THB	Total	Total
	KHR Million	KHR Million	KHR Million	KHR Million	US$
Financial assets					
Cash on hand	45,968	48,474	19,841	114,283	27,976,365
Balances with the NBC	83,541	36,607	-	120,148	29,411,866
Balances with other banks (*)	37,244	210,723	-	247,967	60,701,795
Loans to customers (*)	1,167,881	1,176,007	45,959	2,389,847	585,029,816
Debt securities measured at amortised cost (*)	-	4,232	-	4,232	1,036,040
	-	-	-	-	-
Other assets (*)	3,938	3,932	132	8,002	1,959,004
Total financial assets	1,338,572	1,479,975	65,932	2,884,479	706,114,886
Financial liabilities					
Deposits from customers	336,376	759,306	23,161	1,118,843	273,890,666
Deposits from other financial institutions	2,088	30,597	1,231	33,916	8,302,646
Lease liabilities	-	31,261	-	31,261	7,652,566
Borrowings	397,885	749,988	25,733	1,173,606	287,296,518
Subordinated debts	-	57,441	-	57,441	14,061,418
Total financial liabilities	736,349	1,628,593	50,125	2,415,067	591,203,814

(*) The balances exclude loss allowance as at the reporting period.

38. FINANCIAL RISK MANAGEMENT (continued)

38.2 Market risk (continued)

(ii) Foreign exchange risk (continued)

Sensitivity

The Company has significant exposure to changes in the KHR/US exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US-dollar denominated financial instruments and the impact on other components of equity arises from currency translation differences recognised in other comprehensive income.

The Company performs sensitivity analysis to assess the effect on profit or loss and equity of reasonable possible changes in the exchange rates. The Company has considered that a reasonable variation of the KHR/US exchange rates is 1%, and the results of the sensitivity analysis is below:

	Impact on profit or loss		Impact on equity	
	KHR Million	**US$**	**KHR Million**	**US$**
At 31 December 2024				
KHR-USD exchange rate +1%	(170)	(64,034)	-	(1,325,619)
KHR-USD Exchange rate - 1%	170	64,474	-	1,352,400
At 31 December 2023				
KHR-USD exchange rate +1%	(4,527)	(999,915)	-	(1,126,296)
KHR-USD Exchange rate - 1%	4,527	1,020,115	-	1,149,050

The company's exposure to other foreign exchange movements is not significant.

Currency swaps and forward contracts

The Company has two foreign exchange forward contracts (2023: one swap contract) with commercial banks outstanding as at 31 December 2024 to exchange US$ 2,500,000 with Thai Baht currency in order to manage its foreign exchange risk with a maturity of six months. As management considers that exposure to foreign exchange risk is deemed minimal, no sensitivity analysis for foreign currency exchange risk was presented.

(iii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of changes and may reduce losses in the event that unexpected movements arise. Management of the Company, at this stage, does not have a policy to set limits on the level of mismatch of interest rate re-pricing that may be undertaken; however, management regularly monitors the mismatch.

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Company is exposed to interest rate risk as a result of mismatches of interest rate re-pricing of assets and liabilities. The Company manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

38. FINANCIAL RISK MANAGEMENT (continued)

38.2 Market risk (continued)

(iii) Interest rate risk (continued)

The following is a summary of the Company's interest rate gap position on non-trading portfolios. The interest rate repricing gap table analyses the full-term structure of interest rate mismatches within the statement of financial position based on the maturity date.

