

Leading Asia

ANNUAL REPORT 2021
Maybank (Cambodia) Plc.



Maybank



GREATER TOGETHER



Best International Bank
2 years in a row by Asiamoney

Maybank-Bakong Cross Border
First Malaysia-Cambodia Mobile Cross-Border
real time funds transfer service

136.1%
Liquidity Coverage Ratio

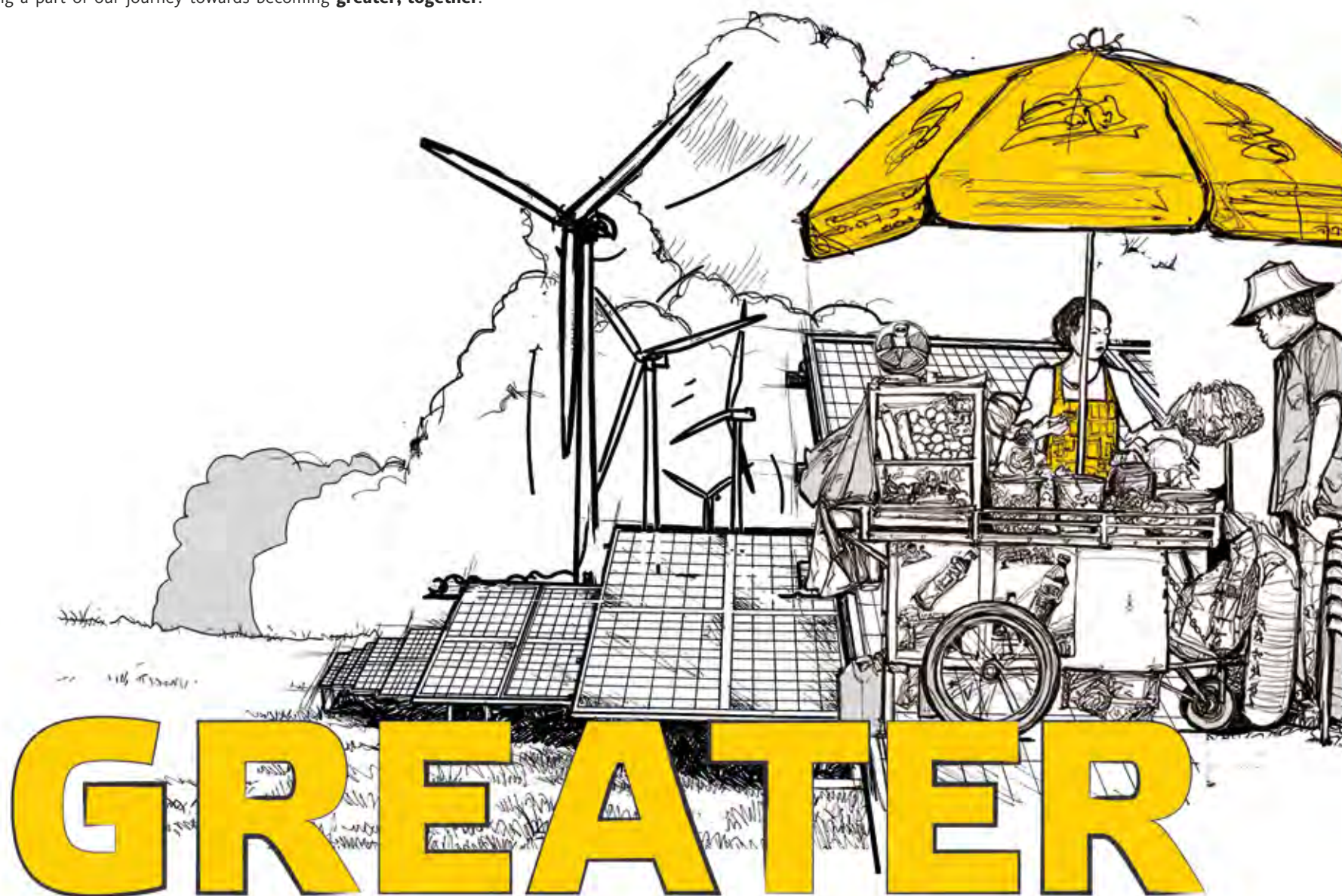
The gradual reopening of the economy and rollout of vaccines in most countries saw 2021 get off to a promising start towards recovery. However, new variants emerged resulting in a resurgence of infections, forcing renewed periods of lockdown. Like most businesses, we too had our fair share of challenges, but overcame these as we embarked on our new five-year plan, M25. As we commenced our first year under M25, the pandemic entered its second year filled with uncertainties and challenges, but one thing that remained is our commitment to place our stakeholders' interests and needs above all else, guided by our mission of Humanising Financial Services.

By being *Pervasively Digital*, we have been able to cater to the different needs of our customers in a rapidly changing environment. Throughout the year, we have developed products that enable SMEs to not just survive, but to actually thrive in an environment of reduced mobility. We have also introduced solutions that go beyond just enabling businesses but also help customers to easily stay connected with their families, supporting financial inclusivity.

To serve the end-to-end needs of our different customer segments, we have continued to innovate and, in the process, developed *New Value Drivers* – from solutions that help smaller businesses to advance despite the pandemic, to attractive and unique investment solutions and wealth opportunities for customers looking to grow their affluence.

In response to growing concerns on climate change, we have taken bolder steps through our focus on *Sustainability* to drive collective change. We seek to be there for all our stakeholders, from our customers to our communities, to help them progress on their journey towards transitioning to a low-carbon and sustainable economy, no matter what stage they are at.

As a Group, we have grown from strength to strength through all our people working towards shared goals. We seek to continue working together with you to recover from the pandemic and to create a sustainable future. As individuals, we are limited. But together, we can achieve greatness. We hope you will continue being a part of our journey towards becoming **greater, together**.



1993

Opened first Maybank branch in Phnom Penh, Cambodia.

2012

Maybank Phnom Penh Branch locally incorporated as Maybank (Cambodia) Plc.

2012

Launched Maybank's award-winning Internet Banking portal in Cambodia, Maybank2u.

2014

Launched Maybank Premier Wealth, a new branded segment offering designed to cater to affluent customers through personalized and comprehensive financial solutions.

2015

Launched Maybank Visa Debit Card, the first dual purpose card which provides local and international access to cardholder's bank account.

2015

Entered into a licensing partnership with American Express, with Maybank becoming the sole acquirer for American Express in Cambodia.



TOGETHER

2016

Official launch of Maybank Tower, the new Phnom Penh skyline, demonstrating Maybank's commitment towards partnering Cambodia in its growth journey.

2016

Introduced Maybank Foundation flagship programmes, Maybank Women Eco-Weavers and Maybank CashVille Kidz financial literacy programme.

2018

Launched our FutureReady Digital Upskilling Programme with the aim of increasing employees' digital literacy.

2019

Added Host-to-Host Capabilities to our M2E, enabling straight through processing (STP) directly from the corporate client's host to our Cash Management System.

2020

Rollout of the Maybank2u KH Mobile App with a fresh and intuitive UI/UX, and standardized interface across key countries where Maybank operates.

2021

Unveiled Maybank-Bakong Cross Border funds transfer, the first real-time remittance from MAE app in Malaysia to Bakong e-wallet in Cambodia.

ABOUT OUR REPORTS

Maybank (Cambodia) Plc's Annual Report is our primary report and includes corporate and financial statements which provides an assessment of the Bank's performance for 2021 and outlook for 2022.

ANNUAL REPORT



Maybank has always been committed to making a difference to the environment. Help us in our effort by opting to download a softcopy at www.maybank2u.com.kh or by scanning the QR code on the right side.



ICONS USED IN THIS REPORT

The five capitals that we use to create value



Financial Capital



Human Capital



Intellectual Capital



Social & Relationship Capital



Manufactured Capital

Our identified stakeholders



Customers



Communities



Investors



Employees



Regulators

Our identified material matters



Governance



Society



Environment



Products and Services



Employees

Cross references



Tells you where you can find more information within the reports



Tells you where you can find more information online at www.maybank2u.com.kh

Addressing COVID-19



This icon indicates discussions around COVID-19, covering its impact on our stakeholders and the operating environment as well as initiatives developed or accelerated to address related concerns. It also covers initiatives that support our stakeholders as we transition towards a gradual recovery.

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WHO WE ARE & WHAT WE DO

Established in 1960, Maybank is the largest financial services group in Malaysia with an established presence in the ASEAN region. Maybank established its presence in Cambodia in 1993 and has since grown from a single branch set-up to become a locally incorporated bank in 2012.

OUR VALUES...

- T**eamwork
- I**ntegrity
- G**rowth
- E**xcellence & Efficiency
- R**elationship Building

Our **Core Values, TIGER** are the guiding principles for all Maybankers to serve our mission of Humanising Financial Services.

fulfil

OUR MISSION...

Humanising Financial Services

Being at the heart of the community, we will:

- 01** Make financial services simple, intuitive and accessible
- 02** Build trusted partnerships for a sustainable future together
- 03** Treat everyone with respect, dignity, fairness and integrity

WITH OUR UNIQUE DIFFERENTIATORS...

We serve our communities in ways that are simple, fair and human,

embodying our mission.



Over

42,000 Maybankers

who serve the mission, empowered by our

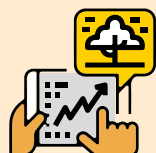
Core Values, TIGER.



Our

M25 strategy

pillared on Pervasively Digital, New Value Drivers and Sustainability.



AND OUR STRUCTURE...

In serving our mission, we provide an array of financial products and services through three key business pillars, supported by shared corporate functions across our global network of 18 countries.

In Cambodia, our key business pillars and shared corporate functions are as follows.

Business Pillars

Community Financial Services

For:

Individuals and Retail Small Medium Enterprise (RSME).

Offers:

RSME, Consumer Finance, Premier Wealth, Funding Deposit & Bancassurance, Virtual Banking & Payments and Cards Business.

Commercial & Transaction Banking

For:

Business, Corporates and Institutions.

Offers:

SME and Business Banking, Short Term & Long Term Business loan, Overdrafts, Trade Financing, Trade Facilities, Payment and Cash Management Solution.

Global Markets

For:

Individuals and Corporates.

Offers:

Money Market, FI/ FX Sales & Advisory.

Corporate Functions

Business Operations Support | Corporate Affairs & Communications | Finance & Strategy | Human Capital | Compliance | Risk | Internal Audit

WHO WE ARE & WHAT WE DO

We provide a full suite of conventional and Shariah-compliant products and services in commercial banking, investment banking and insurance, to over 15 million retail, non-retail and corporate customers.

HELP DELIVER VALUE ACROSS ASEAN...

Being at the heart of the community, we remain at the forefront in supporting our stakeholders navigate yet another year filled with challenges from the global pandemic, while leading the path towards recovery.

USD2.7 billion

(RM11.4 billion)

financing disbursed in support of SMEs across ASEAN in FY2021, which includes SME Digital Financing.

USD16.6 billion

(RM69.5 billion)

of the Group's consumer and SME loans remain under relief measures as at year-end, with the extension of repayment assistance and support measures provided throughout the year due to the prolonged pandemic. 🦠

USD3.3 million

(RM14 million)

donated to MERCY Malaysia in FY2021 to strengthen Malaysia's healthcare system in response to the COVID-19 resurgence. 🦠

Over USD0.5 billion

(Over RM2.3 billion)

of affordable mortgage financing approved in FY2021 to over 9,000 eligible homeowners.

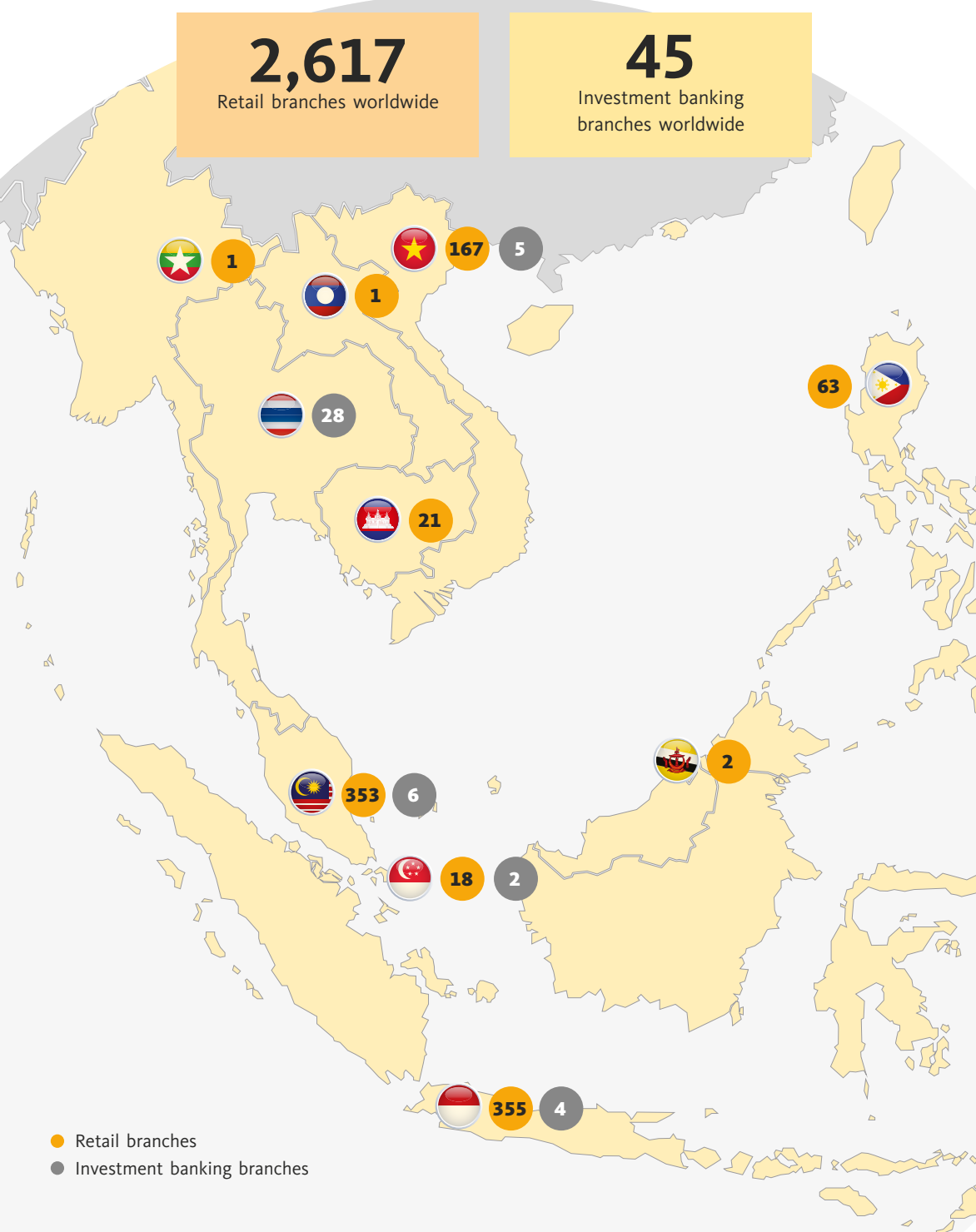
Over USD3.2 billion

(Over RM13.6 billion)

sustainable financing provided in FY2021 to support the low-carbon transition and sustainable development outcomes.

AND BEYOND.

We are in 18* countries including all 10 ASEAN countries, with Malaysia, Singapore and Indonesia being our home markets. We are also present in international financial centres such as London, New York, Hong Kong and Dubai.



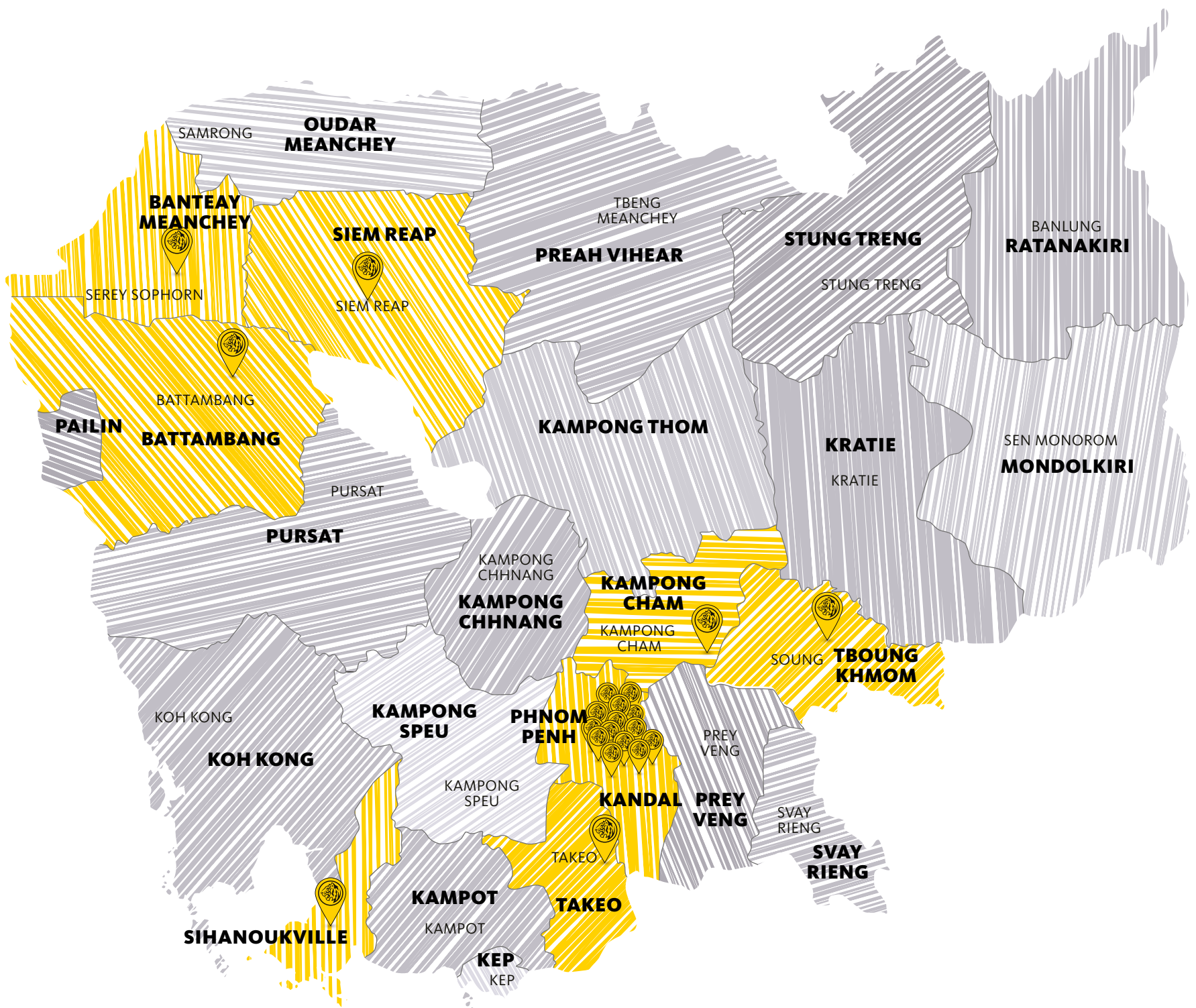
* The non-ASEAN countries are Greater China, India, Pakistan, Saudi Arabia, UAE, UK, USA and Uzbekistan.

^ Maybank Investment Banking Group's head office presence in the Philippines, Vietnam, India and the USA are now excluded from the count of investment banking branches worldwide. For comparative purposes using the same approach, there were 47 investment banking branches worldwide as at 31 December 2020.

For more details about our global network, refer to Strategic Business Units on page 8, and www.maybank.com

LOCAL BRANCH NETWORK

Maybank is among Cambodia's top banks. It was established in Phnom Penh in 1993 and has since grown from a single branch set up to become a locally incorporated bank in 2012. Maybank offers the full range of financial services ranging from corporate, commercial and consumer banking as well as internet and mobile banking. It operates in the main city of Phnom Penh and in most of the major provinces in Cambodia with a network of 21 branches.



LOCAL BRANCH NETWORK

PHNOM PENH BRANCHES



**PHNOM PENH MAIN
BRANCH**
18 December 1993



**MAO TSE TOUNG
BRANCH**
21 January 2009



**TOUL KORK
BRANCH**
28 December 2009



**TOEUK THLA
BRANCH**
17 March 2008



**OLYMPIC
BRANCH**
19 October 2009



**KAMPUCHEA KROM
BRANCH**
28 October 2013



**OBEK KAORM
BRANCH**
28 October 2013



**BOENG KENG KANG TI
MOUY BRANCH**
18 December 2014



**CHROY CHANGVAR
BRANCH**
28 October 2013



**PHNOM PENH SPECIAL
ECONOMIC ZONE BRANCH**
28 October 2012



**CHBAR AMPOV
BRANCH**
10 August 2009



**OU RUESSEI
BRANCH**
29 December 2014



**STUNG MEANCHEY
BRANCH**
26 December 2011

PROVINCIAL BRANCHES



**KRONG SOUNG
BRANCH**
29 December 2014



**KAMPONG CHAM
BRANCH**
29 April 2011



**SEREY SOPHORN
BRANCH**
28 October 2013



**SIEM REAP
BRANCH**
15 June 2009



**BATTAMBANG
BRANCH**
21 June 2010



**SIHANOUKVILE
BRANCH**
13 October 2010



**TAKEO PROVINCIAL
BRANCH**
29 December 2014



**TA KHMAO
BRANCH**
09 June 2014

STRATEGIC BUSINESS UNITS

Malayan Banking Berhad is the holding company and listed entity for Maybank Group. Our key subsidiaries and international operations are as follows:

ISLAMIC BANKING

Maybank Group Islamic Banking (MGIB) is the largest Islamic banking group by assets in ASEAN. This position is supported by our Islamic-first approach where Shariah-compliant products and services are standard offerings. MGIB operates by leveraging the Group's system, IT infrastructure and distribution network of 352 Maybank touchpoints in Malaysia, and has a presence in Indonesia, Singapore, Hong Kong, the United Kingdom (UK) and the United Arab Emirates (UAE).

INSURANCE & TAKAFUL

Etika is a leading insurance and Takaful business in ASEAN, offering a full range of Life and General insurance policies as well as Family and General Takaful plans via more than 10,000 agents, 46 branches and 17 offices. It also has a bancassurance network comprising over 490 branches, cooperatives, brokers and online platforms across Malaysia, Singapore, Indonesia, the Philippines and Cambodia.

INVESTMENT BANKING

Maybank Investment Banking Group (Maybank IBG), formerly Maybank Kim Eng Group, is the largest homegrown investment bank in ASEAN. It comprises Maybank Investment Bank Berhad and Maybank IBG Holdings Limited (formerly Maybank Kim Eng Holdings Limited) with the latter having licensed entities in Singapore, Thailand, the Philippines, Indonesia, Vietnam, Hong Kong, India, UK and the United States of America. With a total of 45 branches and 100 touchpoints, Maybank IBG offers investment banking solutions, supported by on-ground ESG, macro, sector and company research.

ASSET MANAGEMENT

Maybank Asset Management Group Berhad (MAMG) operates in Malaysia, Singapore and Indonesia, offering conventional, Islamic, environmental, social and governance (ESG) and alternative investment solutions for corporate, institutional and mass retail investors as well as high net worth (HNW) individuals.

INTERNATIONAL OPERATIONS



MAYBANK SINGAPORE

Maybank Singapore Limited (MSL), our Singapore-incorporated subsidiary, is recognised as a domestic systemically important bank (D-SIB) with Qualifying Full Bank (QFB) privileges. MSL operates the retail and commercial businesses in 18 branches and has access to over 200 ATMs across the country as part of atm⁵, Singapore's only shared ATM network among six participating QFBs. Meanwhile, Maybank's Singapore Branch operates the corporate and institutional businesses in nine branch locations. Maybank Singapore contributed 16.0% and 25.3% to the Group's profit before tax and gross loans* respectively in FY2021.



MAYBANK INDONESIA (PT BANK MAYBANK INDONESIA TBK)

Maybank Indonesia is one of the largest commercial banks in Indonesia by assets and is listed on the Indonesia Stock Exchange (Ticker: BNII). It offers retail, non-retail and global banking products and services through its network of 356 branches (which includes 19 Shariah branches and one overseas branch in Mumbai), 1,033 ATMs, as well as mobile and internet banking services. Maybank Indonesia contributed 4.4% and 5.5% to the Group's profit before tax and gross loans* respectively in FY2021.



MAYBANK GREATER CHINA

Established in Hong Kong in 1962, Maybank Greater China has since expanded to include branches in Shanghai, Beijing, Kunming and Shenzhen where it provides wholesale banking services primarily to inbound/outbound ASEAN corporate clients, domestic corporates with regional operations/projects as well as financial institutions. Maybank Hong Kong also serves Private Wealth customers.



MAYBANK PHILIPPINES INCORPORATED (MPI)

MPI is a full-fledged commercial bank established in 1997 serving retail and corporate clients through its 63 branches across the Philippines.



MAYBANK CAMBODIA PLC (MCP)

MCP was established in 1993 and locally incorporated in 2012. With 21 branches across Cambodia, it provides a full range of banking services for emerging affluent and affluent consumers, SMEs and corporate clients.



MAYBANK VIETNAM

Maybank Vietnam was established in 1995 with two branches – in Ho Chi Minh and Hanoi – that provide wholesale banking services to regional corporate clients.



MAYBANK MYANMAR

Maybank Myanmar was established as a Representative Office in 1994 and became the only Malaysian bank to be granted a full branch banking license in 2014, providing wholesale banking services to foreign and local corporates, as well as domestic financial institutions.



MAYBANK LAOS

Maybank Laos was established in 2012 with one branch in Vientiane that provides commercial banking services to retail SMEs, mid-tier local and ASEAN corporate clients.



MAYBANK BRUNEI

Maybank Brunei was established in 1960 and has two branches located in Bandar Seri Begawan and Seria offering a wide range of retail and commercial banking services.



MAYBANK NEW YORK

Established in 1984, Maybank New York offers wholesale banking services focusing on corporate lending, loan syndications and bilateral arrangements, treasury and capital markets as well as trade finance services to corporate clients.



MAYBANK LONDON

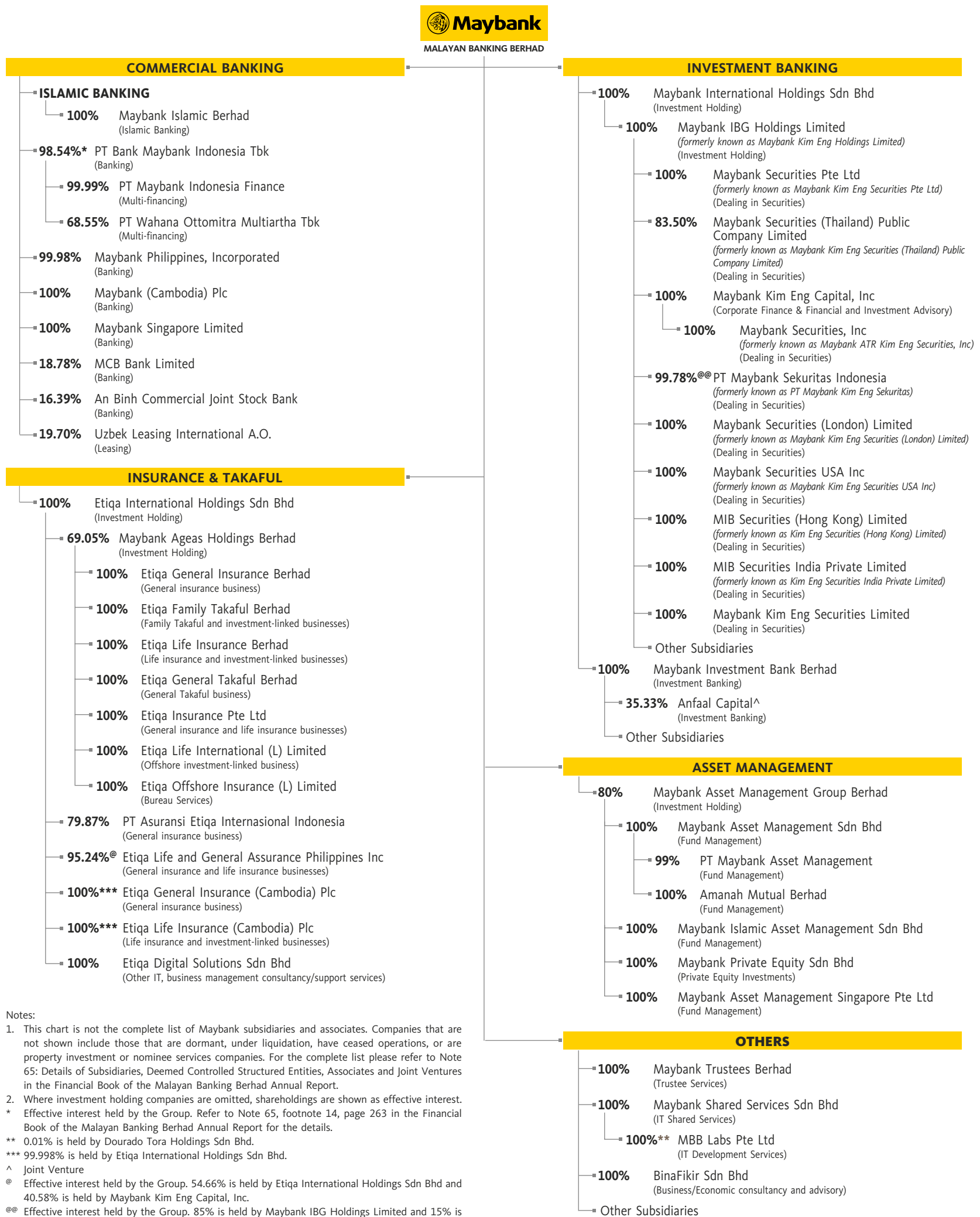
Established in 1962, Maybank London offers wholesale banking services primarily to our regional ASEAN corporate clients focusing on Capital Markets, Trade Finance Services and Global Markets.

* Profit before tax and gross loans contribution to the Group is on a country view and includes banking, investment banking, insurance & Takaful and asset management operations. Gross loans disclosed is net of unwinding interest and effective interest rate.

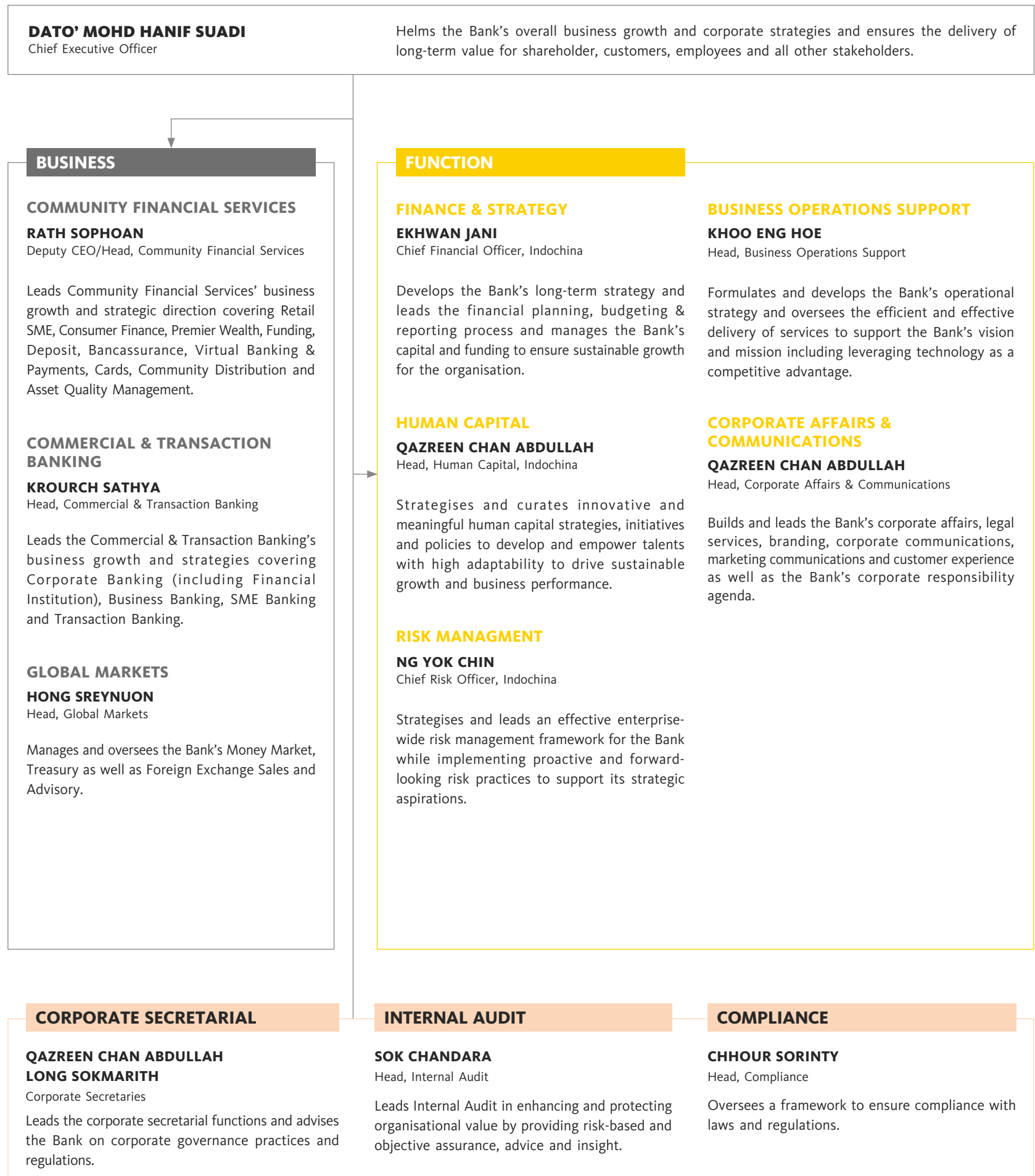
For more details about our Strategic Business Units, refer to www.maybank.com

GROUP CORPORATE STRUCTURE

as at 31 December 2021



ORGANISATION STRUCTURE



KEY MESSAGE FROM CHAIRMAN



FROM CHAIRMAN
ANTHONY BRENT ELAM

“The bank is committed to maintain and drive a sustainable and profitable business which contributes positively to the communities and sustains the environment in which we operate.”