	Up to 1 month	> 1 – 3 months	> 3 – 12 months	1 – 5 years	Over 5 Years	Non-interest sensitive	Total
	KHR Million	KHR Million	KHR Million	KHR Million	KHR Million	KHR Million	KHR Million
As at 31 December 2024							
Financial assets							
Cash on hand	-	-	-	-	-	98,842	98,842
Balances with the NBC	3,003	-	401	-	-	149,503	152,907
Balances with banks (*)	145,805	-	-	-	-	-	145,805
Loans to customers (*)	67,011	63,330	278,171	1,388,308	544,354	-	2,341,174
Debt securities measured at amortised cost (*)	-	-	-	4,171	-	-	4,171
Investments under the equity method, net	-	-	-	-	1,648	-	1,648
Other assets (*)	1,536	90	261	608	115	2,746	5,356
	217,355	63,420	278,833	1,393,087	546,117	251,091	2,749,903
Financial liabilities							
Deposits from customers	430,998	94,579	484,847	301,233	157	-	1,311,814
Deposits from other financial institutions	33,206	2,017	5,319	29,740	24	-	70,306
Lease liabilities	-	-	-	-	-	27,584	27,584
Borrowings	1,809	448,856	225,964	88,969	10,424	-	776,022
Subordinated debts	-	-	5,597	37,581	31,984	-	75,162
	466,013	545,452	721,727	457,523	42,589	27,584	2,260,888
Total interest re-pricing gap	(248,658)	(482,032)	(442,894)	935,564	503,528	223,507	489,015
US$ equivalent	(61,778,272)	(119,759,373)	(110,035,480)	232,438,153	125,099,891	55,529,675	121,494,594

38. FINANCIAL RISK MANAGEMENT (continued)

38.2 Market risk (continued)

(iii) Interest rate risk (continued)

	Up to 1 month	> 1 – 3 months	> 3 – 12 months	1 – 5 years	Over 5 Years	Non-interest sensitive	Total
	KHR Million	KHR Million	KHR Million	KHR Million	KHR Million	KHR Million	KHR Million
As at 31 December 2023							
Financial assets							
Cash on hand	-	-	-	-	-	114,283	114,283
Balances with the NBC	2	-	404	-	-	119,741	120,147
Balances with banks (*)	79,889	29,033	70,165	68,880	-	-	247,967
Loans to customers (*)	77,856	94,757	305,127	1,403,098	509,009	-	2,389,847
Debt securities measured at amortised cost (*)	-	-	-	4,232	-	-	4,232
Other assets (*)	3,537	503	1,127	1,019	94	1,723	8,003
	161,284	124,293	376,823	1,477,229	509,103	235,747	2,884,479
Financial liabilities							
Deposits from customers	432,484	89,420	350,915	245,870	155	-	1,118,844
Deposits from other financial institutions	14,702	-	11,044	8,170	-	-	33,916
Lease liabilities	-	-	-	-	-	31,261	31,261
Borrowings	22,711	407,737	439,509	284,453	19,197	-	1,173,607
Subordinated debts	-	-	5,719	35,382	16,340	-	57,441
	469,897	497,157	807,187	573,875	35,692	31,261	2,415,069
Total interest re-pricing gap	(308,613)	(372,864)	(430,364)	903,354	473,411	204,486	469,410
US$ equivalent	(76,673,960)	(92,637,000)	(106,922,755)	224,436,047	117,617,539	50,804,162	116,624,033

(*) The balances exclude loss allowance as at the reporting period.

38. FINANCIAL RISK MANAGEMENT (continued)

38.3 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence of this may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

Management monitors liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and projection for the next day, week and month, respectively, as these are key periods for liquidity management. Management monitors the movements of the main depositors and projection of their withdrawals.

The following tables present an analysis of all non-derivative financial liabilities of the Company by relevant maturity based on the remaining period at the statement of financial position date to the contractual or estimated maturity dates. The Company's exposure to other derivative financial liabilities by maturity is not material so the analysis of derivate financial liabilities is not disclosed in the financial statements.

38. FINANCIAL RISK MANAGEMENT (continued)

38.3 Liquidity risk (continued)

	Up to 1 month	> 1 – 3 months	> 3 – 12 months	1 – 5 years	Over 5 years	Total
	KHR Million	KHR Million	KHR Million	KHR Million	KHR Million	KHR Million
As at 31 December 2024						
Financial liabilities						
Deposits from customers	436,040	103,829	509,554	312,035	158	1,361,616
Deposits from other financial institutions	33,370	2,329	6,654	30,386	24	72,763
Lease liabilities	841	1,624	8,574	17,757	3,139	31,935
Borrowings	5,959	56,496	254,973	526,910	14,483	858,821
Subordinated debts	551	1,101	10,429	54,755	32,689	99,525
Total financial liabilities	476,761	165,379	790,184	941,843	50,493	2,424,660
US$ equivalent	118,449,856	41,087,873	196,319,202	233,997,999	12,544,986	602,399,916
As at 31 December 2023						
Financial liabilities						
Deposits from customers	436,815	97,326	374,065	260,077	155	1,168,438
Deposits from other financial institutions	14,782	152	11,568	8,214	-	34,716
Lease liabilities	910	1,843	6,792	22,652	5,045	37,242
Borrowings	131,845	103,784	467,760	541,540	19,375	1,264,304
Subordinated debts	425	849	9,388	47,654	17,602	75,918
Total financial liabilities	584,777	203,954	869,573	880,137	42,177	2,580,618
US$ equivalent	143,151,999	49,927,343	212,869,851	215,456,011	10,325,042	631,730,246

38. FINANCIAL RISK MANAGEMENT (continued)

38.3 Liquidity risk (continued)

The Company performs maturity analysis for financial liabilities that shows the remaining contractual maturities. However, the Company monitors the assets held to manage liquidity risk on a continuous basis and it could obtain temporary fund from the overdraft facilities with other banks anytime it encounters liquidity problem.

Liquidity reserves

The Company maintains a pool of liquid assets which represents the primary source of liquidity in stress scenarios. Its composition is subject to limits designed to reduce concentration risks which are monitored on an ongoing basis. The Company's liquidity reserves are analysed below:

	31 December 2024		31 December 2023	
	KHR Million	**US$**	**KHR Million**	**US$**
Cash on hand	98,842	24,557,008	114,283	27,976,365
Balances with the NBC	149,503	37,143,662	119,741	29,312,370
Balances with other banks	52,962	13,158,404	100,321	24,558,418
Statutory deposits	148,684	36,940,081	162,144	39,692,713
Undrawn credit lines - secured	8,000	1,987,578	-	-
Undrawn credit lines - unsecured	20,000	4,968,944	526,976	129,002,693
	477,991	118,755,677	1,023,465	250,542,559

Financial assets to support future funding

	Encumbered	Unencumbered		
	Pledged as collateral (i)	**Other(ii)**	**Carrying amount**	
	KHR Million	**KHR Million**	**KHR Million**	**US$**
31 December 2024				
Cash on hand	-	98,842	98,842	24,557,008
Balances with the NBC	401	152,506	152,907	37,989,357
Balances with other banks	92,843	52,625	145,468	36,141,094
Loans to customers	-	2,221,571	2,221,571	551,943,174
Debt securities measured at amortised cost	-	4,099	4,099	1,018,472
	93,244	2,529,643	2,622,887	651,649,105
31 December 2023				
Cash on hand	-	114,283	114,283	27,976,365
Balances with the NBC	406	119,741	120,147	29,411,866
Balances with other banks	147,646	99,236	246,882	60,436,304
Loans to customers	-	2,264,043	2,264,043	554,233,233
Debt securities measured at amortised cost		4,146	4,146	1,015,005
	148,052	2,601,449	2,749,501	673,072,773

38. FINANCIAL RISK MANAGEMENT (continued)

38.3 Liquidity risk (continued)

(i) This represents balances held with the NBC for its FAST and CSS against overdraft loans and with other banks pledged as collateral.

(ii) This represents assets that are not restricted for use as collateral, but that the Company would not consider readily available to secure funding in the normal course of business.

38.4 Fair value of financial assets and liabilities

Financial instruments comprise of financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The information presented herein represents the estimates of fair values as at the statements of financial position date.

(a) Financial instruments measured at fair value

The Company's financial asset at FVOCI is investment in unlisted equity securities where the fair values have been determined based on present values and the discount rate used were adjusted for counterparty or own credit risk.

The Company's exposure to financial instruments measured at fair value is not material so further analysis is not disclosed in the financial statements.

(b) Financial instruments not measured at fair value

As at the balance sheet date, the fair values of financial instruments of the Company approximate their carrying amounts.

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

i) Deposits and placements with the central bank and banks

Balances with other banks include non-interest-bearing current accounts, savings deposits and margin deposits. The carrying amounts of deposits and placements with the central bank and banks approximate their fair values, since these accounts consist mostly of current, savings and short-term deposits.

ii) Loans and advances to customers

Loans to customers are net of allowance for expected credit losses determined following the requirements of CIFRS 9.