The year under review was yet another highly challenging year for us as we continue to strive to create value within an increasingly demanding local economic condition. Globally, the COVID-19 pandemic has had a significant impact on people and economies worldwide. In the economic environment, the Bank exercised financial prudence and tightened operating costs whilst staying the course in executing our action plans to deliver sustainable, profitable and socially beneficial outcomes through our sector and country leadership. As a result, the Bank has maintained a positive profit position for financial year ended 2021.

REINFORCING SHAREHOLDER'S CONFIDENCE

Despite the emergency declaration and enforcement of country lock down, Cambodia's Gross Domestic Product grew at 3.0% in 2021, after a contraction of 3.1% in 2020. In the second half, a robust recovery in external demand for the country's manufactured products drove the faster-than-expected rebound.

Notwithstanding the volatilities in the economy, the Bank remains strong in its commitment to grow and maximise shareholder's value through a resilient business model which builds on three elements, i.e. 1) Strong and effective Board and leadership team, 2) People - Retain employees with alignment to the Bank's values, purpose, and sustainability impacts, and 3) Product - Generate revenue growth by focusing on developing products, services, and solutions that are in line with the Bank's sustainability goals.

GROWTH THROUGH SUSTAINABILITY

The Bank is committed to maintain and drive a sustainable and profitable business which contributes positively to the community and supports the environment in which we operate. Technology and digitalisation also help boost our productivity, compliance and resilience. The Board was active in guiding the Bank's sustainability approach and in ensuring that we adhere to social and governance considerations, such as financial inclusion and data privacy, in our business practices. In integrating sustainability into our business strategy, risk management, product development and customer engagement, we are forging a sustainable future with our stakeholders. Guided by these principles, we have continued to develop our digital platform



Launched
Maybank-Bakong
Cross Border Funds
Transfer



Positive
Profit Position
for financial year ended 2021



Greater Sustainability
Awareness
through training programmes and
constant reinforcement of messaging



Best International Bank
2 years In a Row
from Asiamoney

KEY MESSAGE FROM CHAIRMAN

to improve customer experience, meet customers' financial needs, as well as extend our reach to the underserved. The successful launch of the Maybank-Bakong Cross Border Funds Transfer, a real-time funds transfer service between Malaysia and Cambodia through the NBC's Bakong e-wallet and Maybank's MAE app, is a testimony to this. The highly convenient service allows Maybank's customers in Malaysia, particularly the Cambodian community living in Malaysia, to transfer funds directly to their friends, family or business partners in Cambodia via the MAE app, using just their mobile phone numbers registered with Bakong e-wallet

We are also creating greater sustainability awareness within the Bank through training programmes and constant reinforcement of messaging, to build sustainability capacities among Maybankers. We have also provided targeted support to our communities affected by the pandemic. Various initiatives had continued throughout the year, to support the weaving and farming communities under the Maybank Women Eco-Weavers programme, the education and student communities under the Maybank CashVille Kidz Financial Literacy programme and Maybank-PIO Child Sponsorship programme, that contributed towards their overcoming of the challenges they faced during the pandemic.

To our employees, who are our most valuable asset, we have adopted a holistic approach to ensure their well-being, and physical, mental and emotional health, as well as various initiatives to ensure safety at the workplace. Since the pandemic, we have done our best to keep our people safe from the virus. We have actively encouraged our employees to be vaccinated, and collaborated with relevant authorities and healthcare providers to expedite the process. We also continued to promote a hybrid work environment, allowing our teams to be split between the office and home while leveraging hybrid engagement platforms for seamless interactions.

FORWARD LOOKING

We acknowledge that uncertainties in the economic environment have impacted our operations and financial performance. Nevertheless, the Board, with the support of a strong management team, remains committed to deliver sustainable growth and building a stable earnings stream through a prudent approach to banking. We are optimistic that we will benefit from a recovery in earnings prospects as we diversify into various growth segments. We shall remain vigilant in overcoming the challenges we face and to remaining competitive in the market by mitigating risks and developing plans to bring sustainable value to our stakeholders.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express our deepest appreciation and gratitude to our capable and reliable management team and staff, for their continuous dedication, commitment and support in executing the Bank's M25 strategy throughout the year and in particular during the hardships faced as a result of the pandemic. My gratitude also goes to our customers, business partners, suppliers, government authorities and regulators, particularly the National Bank of Cambodia, for their confidence and support in furthering our business growth.

A special note of appreciation and gratitude to our CEO, Dato' Mohd Hanif Suadi, who will be completing his term with us on 30 June 2022. He has made remarkable contributions in transforming and building Maybank Cambodia, and played an instrumental role in strengthening the foundation and building a sustainable growth strategy for the Bank over the course of his four-year tenure as CEO. We wish him the very best in all his future endeavours.

Thank you.

KEY MESSAGE FROM CEO



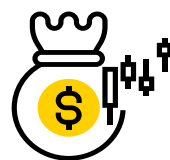
FROM CEO OF MAYBANK CAMBODIA
DATO' MOHD HANIF SUADI

“We are committed in supporting the economic recovery, and will continue to stay vigilant, positive and forward looking for any developments in both local and global economy to design our business strategy and execution plans.”

10.8%
year-on-year loans growth



18.2%
capacity adequacy ratio



Sustainable growth with strong foundation is our key fundamental point for building a successful franchise. 2021 was a year of very significant progress to the Bank despite uncertainties related to the COVID-19 pandemic. The Cambodian economy performed much better than expected due to the successful vaccine rollout, sustained government support for business and society's willingness to adapt to tough restrictions.

Similar to what I have mentioned in my last year's statement "The investments we've made in recent years in systems and business model underpinned our ability to quickly adapt to the impact of this pandemic", which is still relevant until now.

As part of our long term commitment to our customers and communities, investments in both technology and capacity building are still being carried out as part of our long term strategy, especially in achieving our M25 plans.

In terms of balance sheet management, we have managed to grow with due care. Our year-on-year loans growth was 10.8%, and our capital adequacy ratio was still healthy at 18.2%, which is above regulatory requirement.

We have also implemented forward looking approach (to include macroeconomic impact) to measure and classify our overall loan's performance. We have provided sufficient provision to cover unexpected credit loss which is more than 100% year-on-year for year ended 31 December 2021.

I am also pleased to share that we have continued to demonstrate that we are a Bank that live up to our mission, Humanising Financial Services. This is apparent in everything that we do, prioritizing our customers, employees and the community, and is a driving force throughout our organization that keeps our people energized and motivated. With our stakeholders' interests at heart, we have been able to maintain their confidence and trust, further evident with the Bank being awarded with the following accolades over the year:

- Best International Bank by Asiamoney Best Bank Awards 2021 (2 consecutive years)
- Best Retail Bank Cambodia by Retail Banker International Asia Trailblazer Awards 2021 (4 consecutive years)
- Best CSR Initiative (Highly Commended Achievement) by Retail Banker International Asia Trailblazer Awards 2021
- Banking Brand of the Year Cambodia 2021 by Global Banking & Finance Review Awards 2021
- Most Socially Responsible Bank – Cambodia 2021 by International Finance Awards 2021
- Best Retail Bank - Cambodia 2021 by Global Business Outlook Awards 2021

KEY MESSAGE FROM CEO

DIGITALISATION & STRENGTHENING SUSTAINABILITY

Amid the time, effort and resources that were channeled towards managing a transition to the new normal, we pushed ahead with our digital initiatives, underpinned by the absolute necessity of fully embracing digitalization in order to support new ways of working and connecting with our customers. Our digital platforms made it possible for our customers to carry out more banking transactions online, without exposing themselves to unnecessary risk from visiting our physical branches.

In FY2021, we have achieved a number of key milestones in bringing added convenience to our customers, among others, the rollout of Smart Recycle Machines (ATM cum Cash Deposit Machines) to 21 Branches and the successful launch of a key digital solution, i.e. Maybank-Bakong Cross Border Fund Transfers between Cambodia and Malaysia. Throughout the year, we have continued to roll out additional functionalities to our mobile banking app and our cash management system, wherein our customers can enjoy seamless experience in doing banking transactions online. These business initiatives also contribute positively towards our Sustainability agenda, as we take the lead to empower our communities.

While we worked on our M25 priorities, guided by our mission of Humanising Financial Services and our Core Values, TIGER, in which are embedded in our day-to-day business operations, we had maintained a safety-first commitment for both our customers and employees throughout the year. Various initiatives had been rolled out in this regard, that prioritized customers' safety and convenience, repayment assistance; hybrid work model for our employees to keep them safe and productive; and supported our communities through targeted programmes.

2022 OUTLOOK

Per assessment by the Asian Development Bank (ADB), the economy rebounded faster than expected in 2021 due mainly to a strong recovery in light manufacturing. The current account deficit widened as the imbalance in goods trade rose, but the deficit is expected to narrow this year and next. Growth will accelerate in 2022 and 2023 as economic activity continues to pick up and return to normal. The main policy challenge is sustaining the rapid increase in light manufacturing in areas other than garments for a more resilient and diversified economy.

The economy is forecasted to grow by 5.3% in 2022 and 6.5% in 2023. Growth in the economies of major trading partners will continue to support the strong momentum of Cambodia's merchandise exports and inflows of foreign direct investment.

We are committed in supporting the economic recovery, and will continue to stay vigilant, positive and forward looking for any developments in both local and global economy to design our business strategy and execution plans. We will also accelerate our sustainability efforts to drive greater financial inclusion, offer more sustainable solutions and make meaningful strides in the move towards a responsible transition to a low-carbon economy.

NOTE OF APPRECIATION

I would like to thank all Maybankers for their continued commitment and tireless contributions to the Bank's performance in the past year and into the present year. I wish to also extend my deepest appreciation to our customers and shareholder for their unwavering trust, loyalty and support rendered to us in what was an extremely challenging year.

To our partners and the wider communities, my appreciation for your efforts and cooperation in our endeavors. I have every confidence and look forward to continue, side by side, to strive for greater heights in all our future undertakings.

I am also especially grateful for the guidance provided by members of Maybank Cambodia's Board of Directors and those of the other entities within the Group, as well as the regulatory bodies, particularly the National Bank of Cambodia.

After having served four and a half years, I shall be coming to the end of my service as CEO of Maybank Cambodia on 30 June 2022. Our time here has left us with a deep connection with the Bank, Maybankers and the country. My wife and I have grown to love living in Cambodia and her people and culture, and has become like a second home for both of us. As this will be my last message as CEO of Maybank Cambodia, I would like to take this opportunity to acknowledge and thank each and every Maybanker – all of you have contributed in your own way to the growth of Maybank Cambodia to what it is today. It has indeed been an honour and privilege to have had the opportunity to lead this amazing team to handsomely deliver the mandate given by our shareholder and the Board, and more, despite the challenging headwinds. I have every confidence with continued strategic investments, the new leadership will take Maybank Cambodia to even greater heights and register exponential growth into the next five years and beyond as a strong domestic player in Cambodia.

Orkun chraen!

OUR STRATEGY

M25: MAYBANK'S FIVE-YEAR STRATEGY

Anchored on our mission of Humanising Financial Services, our five-year strategy focuses on three Group Strategic Priorities, aimed at cementing our Business Strategic Thrusts.



M25 was operationalised in 2021, the first year of the Group's five-year plan, with key business outcomes centred around the Group's Strategic Priorities of being Pervasively Digital, building New Value Drivers and driving Sustainability forward.

Our aim to become Pervasively Digital is to evolve from being a financial services provider towards becoming our customers' lifestyle partner on the back of advanced data analytics and resilient systems and platforms, enabled by a FutureReady and agile culture to meet our stakeholders' continuously evolving needs (refer to pages 25). For the retail segment, we seek to drive financial inclusion and accessibility (refer to Community Financial Services on page 20). For our non-retail segment, we aim to scale up our digital capabilities across our business platforms and operating markets as well as optimise operational efficiency via Straight-Through Processing (refer to Commercial & Transaction Banking on page 23).

Our focus on building New Value Drivers (NVDs) is to capture new growth opportunities in the areas of digital, sustainability, SME and wealth, with the goal of building long-term competitive advantages. For our retail segment, we aim to empower our customers to make more relevant financial decisions, providing greater reach to the underserved, and enriching their day-to-day banking experience. For the non-retail segment, this is achieved through transforming our end-to-end credit origination process, optimising platforms to enhance our flow business, improving our propositions to be the go-to Investment Management provider to deliver market-driven solutions, and building sustainability-first businesses to enable a more equitable and inclusive ASEAN community (refer to Commercial & Transaction Banking on page 23).

In our journey towards becoming a Regional ESG Leader, our overall sustainability strategy and priorities are based on material matters identified by our internal and external stakeholders which have shaped the overarching Sustainability Pillars of the Group. These focus on supporting our clients in transitioning towards a low-carbon economy, providing access to value-based solutions, tapping into opportunities in the ESG space, enabling our communities and equipping our people with the necessary tools to drive this forward. We intend to monitor our sustainability progress via four long-term sustainability commitments: (i) Mobilising RM50 billion in sustainable finance by 2025, (ii) Improving the lives of one million households across ASEAN by 2025, (iii) Achieving a carbon neutral position of our own emissions by 2030 and net zero carbon equivalent by 2050, and (iv) Achieving one million hours per annum on sustainability and delivering one thousand significant UN SDG-related outcomes by 2025.

We view sustainability as being synergistic with the two other strategic priorities under the M25 strategy, as our overall ambition is to make financial services simple and accessible to all, while building trusted partnerships and ensuring fairness and integrity.

For more on our sustainability initiatives and progress specific for Maybank Cambodia, refer to Community Financial Services and Sustainability Review sections on pages 20 and 59.

As we move into the year 2022, our priority is to sustain the business growth achieved and continue to focus on executing our M25 strategic plans.

OUR OPERATING CONTEXT

As the world transitions towards economic recovery, the challenge is to balance various opportunities, risks and threats. In response, we continue to remain agile and adaptive, as we focus on fulfilling our commitment to serve our stakeholders and deliver value in line with our mission and our M25 strategy.



Operating Landscape Impact:

- Prolonged pandemic resulted in slow economic activities across all sectors, impacting loans growth and weakening asset quality prospects.
 - Lower interest rate environment, arising from monetary policy measures, led to net interest margin compression.
- Subdued economic environment, due to the prolonged pandemic and mobility restrictions, caused a slowdown in loan demand while increasing pressure on asset quality.
- The prolonged pandemic continues to impact our customers across the region, specifically the marginalized group, individuals with reduced income, microenterprises and SMEs.
 - Greater push to drive ESG practices as policymakers, businesses and investors focus on the sustainability agenda.
 - Heightened competition from financial and non-financial technology disruptors driven by plug-and-play and application programming interface (API) solutions.

Material Risks & Opportunities:

- Opportunity to meet evolving customer financial needs and demands arising from mobility restrictions and prolonged pandemic.
 - Growth opportunities seen in selected sectors such as healthcare, e-commerce and telecommunications.
 - Increased need for rapid technology innovation driven by shift in the way of doing business post-pandemic.
 - Need to accelerate the development and enhancement of financing and digital solutions in support of the SME segment.
 - Opportunity to develop initiatives and solutions to drive financial inclusion and promote balanced economic growth and development.
- Uncertain outlook on asset quality arising from the prolonged pandemic.
 - Corporates are re-engineering their business models to adapt and build resilience in the face of climate change while seeking innovative sustainable advisory and solutions.
 - Ongoing transition to new Risk-Free Rates (RFR) due to the full cessation of LIBOR rates globally in 2022 impacting customers as well as banks' operations and IT infrastructure.