For fixed rate loans with remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using a current lending rate as the prevailing market rates of loans with similar credit risks and maturities have been assessed as insignificantly different to the contractual lending rates. As a result, the fair value of non-current loan and advances to customers are approximate to their carrying value as reporting date.

38. FINANCIAL RISK MANAGEMENT (continued)

38.4 Fair value of financial assets and liabilities (continued)

(b) Financial instruments not measured at fair value (continued)

iii) Debt investments

The fair value of debt investment with maturities of less than one year approximate its carrying amount due to the relatively short maturity of this instrument. The fair value of debt investment with remaining maturities of more than one year are expected to approximate its carrying amount as the interest rate of the instrument is similar with its maturities and terms.

iv) Deposits from banks, other financial institutions and customers

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

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

v) Other financial assets and other financial liabilities

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

vi) Borrowings and subordinated debts

Borrowings and subordinated debts are not quoted in active market and their fair value approximates their carrying amount.

The borrowings are not quoted in an active market and their value approximates the carrying amount.

The fair value of borrowings and subordinated debts are estimated by discounting the expected future cash flows using the applicable prevailing market interest rates for borrowings with similar risk profiles. However, only the contractual interest rates which are confirmed and provided by all lenders are available at the reporting date instead of the applicable prevailing market interest rates. The Company believed that the contractual interest rates were not significantly different to the prevailing market interest rates on the ground that there was no change to interest rates following the lenders' consideration on the Company's credit risk profile as at reporting date. On this basis, the fair value of borrowings and subordinated debts approximate their carrying values at the reporting date.

38. FINANCIAL RISK MANAGEMENT (continued)

38.5 Capital risk

Capital risk is the risk that the Company has insufficient capital resources to meet the minimum regulatory requirements to support its credit rating and to support its growth and strategic options.

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

The Company's lead regulator, the NBC, sets and monitors capital requirements for the Company as a whole.

Capital risk management

As with liquidity and market risks, the ALCO is responsible for ensuring the effective management of capital risk throughout the Company.

Capital risk is measured and monitored using limits set calculated in accordance with NBC's requirements.

On 22 February 2018, the NBC issued a Prakas on Capital Buffer in Banking and Financial Institutions. According to Article 22 of this Prakas, the institution shall comply with the provisions related to the capital conservation buffer at least 50% of the conservation buffer by 1 January 2019 and fully comply by 1 January 2020.

On 7 March 2018, the NBC issued a circular on the implementation of Prakas on Capital Buffer in Banking and Financial Institutions, which determines the countercyclical capital buffer at a level of 0% until a new announcement is released.

On 21 August 2024, the NBC issued the announcement B7-024-1718 to financial institution, advising that conservation capital ratio rate shall be 1.25% until 31 December, 2025.

The Company has complied with all externally imposed capital requirements throughout the year.

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheet, are:

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

The central bank requires all commercial banks to i) hold a minimum capital requirement, ii) maintain the Company's net worth at least equal to the minimum capital, and iii) comply with solvency, liquidity and other prudential ratios.

38. FINANCIAL RISK MANAGEMENT (continued)

38.5 Capital risk (continued)

The table below summarises the composition of the regulatory capital.

	31 December 2024		31 December 2023	
	KHR Million	US$	KHR Million	US$
Tier 1 capital				
Share capital	273,662	67,990,671	273,662	66,992,032
Reserves other than revaluation reserves	171,511	42,611,334	173,674	42,507,105
Net profit for the last financial Year	8,962	2,201,571	22,855	5,560,805
Retained earnings	68,245	16,711,754	48,341	11,875,816
Other items	22,425	5,571,517	22,425	5,489,683
Less: intangible assets and Goodwill	(6,179)	(1,535,172)	(6,297)	(1,541,610)
Less: Loans to related parties	(8,557)	(2,126,017)	(7,479)	(1,830,730)
	530,069	131,425,658	527,181	129,053,101
Tier 2 complementary capital				
General provisions	22,454	5,578,617	25,129	6,151,538
Subordinated debt (*)	75,670	18,800,000	58,007	14,200,000
	98,124	24,378,617	83,136	20,351,538
Regulatory net worth	628,193	155,804,275	610,317	149,404,639

(*) This represents the outstanding principal amount.