Our Response:

- Partnering with customers to navigate the challenges and mitigate risks while connecting them to growth opportunities across ASEAN through consistent engagement to provide them with relevant and client-centric solutions.
 - Strengthen balance sheet resilience to achieve optimum risk-adjusted returns through sharpening of customer segment and tailoring our risk appetite across operating markets.
 - Infuse ESG capabilities across business and markets beyond environmental impact solutions. That includes embedding ESG values as part of our operations through responsible lending practices to proactively manage risks for new credit applications and asset quality as well as to drive financial inclusion.
 - Expand and scale up our platforms through digital transformation of our front-to-back office systems and processes to enhance seamlessness and efficiencies in the delivery of solutions including continuous implementation of Straight-Through Processing (STP) capabilities for key products
 - Introduce new digital solutions while improving existing ones to support SME needs.
- Provide viable and affordable solutions for targeted customer segments requiring repayment assistance, as well as actively participate in governments' assistance programmes.
 - Proactive customer engagement and outreach programmes to ensure smooth LIBOR transition.

Outlook & Priorities for 2022:

We anticipate an economic rebound in ASEAN, largely led by an expansionary fiscal policy in supporting recovery and addressing the socio-economic impact of COVID-19. The continued push for personalised services and digital infrastructure continues to be a catalyst for increasing competition within the financial services industry. Moving into 2022, we remain committed to delivering customer-centric and meaningful solutions through our digital and ESG propositions to meet the evolving needs of our customers and the community.

REFLECTIONS FROM OUR CHIEF FINANCIAL OFFICER

The pandemic has tested our strength in managing the business operations. The world underwent significant changes in fiscal 2020 and spilled over to FY2021 due to the COVID-19 pandemic. Even though the banking sector is still in growth mode, the development was done in a cautious manner to avoid disruption to the overall financial industry.

As a financial indicator of a Commercial Bank, we placed the highest importance to many key financial indicators such as Loans Growth, Deposit Growth, Capital Adequacy Ratio and NPL ratio.

I am pleased to inform that we were able to provide returns within shareholder's expectation and achieved positive financial results amid a volatile global environment. I am proud that we have demonstrated our ability to execute our M25 strategy plans and our commitment to carry out our strategies as expected.

KEY HIGHLIGHTS IN 2021



Sustained healthy double-digit Profit Before Tax growth in volatile market of **USD20.9M** (2020: USD24.1M)



Net fee-based income to operating income ratio remains at approximate **20%**



Robust capital and liquidity management, Capital Adequacy Ratio of **18.22%**, Liquidity Coverage Ratio of **136.1%**

REFLECTIONS FROM OUR CHIEF FINANCIAL OFFICER

SNAPSHOT OF STATEMENT OF COMPREHENSIVE INCOME FOR FY2021

Profit & Loss Summary	FY2021 USD'000	FY2020 USD'000	YoY
Net fund-based income	41,603	35,514	17.15%
Net fee-based income	10,327	9,878	4.55%
Net operating income (Revenue)	51,930	45,393	14.40%
Finance Cost	(816)	(887)	-8.00%
Overhead expenses	(19,028)	(18,563)	2.50%
Pre-provisioning operating profit (PPOP)	32,086	25,942	23.68%
Provisions for expected credit losses	(11,103)	(1,797)	517.86%
Profit before tax (PBT)	20,983	24,146	-13.10%
Net profit	16,706	18,579	-10.08%

RESILIENT IN A CHALLENGING YEAR AND ADEQUATE HEADROOM TO ABSORB HIGHER ALLOWANCE

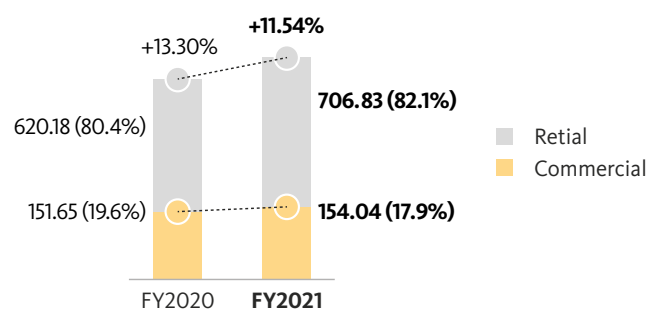
- Net-fund based income increased by 17.2% YoY to USD41.6M (2020: USD35.5M) on the back of healthier balance sheet optimization, with gross loans growth of 11.5% YoY (2020: 13.3%).
- Fee-based income increased by 4.55% YoY to USD10.3M (2020: USD9.9M)
- Increase by 24% in YOY PPOP provided us with a buffer to absorb higher total provisions. The increase in provisions was mainly due to the deteriorating macroeconomic conditions resulting from the COVID-19 pandemic.
- Although performance on fund based and fee based indicated growth from previous year, MCP's remains prudent by providing adequate provisioning for expected credit losses amid Covid-19 environment, which resulted to our full year profit before tax dropped by 13.1% to USD20.9M (2020: USD24.1M).
- Return on equity ("ROE") remains healthy at 9.01%. (2020: 11.02%)

ANALYSIS OF STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

Replicate the growth while maintaining financial discipline

- The Bank registered gross loans growth of 11.5% (2020: 13.3%) to USD860.9M. The growth was driven primarily by our retail businesses, represents about 82.1% of the Bank's total loans portfolio. Retail portfolio mainly represented by mortgages and retail SME loans. The two segments have been key business driver for the Bank.
- This strategic growth of retail business is also to align with the Bank's vision, which is "To be the Preferred Community Banking Partner in Cambodia".

CUSTOMER DEPOSIT (USD MILLION)



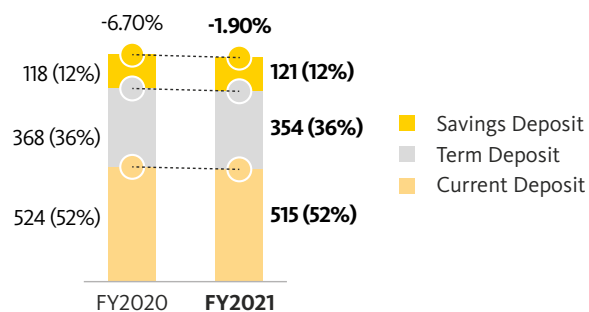
REFLECTIONS FROM OUR CHIEF FINANCIAL OFFICER

ANALYSIS OF STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (CONT'D)

Collecting Cheap Funding

- The Bank continues to optimise its funding profile through capitalising on cost efficient sources of funding while ensuring appropriate diversification in its funding base. Under the Covid-19 environment, current account and term deposits shrank by 1.7% and 3.78% YoY to USD515M (2020: USD524M) and USD354M (2020: USD368M), respectively. On the other hand, saving accounts slightly increased by US\$ 3M YoY.

CUSTOMER DEPOSIT (USD MILLION)



Preserving asset quality through robust and vigilant risk management

- The Bank has placed more focus towards its asset quality management's mechanism to ensure the origination of quality asset starts from the onboarding process. This approach has mitigated the impacted of Covid-19 on Non-performing loans ratio ("NPLs") to 2.75% (2020: 2.36%).

Overheads Management

- Cost optimisation has been one of the Bank's tool to sustain healthy bank's performance in volatile situation. With gross loan increased by USD89M, MCP still able to manage its costs with slight increase of 2.5% YoY compared to last year. Cost controls have been cascaded across the businesses and we are able to tap on new opportunities to manage our cost further via various digital initiatives and Environment, Social & Governance (ESG) efforts.

HEALTHY LIQUIDITY AND CAPITAL

1. Capital Management

The key measure of capital adequacy is the Solvency Ratio, which is based on net worth to aggregate credit risk exposure of no less than 15% as per regulatory requirement. As at 31 December 2021, the Bank's Solvency Ratio remained well capitalised at 18.2%, which comprised of Tier 1 Capital of 14.7% and Tier 2 Capital of 5.5%.

Key Ratio Indicators	FY2021 USD'000	FY2020 USD'000
Core Capital – Tier 1	12.7%	14.7%
Complementary – Tier 2	5.5%	5.9%
Solvency Ratio	18.2%	20.6%
Net Worth (in USD' Million)	181.1	193.0
Net RWA (in USD' Million)	994.0	935.8

2. LIQUIDITY MANAGEMENT

Through our agile funding strategies, we were able to maintain healthy liquidity risk indicators, with liquidity coverage ratio ("LCR") at 136.1% as at 31 December 2021, above regulatory requirement of 100%. On the other hand, Loan to Deposit ratio ("LDR") reached to 86.01% in 2021 (2020: 75.63%). It is demonstrated our strategy to increase in interest bearing assets from lower interest bearing liabilities.

With the positive projection of GDP and all tactical plans are put in place, we expect the growth to be very optimistic for the growth acceleration in coming years.

Key Ratio Indicators	FY2021 USD'000	FY2020 USD'000
CASA Growth/(Decrease)	(0.82%)	(12.2%)
Gross Loan to Deposit Ratio	86.01%	75.63%
Liquidity Coverage Ratio	136.1%	153.3%

LOOKING AHEAD

Though COVID-19 related restrictions remained in place for much of the year, it is a measure of the underlying strength of the Cambodian economy that it could rebound so strongly in 2021 across all sectors including manufacturing, services, construction and retail. Forecasters are projecting another year of strong economic growth, with the global economy expected to perform well and scope for a rundown of the large build-up of private sector savings seen during the pandemic.

Our focus for the next year is to leverage the progress made in 2021, using it as a platform for growth. While we remain alert to uncertainties in the economic environment and the evolving banking landscape, we have strong business fundamentals underpinning our growth strategy.

And so, looking to 2022 and beyond, buoyed by the momentum in our business and strong pipeline, we are well positioned to deliver on our medium-term targets and generate sustainable profits in the interests of all our stakeholders.

COMMUNITY FINANCIAL SERVICES

As Cambodia went through the peak of the pandemic, we continued to extend support to our customers with financial relief while maintaining healthy growth and asset quality. Focused on delivering superior customer experience with right solutions approach, we have consistently innovated to enhance our business, products and services, especially in the mortgages, SME, Digital Banking segments – all of which have yielded commendable growth. In this manner, we are on track to chart our path towards achieving our M25 aspiration to be the Preferred Community Banking Partner in Cambodia.

TOP ACHIEVEMENTS IN 2021



Achieved a **consistent and healthy growth of our mortgage book by more than 10%** against the backdrop of a challenging operating environment.



Actively participated in two **SME Co-Financing Schemes** through **SME Bank** and **Credit Guarantee Corporation of Cambodia (CGCC)** to provide affordable financing with favorable conditions and promote financial inclusion and development of SMEs in priority sectors to minimize imports, fulfill domestic demands and to serve as an input to the production of larger enterprises.



Enhanced digital offering with integration with Bakong including real time local inter-bank transfers and unveiled the **first Malaysia/Cambodia mobile cross border real-time funds transfer service** via Bakong e-wallet and MAE app – Bakong's first inter-country payment service.

We have also extended our bill payment capability, enabling our customers to pay EDC and PPWSA utility bills via our mobile app – M2U.



Successfully rolled-out **21 Smart Recycling Machines (SRMs)**, equipping each of our 21 branches with more Self Service Terminals (SSTs) to enable our customers to do basic banking services such as cash withdrawals and deposits 24/7 whilst at the same time deployed four more off-site ATMs to make it easier for our customers to access to their funds.



Named the **“Best International Bank in Cambodia”** two years in the row by Asiamoney and **“Best Retail Bank”** by the Retail Banker International Asia Trailblazer for the fourth consecutive year, reflecting our strength and strong reputation in the market.

COMMUNITY FINANCIAL SERVICES

KEY FOCUS AREAS FOR 2021

SUPPORTING THE COMMUNITY AND SUPERIOR CUSTOMER EXPERIENCE THROUGH INNOVATIVE PRODUCTS AND SERVICES

We continued to offer financial assistance plans and advisory services to individuals and businesses to support their business and strengthen their resilience amid the prolonged pandemic. We have also been supporting the launch of government supported SME Co-Financing Scheme through the SME Bank to mitigate the impact of the prolonged pandemic and stimulate the economic recovery, as well as pursued collaborations with the Credit Guarantee Corporation of Cambodia (CGCC) to drive the key focus on the SME segment, including a credit guarantee scheme targeted for the women segment. We will continue to support the development and nurturing of SMEs through more partnerships and collaborations with SME Bank and CGCC.

Delivering enriching customer experience continues to be prioritized in line with our M25 aspiration. In May 2021, we rolled out 21 Smart Recycling Machines (SRMs) across our 21 branches to allow customers to do basic banking such as cash withdrawals and deposits 24/7, and in July 2021, all of our ATMs have been enabled to dispense cash in both KHR and USD notes. In order to ensure the safety and wellbeing of our customers and staff during the pandemic, we have also installed safety barriers and other COVID-19 preventive measures across our 21 branches whilst at the same time a number of our branches have also been renovated and refreshed as part of our commitment to deliver consistent and enriching customer experience across our branch network.

Through our distribution partnership with Etiqa Life Insurance (Cambodia) Plc. and Etiqa General Insurance (Cambodia) Plc., our customers in Phnom Penh and provinces have been provided with comprehensive financial protection and savings in accordance with their individual and family needs with a full suite of life and general insurance products and options, leveraging on the wealth of experience, expertise and synergy that Maybank and Etiqa have through their partnerships in Malaysia and other countries in the region.

CONTINUED INVESTMENTS TO FURTHER ENHANCE OUR DIGITAL CAPABILITY AND SCALABILITY

Taking into cognizance of the needs of our customers and the public vis-à-vis the new norm and in line with our aspiration to be pervasively digital, we expanded our M2U mobile app's functionality with the expansion of our bill payment capability, facilitating our customers with convenience to pay both power and water consumption bills. To facilitate the ease of payments during the pandemic, we have also increased the daily limits of monetary transactions via M2U which enabled our customers to perform transactions anywhere, anytime thereby reducing the need of cash transactions and branch visits, whilst at the same time, launched local interbank transfer campaigns to promote cashless payments.

Upscaling of our in-country and regional digital banking capabilities and propositions continued to be a focus area, with the rollout of an affordable and real time local inter-bank transfers (inward and outward) via the National Bank of Cambodia's (NBC) Bakong platform. We launched the first Malaysia/Cambodia mobile cross border real-time funds transfer service via the Bakong e-wallet and Maybank's MAE app, making us the first bank in the world to partner with NBC. In support of this key milestone, we also launched a free Malaysia/Cambodia cross border transfer for the initial period following the launch, targeting to help Cambodian workers in Malaysia to send funds to support their family in Cambodia.

Further investments have been secured to further strengthen digital capability in order to ensure a complete customer digital journey from onboarding to transacting through strategic partnerships and participation of the relevant payment gateway that links up to the broader online payment ecosystem.

KEY PERFORMANCE HIGHLIGHTS

CFS's operating profit remains sound despite the prolonged pandemic:

- Strong growth of mortgage loans at 11% YoY.
- Maintained our asset quality at a manageable level amid deteriorating economic and operating environment caused by the COVID-19 pandemic through proactive account management as well as early and intensified engagements with customers.
- Favorable cost management and prudent measures, resulted in our total overhead maintaining at a similar level as FY2020 whilst achieving a positive JAWS.

Enhanced product and digital offering to provide more choices and convenience to our customers:

- Refinement of our auto and mortgage loans products and processes to better meet customers' needs and improve speed to market. This refinement reinforces our long term commitment and aspiration to chart our path towards becoming a leader in the consumer banking space.
- Enhancements of our online payment functionality on our world-class mobile app, M2U with real time and secured local inter-bank transfers, Malaysia/Cambodia cross border transfers via Bakong e-wallet and MAE app, as well as the expansion of bill payment capabilities have led to an impressive growth and significant uplift of 11% YoY increase in registered active users, as well as increase in number of transactions by 91% YoY with total monetary value of more than USD260 million.

COMMUNITY FINANCIAL SERVICES

KEY PERFORMANCE HIGHLIGHTS (CONT'D)

Strategic and holistic review of our distribution network to ensure convenient and easy access whilst our branches remains refreshed, welcoming and strategically located at economically vibrant area:

- Successfully deployed 21 Smart Recycling Machines (SRMs) across our 21 branches, enabling our customers to conduct their basic banking transactions beyond regular banking hours from Monday to Sunday including public holidays. We have also deployed additional four Self Service Terminals (SSTs) in strategic and vibrant trading locations whilst at the same time, enabled all our SSTs to dispense both KHR and USD notes in order to provide our customers with easy access to their cash in both national and USD currencies.
- Despite the pandemic, we pursued with our initiative to refresh four branches at Stung Meanchey, Takmao, Takeo and Serey Sophorn, for enhanced customer experience, whilst achieving a consistent look and feel across all Maybank branches locally and regionally.
- To ensure safety and well-being of our customers and staff in the new norm necessitated by the COVID-19 pandemic, we implemented necessary preventive and precautionary measures across our branch network, aligned with the standard operating procedure by the Ministry of Health and other local authorities. This has included safety barriers at all telling and customer interaction counters, temperature scanning, QR code scanning, hand sanitizer and mask wearing at all our banking premises.

Supporting the community and extending the reach to SMEs through strategic partnerships and collaborations:

- A total of USD19.68 million in loan outstanding are under some form of repayment assistance and restructuring, of which USD13.57 million is under Retail SME and USD6.10 million under mortgages.
- Supported the launch of government supported SME Co-Financing Scheme phase 1 and 2 through the SME Bank to mitigate the impact of the prolonged pandemic and stimulate the economic recovery with a total loan disbursement of USD1.36 million to over 20 different SMEs.
- Participated in the Credit Guarantee Corporation of Cambodia's (CGCC) Business Recovery Guarantee Scheme (BRGC) aimed to support businesses including Micro, Small and Medium Enterprises (SMEs) and Large Firms to enhance their access to formal loans for both working capital and investment or business expansion, as well as the Women Entrepreneurs Guarantee Scheme (WEGS) specially designed for women and women-owned SMEs.
- Established a strategic collaboration with CGCC in supporting small & medium sized enterprises (SMEs) in Cambodia with the goal of building long-term competitive advantages through the Building Capacity & Capability (BCC) programme to SMEs.

OUTLOOK & PRIORITIES FOR 2022

Outlook for 2022 looks bullish as the businesses had adapted to operate in the new norm whilst the country is opening albeit level of uncertainties remains due to the fast emerging of new variants of the COVID-19. To seize the opportunity presented by the gradual resumption of trading activities and economic recovery, we have taken proactive and necessary steps with right investments to manage and grow our business by actively reaching out to existing and new customers with promotional offers whilst deepening relationships with our existing customers and strategic partners. We will also continue to invest and seamlessly execute core initiatives to bring our digital offering to a new level.

PRIORITIES FOR 2022:

- Accelerate growth in key segments, leveraging on our strengths and successes in recent years in order to preserve our leading position in the market.
- Key initiatives to deliver enriching customer experience with every touch points whilst enhancing and expanding our Wealth Management and Bancassurance propositions, leveraging on regional connectivity and rich experience across different markets.
- Relocation of selected branches to support our customers at strategic locations with vibrant economic and trading activities.
- Bring our digital capability to a new height with broader online payment functionalities and enhanced customer digital journey, from onboarding to transacting.

COMMERCIAL & TRANSACTION BANKING

TOP ACHIEVEMENTS IN 2021



Maintained and improved good asset quality, evident from the **reduction in Gross Impaired Loan ratio** by 60bps from last year, as a direct result from loan recovery and acquiring of new quality assets.



Healthy loan growth at 23.5% YoY, contributed from the SME Banking segment, with continuous growth momentum of 60% YoY, whilst Business Banking recorded its **first positive growth at 19% YoY** after being stagnant in the past couple years.



Nearly **double growth of M2E clients, at 48% YoY growth**, thanks to more attractive digital solution offering that tailor to the needs of our Corporate and Commercial clients.



Recorded **positive income growth at 14% YoY** with favorable double-digit fee income ratio.




Provided an **enhanced digital experience for our Corporate and Commercial customers** through process improvements and automation, enabling tax payments and other solutions.

COMMERCIAL & TRANSACTION BANKING

KEY FOCUS AREAS IN 2021

PARTNERING CUSTOMERS IN NAVIGATING A CHALLENGING ENVIRONMENT

Amidst the uncertainties and challenges mainly caused by the COVID-19 pandemic, we continued to proactively engage with our Commercial clients to extend financial assistance through offering of loan moratorium, or restructuring & rescheduling (R&R) programmes to help them manage the risks of heightened uncertainties and market volatility. In addition, we closely engaged with vulnerable borrowers to raise any early alerts, enabling us to provide swift assistance and mitigation plans. As of December 2021, we provided more than USD63 million worth of financial relief packages. 

We stay true to our core, being a humanizing financial partner to our Commercial clients through thick and thin approach. On top of offering financial relief assistance, we also took part to mitigate risks of further COVID-19 virus spread through minimizing human-to-human interactions with “M2U & M2E Interbank Funds Transfer Promotions” and “M2E Promotional Campaign - Zero Fee Charge” to encourage Maybank customers to perform online transactions via M2U & M2E, instead of performing transactions over-the-counter (OTC). This promotion has shifted our commercial clients to transact online, proven by 70% YoY growth in the number of Interbank Funds Transfer transactions on M2E.

DELIVERING INTEGRATED DIGITAL FINANCIAL SOLUTIONS ENABLING BETTER CONTROL AND ACCESS OF M2E

To facilitate our customers' move towards digital platforms, we launched the Host-to-Host capabilities on our M2E, enabling straight through processing (STP) directly from the corporate client's host to our Regional Cash Management System, enabling better efficiency and effectiveness. This was in line with our efforts to improve customer experience, providing our clients with greater efficiency and automation in managing their cash flow anytime, anywhere, taking into consideration the complexity of these transactions, including the requirement for flexible and convenient authorization in a safe & secured manner. Our M2E was very relatable to our Corporate and Commercial customers especially in the midst of global trends to work from home or mobile work arrangement arising from the COVID-19 pandemic. This has resulted in a surge of the number of clients registered for M2E, at the rate of 48% YoY growth.

PRIORITIZE SME BANKING AS GROWTH BACKBONE AND REGAIN BUSINESS BANKING SEGMENT

We continue to recognize the needs for growth amongst Small and Medium Size Business clients, and to support their growth ambitions and expansion transition journey into Commercial clients by being their trusted financial partner. From the success of the SME segment, this will remain a key business driver in FY2022, with the continued success in delivering strong and healthy growth despite the unfavorable market condition caused by the global pandemic. In addition, we also continued to focus on serving and deepening relationships with top tiered Business Banking clients in targeted industries.

ENHANCING CUSTOMER EXPERIENCE WITH ADDITIONAL INVESTMENTS TO BUILD UP OUR DIGITAL CAPABILITY AND SCALABILITY

In order to fulfill the ever-growing sophisticated needs of Commercial and Corporate clients in their financial management with consistent experience across the region and all touchpoints, we have continued to pursue efforts to deliver a full-suite of financial solutions, with further investment to enhance our M2E in tandem with our M2U to achieve our aspiration in being a digital bank of choice for both Consumer and Commercial clients.

KEY PERFORMANCE HIGHLIGHTS

CTB's operating profit registered a steady YoY growth by 10.2% to USD23.3 million attributed to:

- Favorable growth of topline revenue at 13.0% which is mainly contributed by both net interest income and fee income.
- Healthy loan growth by 23.5%, mainly attributed from SME loans and also from Business banking.
- Maintaining healthy deposit CASA at 66.3%.

Further cementing the trust and enhancing our digital offering to provide better flexibility:

- Continued to be a trusted financial partner for our commercial clients especially supporting them through thick and thin by offering financial relief assistance to clients on need-based approach.
- Prioritized SME segment to build momentum in fulfilling the untapped gap and deliver our intended strategic objective to better serve the local community and the backbone of our economy – Small & Medium Enterprises (SMEs).
- Controlling asset quality and acquire quality clients especially in Business Banking, targeting top tiered players in the market within strategic segments.
- Continue to pursue process automation, add more functionalities, e.g. tax and bill payments and leveraging the Host-to-Host capabilities on M2E to provide better efficiency and effectiveness, enabling flexible work arrangement for our commercial clients with a convenient, safe and secured online cash management platform.

PERVASIVELY DIGITAL

OUR STRATEGY

Guided by our core principles for digital of Experience, Trust & Resilience, we aspire to provide more personalised engagements and solutions via ecosystems that can be customised while maintaining resilient and secured backend systems. We aim to evolve from a trusted financial services provider towards becoming our customers' lifestyle and business partner, supported by advanced data analytics, digital systems and platforms. In response to the shift in customers' needs amidst the pandemic, we expanded our digital offerings to provide consistent support and empower our customers to support their daily lifestyle and business needs.

KEY FOCUS AREAS FOR 2021

Deepening Relationships and Empowering Customers

Our digital solutions are developed and designed based on needs arising from the continuously changing operating environment – from adapting to shifting customer behaviour to supporting businesses to evolve their business models. This includes the introduction of All-New, All-You Maybank2u Website, with a complete revamp of existing website, for a more simplified, personalised and optimised browsing experience. Incorporating a simpler experience in the layout, design and navigation, this new website has a cleaner design and layout. It is simpler to use and more organized with greater ease of getting the right information and doing transactions in a secured environment.

We have extended partnerships with the private sector, state-owned institutions, and regulator to upscale our digital capabilities. Our Maybank2u has been enhanced with new features including water and electricity bills payment and funds transfer to other banks in Cambodia instantly.

Meanwhile, travel restrictions due to the prolonged pandemic gave rise to demand for cross-border transfers. To facilitate this, we collaborated with the National Bank of Cambodia (NBC) to launch a low-cost peer-to-peer platform for the remittance of funds in real time from Malaysia to Cambodia using our MAE app as well as NBC's Bakong e-wallet. While making us the first bank to provide such a service in Cambodia, the milestone development is also aligned with our sustainability commitments of driving greater financial inclusion by improving accessibility for the underprivileged communities.

With the Host-to-Host enhancement on our Cash Management System, Maybank2E (M2E) has provided greater efficiency and automation to our commercial customers in managing their cash flow, taking into considerations complexity of their transactions with requirement of flexible and convenient authorization on safe & secured manner amidst COVID-19 pandemic, resulting in a surge of number of corporate clients registered for Maybank2E. On top of this, we also enhanced our digital capabilities on Swift MT950/940 statement message and supporting documents uploading function. The Swift MT950/940 is to help customer maximize opportunities for automated reconciliation, manage liquidity, common language of reporting and harmonization of many practices in international payment markets while Supporting Documents Uploading function is a secure tool to upload information in a timely manner. It is developed to comply to Cambodia regulatory and AML/CFT policy.

Leveraging Our Capabilities

Many of our digital innovations depend on the capabilities of Maybank's technology team, which has been responsible for the development of new digital capabilities, products and solutions including many that are mentioned throughout this book such as Maybank2E and Maybank-Bakong Cross Border Funds Transfer. Enhancements to existing products such as SSL and various Straight-Through Processing (STP) capabilities across our operating countries are also the result of this team's continuous innovation.

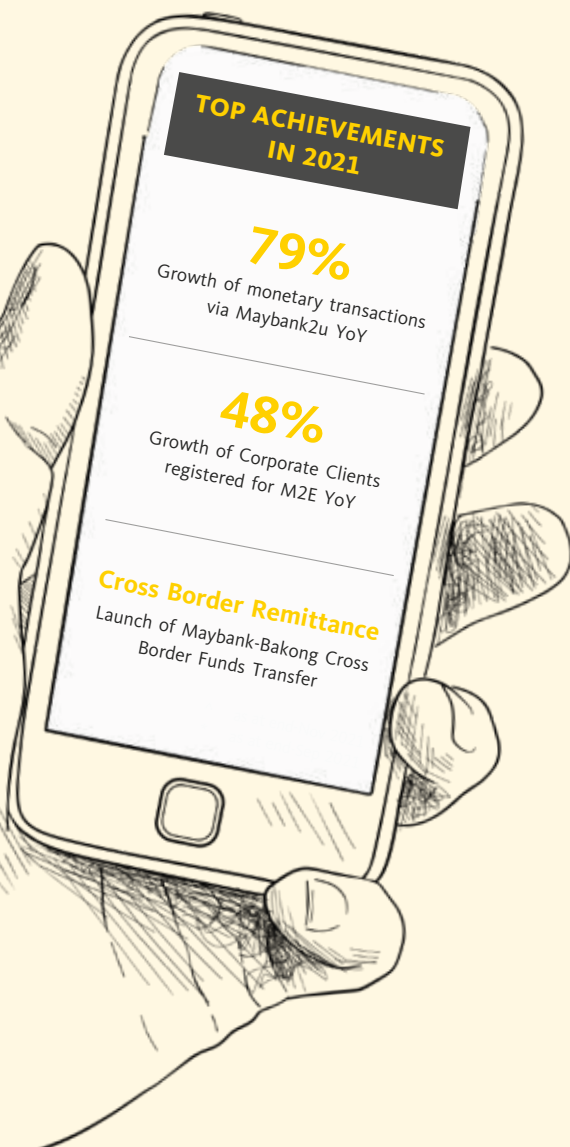
A key development in 2021 has been the roll-out of our remote working solution, mWork, across the Group after it was piloted in Malaysia in 2020. The platform has provided employees with secure and flexible access to internal applications for remote working by leveraging the latest in Virtual Desktop Interface (VDI) technologies to provide a near-seamless working experience. Reaching more than 9,000 active users across Malaysia, Cambodia, Singapore, Hong Kong, China, Myanmar, Vietnam and Brunei in 2021, the team is now working to extend it to more staff while expanding its applications and tools. Our technology team also launched a Virtual Mobile Clinic to support staff while they work remotely.

In addition, Maybank Group continues to build on our Data Analytics foundation, and in 2021 we piloted Maybank's Data Science Platform, Data Quality Management and Data Quality & Reconciliation. These capabilities fit into Maybank's overall data ecosystem to enable advanced analytics and data democratisation that drives data-led decision making, products and services.

Investing in the Next Generation of Talents

At Group, we rolled out a recruitment and development programme called Next Expert in Technology (NExT) in 2021 to build a sustainable home-grown pipeline of digitally-skilled talents such as data scientists, data engineers, cloud engineers, cyber security engineers, full stack developers and automation testers. The programme, developed in-house by Group Technology, enables talents to gain relevant digital skills via technical training and on-the-job learning.

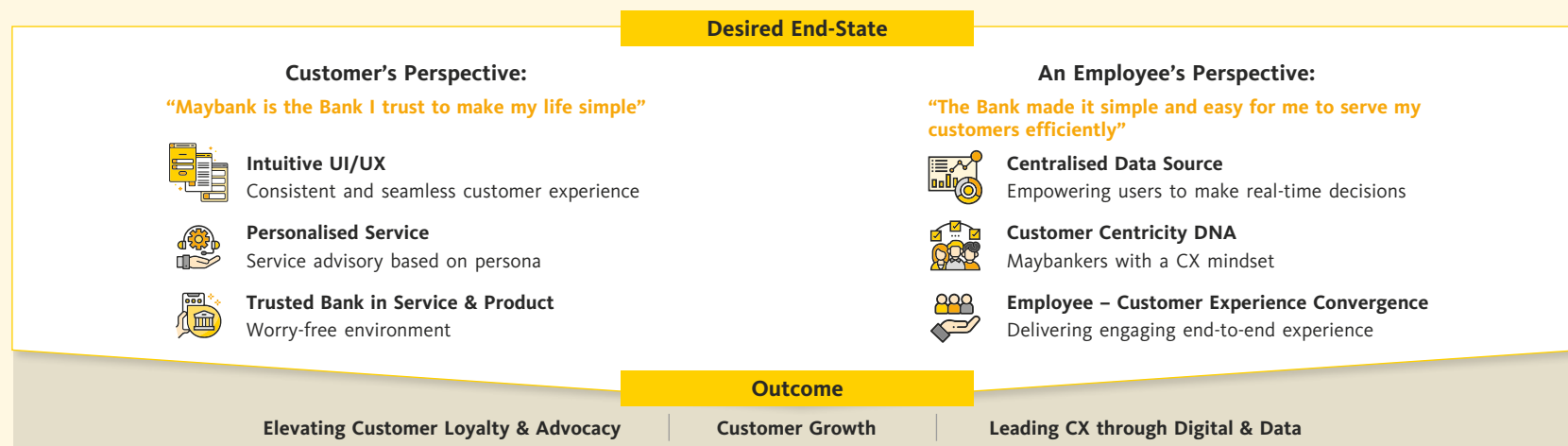
On top of this, we continued to pivot our learning and development, wellness and mental well-being efforts, internal & external engagements, and migrating physical initiatives onto virtual platforms, seeking hybrid solutions. We also curated enhanced programmes to cultivate a hybrid working environment to cater to diverse workforce needs, and to re-energise the workforce's virtual and physical engagements.



CUSTOMER EXPERIENCE

OUR STRATEGY

Guided by increasing expectations from customers for convenience, consistently high levels of service and personalisation, our M25 Customer Experience (CX) strategy remains focused on efforts to transform Maybank into a customer-centric organisation. This requires embedding a customer-centred approach into all lines of business and establishing digital-focused initiatives across the Group. Initiatives to enhance CX are based on improving the end-to-end CX journey, and encompass effective complaints management as well as standardising our CX approach across our regional offices in order to achieve the desired end-state for our customers.



KEY FOCUS AREAS FOR 2021

Accelerating the Transformation Journey to Provide Top Rated CX

Time is of the essence for our customers and our priority is meeting their needs and demands with efficiency based on their business needs and insights. Our journey towards achieving a Top Rated CX is facilitated through our enhanced framework which incorporates the following key principles:



Establish simple, intuitive and accessible banking



Leverage data analytics to drive decision making



Empower employees to serve efficiently



Employ the use of consistent and agile customer engagement approach



Embed a customer-centric employee culture

Guided by these principles, the different lines of business and country operations are empowered to develop their own customised CX approach and milestones according to their business needs and the markets that they operate in to ensure consistent and high quality engagement with their customers.

Application of Data and Digital Analytics

Towards providing effortless banking as expected by customers, complaints and feedback management plays a critical role in CX as it contributes to our continuous efforts to become solution-oriented. Cognisant of this, we have intensified our efforts to capture and produce high quality data to improve the process of complaints management through root cause analysis (RCA), complex complaints are identified and analysed to improve the Bank's processes. This model also helps to prevent the recurrence of complaints.

Health & Safety

Customer's Safety always places at the forefront, as COVID-19 continues to impact our lives; hence, in-person service experience at all Maybank branches is in a worry-free environment given we adhere to all safety guidelines such as social distancing, wearing of face mask, and frequently sanitizing our Bank premises. We also continue to enhance our Maybank2U / Maybank2E platforms, to facilitate remote banking for our customers.

Cultivating Group-Wide Mindset Change Towards Customer Centricity

In addressing customers' needs for personalised and differentiated customer experience while cultivating sustainable and consistent CX practices, each department will appoint a team member to assume the role of a customer in all its decision-making processes. This will ensure that the department assesses and views processes, policies and product development from end-to-end through the customers' lens. In addition to that, the I Am Maybank initiative aims to strengthen employees' sense of ownership and accountability to consistently deliver a positive customer experience. This initiative was rolled out from 2019 to all our home markets and overseas units to foster a standardised experience for all customers. Ultimately, our end goal is to evolve from being a financial services provider to becoming our customers' lifestyle partner and building best-in-class experiences through our services, products and platforms.

HUMAN CAPITAL



Guided by our mission of Humanising Financial Services and the Bank's M25 ambitions, we remain committed to our journey of enabling our people to be digital-ready and customer-centric, while ensuring that their safety and well-being remains a priority. We continue to operate at optimal levels in spite of the pandemic by enabling flexible work policies and practices.

TOP ACHIEVEMENTS IN 2021



Maybank Cambodia registered a **significant increase in scores across the different areas of the Employee Engagement Survey (EES)** in 2021 compared to the last cycle in 2017



Employee productivity continued to increase, with income per employee and pre-provisioning operating profit per employee growing from **USD113,179** and **USD66,237** in 2020 to **USD115,014** and **USD68,909** in 2021, respectively



Further strengthened **focus and commitment to sustainability aims, in line with M25 Strategic Priorities**, through initiatives designed to provide support, build knowledge and heighten awareness among Maybankers



Mental well-being was further prioritised with the **establishment of numerous mental health-related communications, support channels and engagements**

HUMAN CAPITAL

OUR STRATEGY

Maybankers thrive in a progressive environment that encourages and empowers holistic self-development in order to enable them to future-proof themselves and bring their best selves to the workplace. At Maybank, we place our people foremost in every decision made, to empower them to flourish and rise above any challenges. Our people strategy is guided by the following three thrusts to shape a thriving, diverse and inclusive workplace that enables employees to be engaged, future-ready as well as mentally and physically fit, while embedding the Organisational Development approach that supports the need for businesses to pivot quickly in an environment undergoing continuous change:



Workplace Futurisation by Institutionalising New Ways of Working

Accelerate a flexible, agile and open organisation to remain competitive, stay relevant and be guided by our customers' choices. Offer a hybrid work experience and prioritise the well-being of our employees.



Workforce Futurisation by Accelerating Development and Productivity of Our Talent

Continuously support a strong learning culture and invest in our employees and their growth via a multitude of flexible and customisable learning and development programmes to reskill, upskill and open up opportunities for experience-building to increase ability.



FutureReady Infrastructure through Innovative Platforms, Processes and Tools

Strengthen infrastructure through innovative platforms, policies, and systems to enable and liberate employees to thrive and deliver exponential business results responsibly.

KEY FOCUS AREAS FOR 2021

EMPLOYEE ENGAGEMENT

- Our people value open communication, with leaders setting the tone and making a difference, which helps build trust within the organisation. We recorded a high participation rate of 92% in the 2021 EES with over 350 respondents within Maybank Cambodia (Overall Maybank Group: 94% with 38,000 respondents). We also continued to be recognised in Willis Towers Watson's (WTW) High Performance Companies benchmark for the fifth time for our outstanding and sustained financial performance and focus on employee experience with superior human resource practices.
- Maybank Cambodia's Sustainable Engagement Index (SEI) is at 93%, an improvement of 7% against 2017 and 5% above the WTW Global High Performing Companies Norm, indicating a high level of employee engagement, energy and enablement.
- Key engagements undertaken include the introduction of the Bank's five-year strategy, aligned to Maybank Group's M25, with senior management. Other engagements and conversations with senior management were also conducted – e.g. coaching and mentoring employees across the organisation to develop a deeper understanding of what it entails to work effectively towards achieving the organisation's goals. In addition, multiple initiatives prioritising employee well-being were implemented.

EMPLOYEE WELL-BEING

- Employees expect the organisation to care for and prioritise them by providing the means for a balanced work-life integration, enabling them to thrive at work, at home and in their community. We continue to prioritise the holistic well-being of employees and redefine the employee experience through our #HUMANISINGWorkplace approach, which broadly encapsulates the Physical, Mental, Emotional and Performance core areas. We undertook the following new initiatives this year:



Introduced a Mental Health Policy that establishes guidelines aimed at helping employees improve their mental well-being, manage stress, depression and anxiety, and improve work-life integration.



Provided means for employees to educate themselves on mental health, such as via our Let's Talk It Out Mental Well-Being Webinar Series, and educational articles on mental health through our Well-Being Bytes series.



Introduced a Group-wide quarterly Step + Sleep Challenge in July 2021, to encourage employees to rest well and have an active lifestyle. Employees who achieve the targets set are rewarded with Unrecorded Well-being leave.

- As governments began relaxing movement restrictions, on-site presence of fully-vaccinated employees with critical functions also progressively increased. To continue to facilitate a hybrid work environment to cater to a changing work landscape and the varied needs of a diverse workforce, we improvised existing virtual engagements to become hybrid so both on-site and work-from-home teams could interact through our Acing Maybank's New Ways of Working programme and Future of Work series.
- To ensure safety at the workplace, we remained vigilant through our responses and support, which included implementing compulsory self-testing and vaccination requirements, as well as providing self-test kits, unrecorded leave for vaccination and related assistance.

HUMAN CAPITAL

KEY FOCUS AREAS FOR 2021 (CONT'D.)

REWARDS AND REMUNERATION

- The performance, motivation and overall workplace satisfaction of employees are driven by their expectation for fair rewards and benefits. The EES indicated that overall views on Pay and Benefits are positive with a score of 86%, an increase of 16% from 2017, while also being above the Global High Performance Company (GHPC) norm of 73% and the Global Financial Services Company (GFSC) norm of 61%.

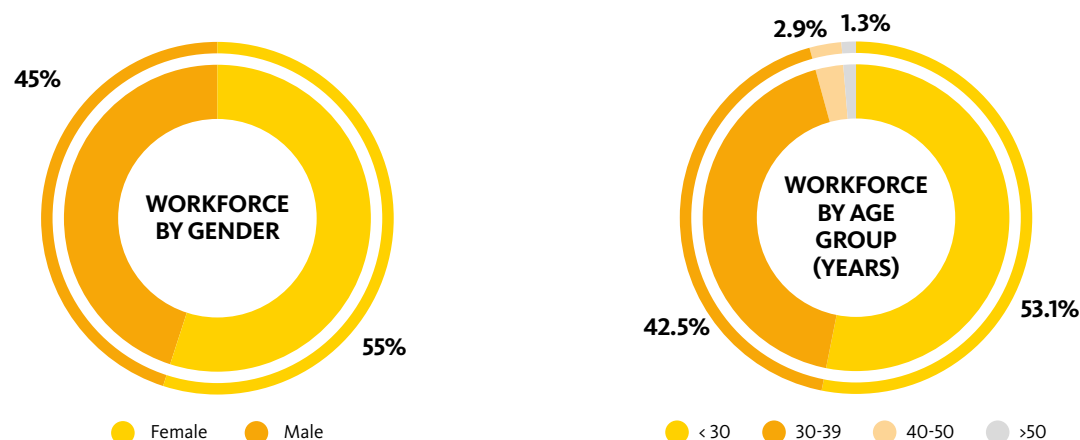
LEARNING & DEVELOPMENT

- Employees want lifelong learning and development opportunities to be easily accessible, which encourages and helps them to independently grow their knowledge base and improve both their personal and professional skills.
- We also continued to leverage digital platforms to conduct our learning and development programmes.
- Our FutureReady Programme, which focuses on enhancing employees' digital skills, where 90% post-training application of skills was recorded.
- To drive home the Bank's sustainability agenda, a Sustainability Capability Building programme was developed to create awareness and establish a foundation of ESG knowledge and skills.
- Arising from the disruptions caused by the pandemic and to ensure we remain on track to achieve our M25 goals, we accelerated our efforts to re-design our workplace and roles – over 6,000 employees across the Group have gone through an initiative or programme to recalibrate their roles or upskill themselves to remain relevant.

NURTURING TALENT

- For us, nurturing talent is about putting employees first, knowing their abilities, and enabling them to thrive through the appropriate training and opportunities.
- We have also continued to actively engage students and graduate talents throughout the year through various virtual recruitment and engagement initiatives to continue empowering young talents around us and allowing them to grow despite the challenging environment we are in. In 2021, we successfully on-boarded 111 new hires in various entry-level roles and pipeline programmes (2020: 84). Additionally, we provided internship opportunities to 70 fresh graduates and under grads.
- Launched an enhanced FutureReady Curriculum Vitae (FR CV), which empowers employees to provide us with greater insights into their achievements and aspirations to better map them to opportunities across the organization.
- Rolled out another BRE Apprenticeship program - 23 fresh graduates were provided with opportunity to undergo a specially-designed development program focused on building sales and credit skills. The trainees were put through classroom and on-the-job experiential training with assignments at branches/business units under the coaching of senior core credit personnel and assigned buddies.

DIVERSITY, EQUITY & INCLUSION (DEI)



HUMAN CAPITAL

KEY FOCUS AREAS FOR 2021 (CONT'D.)

DIVERSITY, EQUITY & INCLUSION (DEI)

- Employees want to belong to a diverse, equitable and inclusive workplace that enables them to thrive personally and professionally. Our DEI approach is firmly rooted in our Core Values, TIGER, together with our ‘GO Ahead.’ Employer Value Propositions. Collectively, they act as a call to action for all employees regardless of their gender, ethnicity, age, sexual orientation, race, religion or other distinctions, to grow and thrive in a workplace that values their contributions.
- Some impacts of our numerous DEI initiatives to date are:



Women in Leadership Positions – Maybank’s commitment to women leadership continued to be recognized globally, with 2021 and 2022 marking our fourth and fifth consecutive year of inclusion in the Bloomberg Gender-Equality Index.



As part of our commitment to DEI, the Bank provides inclusive career growth opportunities including internal mobility – where attempts must be made to fill vacancies with internal talents before bringing in any external hire. This has allowed us to achieve an Internal Vacancy Realisation Rate (IVRR) of 92% for senior management positions.

Top talents of different backgrounds or experiences (e.g. generations, professional experiences, length of service) across the Maybank Group champion DEI through their areas of influence and Group engagements via the Maybank Allyship Programme which aims to:



Advance equality and celebrate diversity by promoting awareness of DEI



Call out actions incongruent with inclusion



Share experiences and mentor Maybankers to bring their best and authentic selves to work

- Apart from the annual International Women’s Day celebrations, this year saw Maybank’s inaugural Diversity Day on 30 April, themed “Building Sustainable Inclusion & the Value of Belonging at Work”. The inclusion-centred content was created to inspire, educate, and engage our employees.

REMUNERATION

Our remuneration and rewards philosophy is aligned with our business strategies and values, fostering a performance-oriented and prudent risk management culture that delivers long-term sustainable returns to stakeholders.

We have in place a comprehensive Total Rewards system which is a critical component of the integrated Talent Management framework that guides us to effect “Reward Right” principles to drive positive outcomes and deliver exponential business results responsibly. The system not only supports Maybank Group’s strategy and business plan, it is also critical to improving employee productivity and engagement. Focusing on the right compensation, benefits and development support inspires our employees to achieve their personal and professional aspirations.

Environmental, social and governance (ESG) elements are inculcated in various aspects of our Total Rewards management through proper governance, performance measurement standards and risk management considerations. Governed by sound principles, our remuneration policies and practices are reviewed periodically to ensure alignment with regulatory requirements and to reinforce a high-performance culture. The aim is to attract, motivate and retain talents through market competitiveness and responsible values.

COMPONENTS OF REMUNERATION

Our holistic Total Rewards Framework comprises three main elements, namely Total Compensation, Benefits & Well-Being, and Development & Career Opportunities.

i) Total Compensation

Maybank Group’s Compensation Policy ensures our employees receive salaries on par with the market. In addition to fixed pay, we offer differentiated compensation that is competitive in the form of variable bonus and a long-term incentive award (for eligible senior management and above). Employee’s compensation is reviewed annually and is geared towards retaining, motivating and rewarding our employees.

Targeted Pay Mix levels (Fixed Pay and Variable Pay (i.e. Variable Bonus and Long-term Incentive Award)) have been designed to align with the long-term performance goals and objectives of the organisation. The compensation framework provides a balanced approach between fixed and variable components that change according to the performance of the Group, business/corporate function and individual.



Fixed Pay

- Attract and retain talents by providing competitive and equitable level of pay.
- Reviewed annually in a holistic approach through internal and external benchmarking against relevant peers/locations, with consideration of market dynamics, individual responsibilities, functions/roles, performance, skillsets and competency.



Variable Pay

Variable Bonus

- Reinforce a pay-for-performance culture and adherence to Maybank’s Core Values, TIGER.
- Variable cash award aligned with risk management and the Bank’s long-term performance goals through our deferral and claw-back policies.
- Based on the overall performance of the Bank, business/corporate function and individual.
- Premised on the Balanced Scorecard (BSC) comprising financial and non-financial KPIs tailored to drive desired behaviours and performance in creating long-term shareholder value. In FY2021, we have incorporated ESG-related KPIs in the Bank BSC and individual BSC which reflects our commitment to develop and drive compelling ESG values to generate sustainable and superior long-term results..

Long-Term Incentive Award

Comprises a significant component of senior management’s Total Compensation with the intent to drive sustainable, longer-term risk management and to meet the Bank’s M25 strategy.

Deferral Policy: Any Variable Bonus in excess of certain thresholds will be deferred over a period of time. A Deferred Variable Bonus will lapse immediately upon termination of employment (including resignation) except in the event of ill health, disability, redundancy, retirement or death.

Clawback Provision: Maybank’s Board has the right to make adjustments or clawbacks to any Variable Bonus or Long-Term Incentive Award if deemed appropriate based on risk management issues, financial misstatement, fraud, gross negligence or wilful misconduct.

ii) Benefits & Well-being

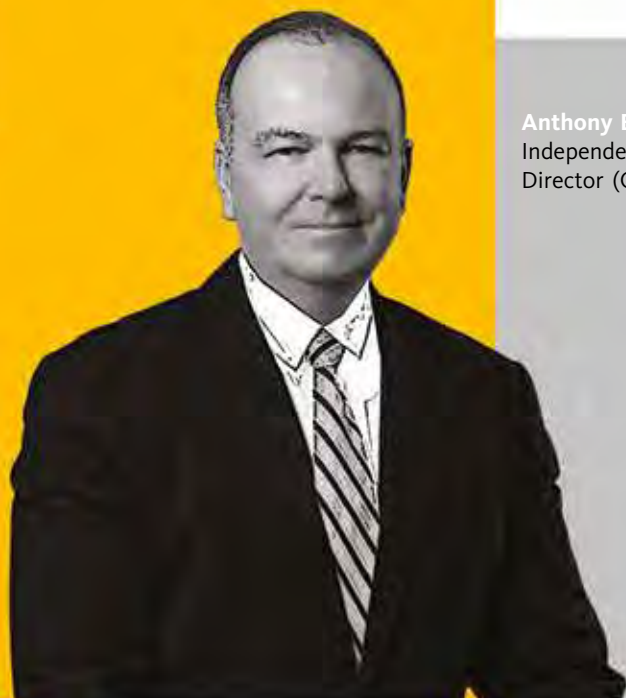
Employee benefits are integral to our Total Rewards management. ESG values and M25 objectives have been embedded in our employee benefits and are priorities in our rewards management.

Maybank’s benefits programme – offering financial protection, healthcare, paid time-off, loans at preferential rates and work-life integration support – is reviewed periodically to remain competitive and reflect evolving trends in a rapidly changing business environment. We embrace a holistic, sustainable way of working that considers our employees’ physical, mental and emotional well-being, financial needs, social needs, career development and opportunities to allow them to achieve higher levels of competencies and professionalism.

iii) Development & Career Opportunities

In line with our strong learning culture, we continue to deploy best-in-class learning and development programmes that are flexible and customisable to nurture our employees at all levels for long-term relevance, competitive advantage and growth

Employees are encouraged to assume personal ownership of their development by upgrading their skills and taking on stretch assignments as well as expanded responsibilities.



Anthony Brent Elam
Independent Non-Executive
Director (Chairman)



Shariffuddin Khalid
Independent Non-Executive
Director

BOARD OF DIRECTORS



Spencer Lee Tien Chye
Independent Non-Executive
Director



Soon Su Long
Non-Independent Non-Executive
Director



Datuk Hamirullah Boorhan
Non-Independent Non-Executive
Director

BOARD OF DIRECTORS

ANTHONY BRENT ELAM

Independent Non-Executive Director
(Chairman)

Appointed: 3 December 2018

Qualification(s):

- Master in Business Administration (Finance and International Business), New York University, USA
- Bachelor of Science in Foreign Service, Georgetown University, USA

Relevant Working Experience:

Over 30 years of holding senior management positions in various large caps such as Chief Risk Officer of PT Bank Central Asia Tbk, and Independent Director of PT Sarana Menara Nusantara Tbk and Citibank, including assignments as Advisor to the Chairman of the Indonesian Bank Restructuring Agency and as a Commissioner of PT Bank International Indonesia.

Present Directorship(s) within Maybank Group and Other Listed Companies and Public Companies

- Director of Maybank
- Director of Maybank Singapore Limited

SHARIFFUDDIN KHALID

Independent Non-Executive Director

Appointed: 29 March 2019



Qualification(s):

- Fellow Member of The Chartered Institute of Management Accountants, UK

Relevant Working Experience:

Over 30 years of experience in the banking/corporate sector and Bank Negara Malaysia (BNM). He served as Director, Strategic Communications for BNM and also served as the pioneer Director of the Malaysia International Islamic Financial Centre initiative. Earlier, he was part of the management team that established Pengurusan Danaharta Nasional Bhd.

Present Directorship(s) within Maybank Group and Other Listed Companies and Public Companies:

- Director of Maybank
- Director of MCB Bank Ltd (Pakistan)
- Director of Maybank Islamic Berhad
- Director of Marine & General Berhad

SPENCER LEE

Independent Non-Executive Director

Appointed: 23 March 2012



Qualification(s):

- Fellow of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants

Relevant Working Experience:

Over 30 years of experience in the banking sector and having served in senior management position in Maybank as well as Board Committees of Maybank.

Present Directorship(s):

- Director of Maybank Singapore Limited
- Director of Boardroom Pte Ltd.

DATUK HAMIRULLAH BOORHAN

Non-Independent Non-Executive Director

Appointed: 23 March 2012



Qualification(s):

- Master of Business Administration, International Islamic University, Malaysia
- Diploma in Accountancy, Mara Institute of Technology, Malaysia
- Certified International Retail Banker, London Executive Management – International Academy of Retail Bank

Relevant Working Experience:

Over 20 years of experience in retail banking. Currently the Senior Executive Vice President and Head of Community Financial Services of Maybank.

SOON SU LONG

Non-Independent Non-Executive Director

Appointed: 31 March 2015



Qualification(s):

- Bachelor of Science (Economics) in Accounting and Finance, University of London
- Fellow Chartered Accountant, Institute of Chartered Accountants in England and Wales

Relevant Working Experience:

Held senior management positions in Banks in Malaysia and Singapore in the areas of investment banking, commercial banking and Islamic banking. Currently the CEO of Maybank Vietnam.

Membership of Board Committees in Maybank:

- Audit Committee
- Risk Management Committee

Chairman Member

Declaration:

All the Directors have no:

- family relationship with any director and/or major shareholder of Maybank (Cambodia) Plc;
- conflict of interest with Maybank (Cambodia) Plc. and has never been charged for any offence.



Dato' Mohd Hanif Suadi
Chief Executive Officer



Rath Sophoan
Deputy Chief Executive Officer/
Head, Community Financial Services



Krourch Sathya
Head, Commercial & Transaction Banking

EXECUTIVE COMMITTEE



Hong Sreynuon
Head, Global Markets



Ekhwan Bin Jani
Chief Financial Officer, Indochina



Ng Yok Chin
Chief Risk Officer, Indochina



Qazreen Chan Abdullah
Head, Human Capital, Indochina/
Head, Corporate Affairs & Communications



Khoo Eng Hoe
Head, Business Operations Support

EXECUTIVE COMMITTEE

<p>DATO' MOHD HANIF SUADI Chief Executive Officer</p> <p>Appointed: 1 March 2018</p>	<p>RATH SOPHOAN Deputy CEO/Head, Community Financial Services</p> <p>Appointed: 24 July 2018</p>	<p>KROURCH SATHYA Head, Commercial & Transaction Banking</p> <p>Appointed: 1 December 2017</p>	<p>HONG SREYNUON Head, Global Markets</p> <p>Appointed: 1 January 2020</p>
<p>Qualification(s):</p> <ul style="list-style-type: none"> Banking, Corporate Finance and Securities Law at UiTM Advance Management Programme, INSEAD Business School, Fontainebleu, Paris Master of Business Administration, Finance (M.B.A), University of Wales, Cardiff. International Coaching Federation-trained Coach. <p>Relevant Working Experience: Over 40 years in Maybank covering all aspects of commercial banking from branch operations to top management formulation of policies and strategy, sat on the Maybank Group Internal Audit Committee, Group Property & Procurement Committee and Director of the Board for Maybank Trustees Berhad</p>	<p>Qualification(s):</p> <ul style="list-style-type: none"> Master of Laws, majoring in Comparative and International Law, National University of Singapore (NUS) as an ASEAN Fellow. Bachelor of Laws jointly run by the National University of Management (NUM) and the University of San Francisco (USF) – Major in Commercial Law with a Minor in Business Administration. <p>Relevant Working Experience: Over 15 years of experience in the financial industry covering both banking & life insurance, comprising of retail, business & corporate banking, operations & IT as well as risk & compliance. Previously held senior management roles in both consumer banking and banking operations.</p>	<p>Qualification(s):</p> <ul style="list-style-type: none"> Bachelor of Business Administration, Accounting and Finance, National University of Management, Cambodia Master of Business Administration (Finance), Charles Sturt University, Economics and Finance Institute (EFI), Cambodia <p>Relevant Working Experience: Over 20 years of banking experience and held various key roles including professional sales, client relationship management, high risk and distress portfolio management and credit risk management. Previously held senior management roles in business and corporation banking, as well as credit and lending.</p>	<p>Qualification(s):</p> <ul style="list-style-type: none"> Master Degree of Accounting and Finance at University of Melbourne <p>Relevant Working Experience: More than 10 years of experience in treasury, finance, trading foreign exchange and money market. Previously held senior management roles as Chief Financial Officer and Head of Treasury.</p>
<p>NG YOK CHIN Chief Risk Officer, Indochina</p> <p>Appointed: 11 May 2018</p>	<p>EKHWAN BIN JANI Chief Financial Officer, Indochina</p> <p>Appointed: 1 June 2018</p>	<p>QAZREEN CHAN ABDULLAH Head, Human Capital, Indochina/ Head, Corporate Affairs & Communications</p> <p>Appointed: 1 March 2017 / 2 April 2012</p>	<p>KHOO ENG HOE Head, Business Operations Support</p> <p>Appointed: 8 May 2015</p>
<p>Qualification(s):</p> <ul style="list-style-type: none"> Bachelor Degree of Economics, University Malaya, Malaysia <p>Relevant Working Experience: Over 30 years of experience in credit and risk management. Previously held senior role as the Chief Risk Officer of Maybank Philippines and Head, Special Project/ International, Group Risk.</p>	<p>Qualification(s):</p> <ul style="list-style-type: none"> Bachelor of Accounting & Finance at Liverpool John Moores University/ Dublin Business School, Ireland Fellow member of the Association of Chartered Certified Accountants (FCCA), United Kingdom Chartered Accountant (CA) Membership, Malaysian Institute of Accountants. Chartered Banker, Asian Institute of Chartered Bankers. <p>Relevant Working Experience: More than 19 years of experience in audit, accounting and finance in various audit and financial services industries. Held key management roles as Vice President, Financial Operations & Treasury at Maybank Investment Bank Berhad and Head of Regional Business support role with Maybank Kim Eng. Previously, served as the Chief Financial Officer and a Board Member for Maybank ATR Kim Eng Group of Companies, Philippines.</p>	<p>Qualification(s):</p> <ul style="list-style-type: none"> Master of Business Administration, University of Bath, UK Bachelor of Education (Guidance & Counselling), Universiti Putra Malaysia Certificate in Industrial Relations, Malaysian Institute of Management Certified Product Marketing Manager, Association of International Product Marketing & Management, USA <p>Relevant Working Experience: More than 20 years of experience in corporate communications, marketing communications, customer experience, corporate governance and human capital covering employee communications, change management, employee relations and employee engagement.</p>	<p>Qualification(s):</p> <ul style="list-style-type: none"> Certified Credit Professional (CCP – Consumer), Institute of Bankers, Malaysia. <p>Relevant Working Experience: Over 30 years of experience in the banking industry covering branch sales, branch operations, trade finance operations and credit administration.</p>

Declaration:

The Executive Committee members have no family relationship with any director and/or major shareholder of Maybank (Cambodia) Plc., conflict of interest with Maybank (Cambodia) Plc. and has never been charged for any offence, convictions for offences within the past five years and public sanction or penalty imposed by the relevant regulatory body during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Maybank (Cambodia) Plc. (the Board) believes that good corporate governance (CG) practices enable the Bank to operate efficiently, improve access to capital, mitigate risks, and facilitate oversight of the business, management and operations of the Bank. In the long-term, good CG practices allow the Bank to be accountable and transparent, and also contribute towards value creation for all its stakeholders.

In recent times, governance has been at the forefront of discussions among regulators and other interested stakeholders. As economies around the world continue to adjust and recover from the devastating impact of the COVID-19 pandemic, corporates large and small have had no choice but to invest in new remote technologies, devise new plans and strategies, and even change the way they do business, in order to navigate through the COVID-19 storm. At the same time, environmental, social and governance (ESG) has become a key focus area for both regulators and stakeholders, as they urge corporates to change and adopt more responsible, sustainable and climate-conscious practices. Acknowledging that these factors will invariably have an impact on the country's future CG landscape, the Board has been monitoring developments in this space, as it refines and strengthens the Bank's CG Framework and ensure that it remains relevant for use by the Bank for the long-term. Key emphasis has also been placed by the Board on governance of the Maybank Group's five-year strategy M25 Plan, with sufficient focus on its three strategic priorities:



1 Pervasively Digital



2 New Value Drivers



3 Sustainability

Maybank is subject to a comprehensive regulatory regime and the Board is committed to ensure that a robust CG Framework is in place by keeping abreast of the latest developments in respect of the CG regulatory framework and requirements. Our CG Framework is based on the following key statutory provisions, best practices, policies and guidelines:

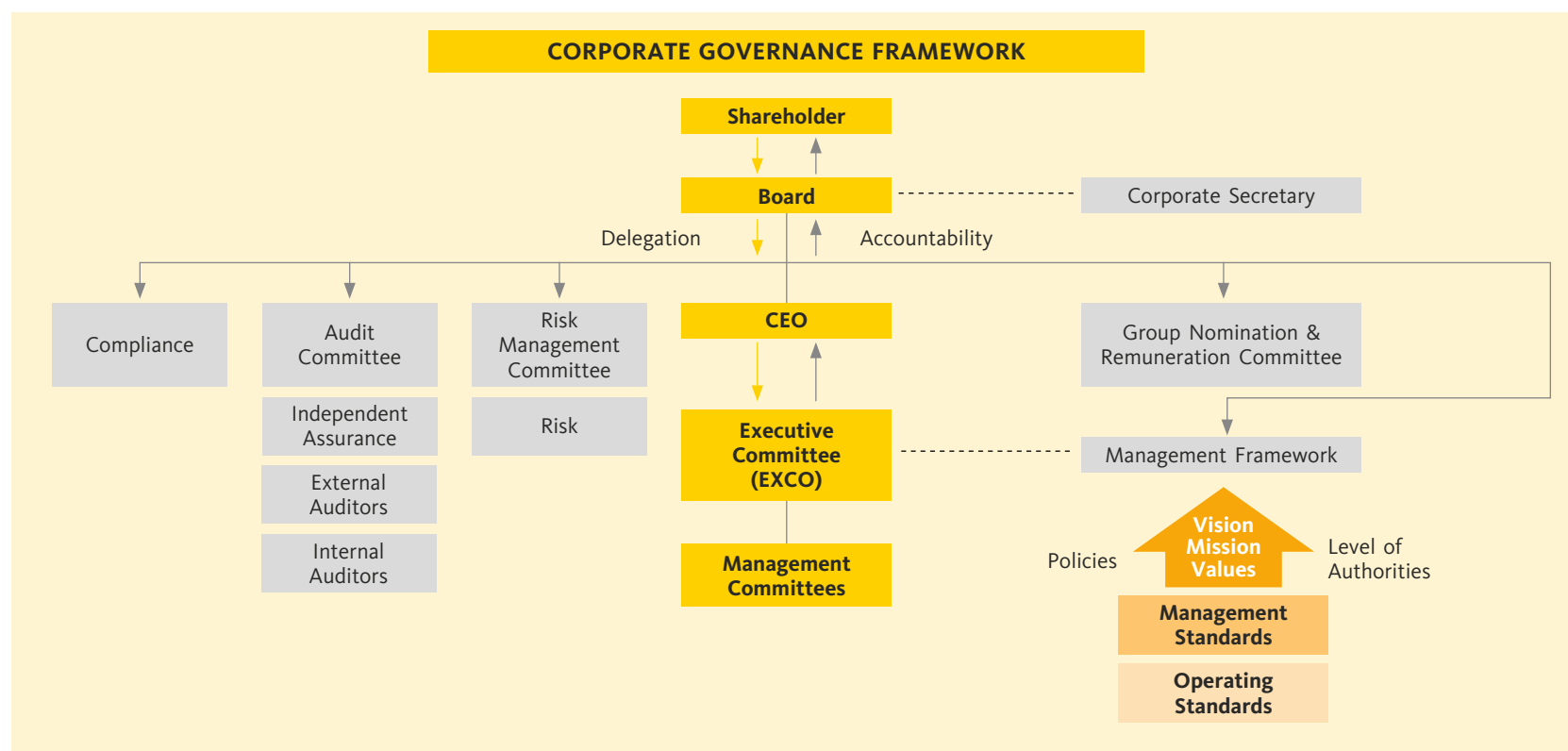
1. Law on Commercial Enterprise;
2. Prakas on Governance in Banks and Financial Institutions of Cambodia; and
3. Maybank Group's Corporate Governance Framework

Testament to the Board's commitment towards CG, Maybank, as a Group, was conferred the following awards for CG excellence by the Minority Shareholders Watch Group (MSWG) Malaysia via MSWG-ASEAN CG Award 2020 during the financial year ended 31 December 2021 (FY2021):

1. Excellence Award for CG Disclosure
2. Industry Excellence Award – Financial Services

We are grateful for these recognitions and will strive to remain as one of the top financial institutions in terms of good CG practices in Cambodia and in ASEAN. In line with the revised Code released in April 2021 which encourages PLCs to advocate the adoption of best practices in the Code by its subsidiaries, the Malaysian Code on Corporate Governance, the Maybank Group Board had requested its key subsidiaries, including Maybank Cambodia, to conduct a gap analysis on their levels of adoption and alignment with the Code and the outcome of the analysis was tabled to Maybank Cambodia's Board during FY2021. The Board, with the assistance of the Group Nomination and Remuneration Committee (NRC), will continue to advocate good governance practices for the subsidiaries.

The Bank's Corporate Governance Framework is as depicted in the diagram below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP AND EFFECTIVENESS

The Role of the Board

The Board directs and oversees the business and affairs of the Bank by periodically reviewing and approving the overall strategies and significant policies of the Bank. The Board also establishes the Bank's core values and adopts proper standards to ensure that the Bank operates with integrity, and complies with relevant rules and regulations. A description of the roles and responsibilities of the Board can be found in our Board Charter which is available on Maybank Cambodia's corporate website at www.maybank2u.com.kh.

The Board believes that the success of the Bank's strategy requires the same to be aligned with good governance practices. To achieve this, a strong system of risk management and internal controls have been put in place to ensure that the Bank's risk appetites are set and risks identified, assessed and managed effectively.

Apart from setting the tone from the top and establishing the core values of the Bank, the Board also monitors senior management's execution of strategy and financial performance. While the Board's focus is on long term-sustainable growth, the Board advises the management to strike the right balance between short term and long-term goals. The Board is also mindful of their wider obligations and considers the impact their decisions will have on the Bank's various stakeholders such as employees, shareholder, customers, and the community as a whole.


The Bank has a Code of Ethics and Conduct (Code of Ethics) that sets out sound principles and standards of good practice in the financial services industry, to be observed by its employees and Directors. The Code of Ethics was reviewed during FY2021 to include a policy to safeguard and promote mental-health and well-being of the staff, and to set parameters relating to staff holding offices in political parties and legislative bodies.

The Board also has a formal schedule of matters specifically reserved for its decision, details of which can also be found in our Board Charter which is available on Maybank Cambodia's corporate website at www.maybank2u.com.kh.

CG in COVID-19 Environment

The Board is committed to delivering value to all our stakeholders at all times, even during the pandemic. Noting that the pandemic has accelerated the importance of good governance, the Board has taken a more active role in ensuring COVID-19 initiatives undertaken by management are implemented in a structured and timely manner, consistent with the Bank's obligations to our customers, our staff and the members of the public as well as the long-term health and sustainability of the Bank. During the year, the Board has presided over and monitored the progress of all financial assistance schemes introduced by the Bank to help eligible customers address their personal finances due to the adverse impact of the pandemic.

Work from Home has also become the norm for our staff. The Board prioritises Work-Life Integration, to ensure that staff are equipped with the tools that they need to carry on with their day to day work at home. Standard operating procedures have also been introduced at all the Bank's premises to mitigate the risk of COVID-19 infection among staff, customers and members of the public. The Board views such assistance provided as being part of the Bank's Humanising mission and will continue to provide guidance to the senior management in the Bank's efforts on COVID-19 relief until the threat of the pandemic subsides.

 More information on the Bank's COVID-19 relief initiatives can be found in the Sustainability Review on page 51.

ESG

Sustainability is one of the three strategic priorities of the Group's M25 Plan. In line with the plan, the Board has during early 2022, approved the establishment of the Bank's Sustainability Framework which is anchored by the following key principles:

1. We place our communities and their well-being at the centre of our decision making;
2. We commit to fair and equitable treatment, doing better and behaving ethically in all our activities;
3. We see ourselves as long-term partners of our customers and stakeholders;
4. We value our biodiversity and natural ecosystem and recognise the impact of climate change;
5. Our local understanding, science and data will drive our decision making; and
6. We are responsible for our actions and our conduct represents these values.

More details on the Bank's Sustainability efforts can be found in the Sustainability Review of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Deliberations

Among the areas/matters reviewed, deliberated and approved by the Board during FY2021 were as follows:

Strategy	Risk, Compliance & Oversight	Governance
<ul style="list-style-type: none"> • Business strategy of various sectors within the Bank • Monthly Overall Financial Performance Report • Budget and Business Plan for the Bank for FY2022 • Fixed Income Securities Policy • Credit Card Issuance Initiative • CASA STP Initiative • People Strategy & Plans • Mobile Work Arrangement Policy • Customer Experience Strategy & Plans • External Customer Engagement Survey FY2021 • Digital and Digital Banking Updates • The Bank Sustainability and Corporate Responsibility Strategy 	<ul style="list-style-type: none"> • Chief Risk Officer's risks reports • Bank's Risk Appetite Statements for FY2021 • Quarterly Risk Appetite Statements and Capital Adequacy Assessment Process reports • Market and Liquidity Risk Management Framework • Non-Financial Risk Management Framework • Enterprise Risk Management Framework • Localised Stress Test • Data Privacy Policy • Asset Quality reports • Technology Risk Management Framework • Money Laundering / Terrorism Financing and Sanctions Enterprise-Wide Risk Assessment Report 2021 • Anti-Bribery and Corruption Risk Assessment • Compliance Transformation updates • Compliance Dashboard updates • Compliance Culture Assessment FY2021 results • Audit Plan for 2021 	<ul style="list-style-type: none"> • Review of Board Manual, Board Charter and Terms of Reference of Board Committees • Board Effectiveness Evaluation Exercise and Actionable Improvement Programme for the year • Annual Board Remuneration Review • Total rewards (variable bonus and salary increment) and remuneration for the Bank • Recommendation for the appointment of external auditors for the Bank • Corporate Governance Disclosure in FY2020 Annual Report • Succession Plan for Board and Senior Management • Updates on Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries

Board Size, Composition and Diversity

As at 31 December 2021, the Board maintained its Board size at five (5) members, comprising the following:

2	Non-Independent Non-Executives Directors (NINEDs)	40%
3	Independent Non-Executive Directors (INEDs)	60%

The Board is committed in maintaining diversity and inclusion in its composition and decision-making process. In this regard, the Board considers diversity from a number of different aspects, including gender, age, cultural and educational background, nationality, professional experience, skills, knowledge and length of service.

The current skills and experience of the Board include the following:

<ul style="list-style-type: none"> • Banking/Capital Markets • International Business/Relations • Strategic Planning & Business Strategy • Risk Management • Transformation/Change Management 	<ul style="list-style-type: none"> • Corporate Governance • Legal and Compliance • International Banking • Accounting & Finance • Audit
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The composition of the Board is in compliance with National Bank of Cambodia's regulation, as at least two (2) of its members are Independent Directors.

Separation of Roles of the Chairman and CEO

The roles and responsibilities of the Chairman and the CEO are separated by a clear division of responsibilities which are defined and approved by the Board in line with best practices to ensure the appropriate supervision of management. This distinction allows for better understanding and distribution of jurisdictional responsibilities and accountabilities. The clear hierarchical structure with its focused approach, facilitates efficiency and expedites informed decision-making.

Independence

To assist the Group Nomination and Remuneration Committee ("NRC") in evaluating the independence of the INEDs, the Board has established a Policy on Directors Independence (the Independence Policy) which sets out the Board's approach in determining directors' independence to assess the independence of each INED during FY2021. Pursuant to the annual Fit and Proper assessment, the Group NRC and the Board were satisfied that all INEDs have met the independence criteria and are able to act in an independent and objective manner. Additionally, all the INEDs had, during the Fit and Proper assessment, declared and affirmed their independence. Each INED also has an ongoing obligation to inform the Board of any circumstances which could impair his or her independence.

Nomination and Remuneration Committee

Maybank Cambodia leverages on the Group NRC, which consists of a majority of INEDs and is chaired by the Senior INED. The roles and responsibilities of the Group NRC are set out in its Terms of Reference which are available on Maybank Group's corporate website at www.maybank.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Appointment and Succession Planning

The Group NRC plays a major role in the nomination and selection process of potential candidates for appointment to the Board of Maybank and its subsidiaries. The nomination and appointment of new Directors are guided by the policies and processes as set out below:

1. Policy on Fit and Proper Criteria for Appointment/Re-Appointment of Key Responsible Persons of Licensed Institutions in Maybank Group;
2. Policy on Nomination Process for Appointment of Chairman, Director and Chief Executive Officer of Licensed Institutions in Maybank Group (Policy on Nomination Process);
3. Policy on Tenure of Directorship;
4. Policy on Directors Independence; and
5. Policy on Board Gender Diversity.

The Policy on Nomination Process sets out a clear and transparent nomination and appointment process, as follows:

Stage 1 – Identification of candidates

Stage 2 – Engagement with candidates

Stage 3 – Deliberation by the NRC

Stage 4 – Recommendation to the Board

The Board believes that effective succession planning mitigates the risks associated with the departure or absence of well qualified and experienced individuals and aims to ensure that the Board and senior management are always well resourced with the right people in terms of skills and experience, in order to effectively and successfully deliver the Bank's strategy.

As part of succession planning, the NRC has established a Talent Pool which comprises potential candidates to be considered for appointment as INEDs on the Board of Maybank and its subsidiaries. From time to time, the Group NRC procures the curricula vitae of prospective candidates discreetly from various internal and external sources for its review and consideration. The NRC also reviews the Group's NED Talent Pool regularly, in order to ensure that the Board will always have a steady pool of talent for selection whenever there is a need to appoint new directors.

The Bank's Policy on the Tenure of Directorships (Directors Tenure Policy) facilitates succession planning by providing the Board with the opportunity to consider and reassess its membership periodically. This is to ensure continuity in meeting its long-term goals and objectives and also to ensure that the knowledge, experience, and skill set of its Board members would be well suited to meet the demands of the ever-changing landscape of the financial industry.

Board Effectiveness Evaluation

The effectiveness of the Board is vital to the success of the Bank. The Board conducts a rigorous evaluation process each year to assess the performance of the Board, Board Committees and each individual Board member. In 2017, the Maybank Group Board decided that the BEE should be conducted by an independent firm of consultants once every three years. Since the Maybank Group Board had appointed an independent firm of consultants to conduct the BEE for FY2020, the BEE for FY2021 was conducted internally (with the assistance of the Bank's Corporate Secretarial department) via online questionnaires to evaluate the effectiveness of the Board and Board Committees and the of performance, personality and quality aspects of individual directors as well as independence assessment of INEDs.

Taking into consideration the M25 Plan and the updated Guidelines on the Conduct of Directors of Listed Corporations and their Subsidiaries which was issued by the Securities Commission Malaysia in April 2021, the questionnaire was supplemented with assessments on conflict of interest, oversight on subsidiaries, ESG priority topics and trainings.

The overall results of the BEE conducted for FY2021 were positive with all evaluated areas rated as either "strong" or "satisfactory" reflecting strong performance by the Board and Board Committees.

Among the key strengths identified for the Board were as follows:

- a. Positive board culture and dynamics – the Boardroom environment strongly encourages active debate, questioning and participation prior to decisions being made. Board members consistently provide constructive feedback, focusing on root causes of issues and potential actions required to rectify the issues discussed. A clear division of responsibilities between the Board and Management to ensure a balance of power and authority is evident. Independence and objectivity in the decision making process is maintained in the interest of the Bank's shareholder;
- b. Strong board commitment – Board members demonstrated high level of Board commitment with aligned ambitions and were diligent in attending and participating at meetings;
- c. Effective Board Committees – Board Committees were strong in assisting the Board of Directors in performing their roles and responsibilities; and
- d. Effective oversight over Management – The Board promotes an effective working relationship with Management. The Board provides clear guidance and direction to Management on strategic matters. The Board challenges Management's plans, assumptions, approach and outcomes in a constructive, productive and effective manner, as well as encourages and supports Management's execution of the Board decisions by providing adequate authority, resources and targets.

Apart from the above, the Board has also identified the following key areas for further enhancement in the future:

- a. To facilitate and foster higher levels of communication with middle management team and engagement with the authorities;
- b. To have better market intelligence and latest insights on business landscape, competition and overall market development;
- c. To have deeper understanding in the areas of digitalisation, risk management and sustainability and to develop the strategy correspondingly; and
- d. To further strengthen support from head office.

Directors' Training

The Board acknowledges the importance of continuing education for the Directors to ensure that they are well equipped with the necessary skills and knowledge to perform their duties and meet the challenges facing the Board.

During FY2021, all the Board members attended various training programmes and workshops on issues relevant to the Bank, including a tailor-made ESG program conducted by an international independent academic institution.

As for the BEE for FY2021, the following key training needs of Directors were identified as follows:

- a. ESG/Sustainability
- b. Cyber Security and Compliance
- c. Cambodian Culture, Demographics and Way of Life

Induction Programme

A comprehensive induction programme has been established to ease new Directors into their role and to assist them in their understanding of the Bank's business strategy and operations. New Directors are required to attend the programme as soon as possible once they have been appointed. Typically, the programme includes intensive one-on-one sessions with the CEO and the EXCO members, wherein new Directors will be briefed and updated on the business operations, as well as challenges and issues faced by the Bank.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors' Remuneration

The Group NRC is authorised by the Board to develop and implement formal and transparent procedures in developing Maybank's remuneration policy for its Directors by ensuring that their compensation is competitive and consistent with industry standards. The Group NRC has established a remuneration framework for the NEDs (NED Remuneration Framework) which is subject to periodic review.

In line with this principle, a Board Remuneration Review (BRR) is conducted annually, and periodically with the assistance of an independent international firm of consultants. Since the Maybank Group Board had appointed an independent firm of consultants to conduct the BRR for FY2020, the BRR for FY2021 was conducted internally (with the assistance of the Corporate Secretarial department). The main objective of the internal BRR was to verify and refresh the data provided by the said consultants in FY2020, and to assess whether the NEDs' remuneration is still competitive.


Pursuant to the BRR undertaken, the Board found that the structure and level of fees and benefits accorded to the Chairman and NEDs of Maybank Cambodia are generally aligned with the market. After reviewing the findings of the BRR, the Board has decided to maintain the existing NED Remuneration Framework.

EFFECTIVE AUDIT AND RISK MANAGEMENT

Internal Controls and Risk Management

The Bank has a comprehensive system of internal controls in place, designed to ensure that risks are mitigated and that the Bank's objectives are attained. The Board recognises its responsibility to present a fair, balanced and understandable assessment of the Bank's position and prospects. It is accountable for reviewing and approving the effectiveness of internal controls operated by the Bank, including financial, operational and compliance controls, and risk management. The Board recognises its responsibility in respect of the Bank's risk management process and system of internal control, and oversees the activities of the Bank's external auditors and the Bank's risk management function which have been delegated to the Audit and Risk Committees.

Premised on the guiding principles of ESG risk management which are embedded in the Maybank Group ESG Risk Management Framework, the Group periodically reviews and enhances its ESG practices by working with the stakeholders to drive sustainable business activities. In enhancing our ESG practices, Maybank takes a proactive approach to incorporate ESG considerations into business processes in a meaningful way by developing ESG Risk Acceptance Criteria for high ESG risk industries. Details of the ESG Risk Management Framework can be found in the Maybank Group Sustainability Report which will be made available on www.maybank.com/ar.

 A review of the Bank's risk governance structure and risk management approach is further discussed on pages 41 to 46. For details on the management and mitigation of each principal risk, see pages 41 to 46. Refer to page 47 for further details on the Audit and Risk Committees' roles.

KEY FOCUS AREAS AND FUTURE PRIORITIES

Going forward, the Board is expected to focus on the following areas:

- a. the implementation of the various components under the M25 Plan, to ensure its goals and objectives are met;
- b. the systematic implementation of good sustainable practices by the Bank; and
- c. board succession planning, taking into account key considerations such as skill sets, independence and diversity.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Financial year ended 31 December 2021

INTRODUCTION

The Board of Directors is pleased to provide the Statement on Risk Management and Internal Control (“Statement”) which outlines key features of risk management and internal control system of the Bank during the year under review. The Statement was prepared in guidance with the Prakas on Internal Control of Bank and Financial Institution issued by National Bank of Cambodia.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for establishing a sound risk management and internal control system, as well as for reviewing its adequacy and effectiveness in identifying, assessing and responding to risks which may hinder the Bank from achieving its objective.

One of the vital roles of the Board is to establish the Bank’s risk appetite, which articulates the levels and types of risk that it is willing to accept in the pursuit of its business and strategic objectives. In this respect, the Board actively participates in the Bank’s strategic goals and plans, ensuring that the corresponding risks are adequately mitigated within its approved risk appetite. In view of the inherent limitations in any risk management and internal control system, the Board recognises that such a system can only provide reasonable, rather than absolute assurance against material financial misstatement, fraud or losses.

The Board plays a crucial role in establishing a strong risk management and internal control governance structure, which is critical in setting the tone and culture of effective risk management and internal control. To effectively carry out its risk and control oversight responsibilities, the Board has established the Risk Management Committee (RMC) and Audit Committee of the Board (ACB) to oversee matters relating to risk, compliance and controls. These Board committees update the Board periodically of their work, key deliberations and decisions on delegated matters.

MANAGEMENT RESPONSIBILITY

The Management is responsible for implementing all policies and procedures established by the Board in relation to risk and control. The role of the Management includes:

- Identifying and evaluating the risks relevant to the Bank’ business and the achievement of business objectives and strategies;
- Formulating relevant policies and procedures to manage these risks in accordance with the Bank’s strategic vision and overall risk appetite;
- Designing, implementing and monitoring the implementation of an effective risk management and internal control system;
- Implementing the remedial actions to address the compliance deficiencies as directed by the Board; and
- Reporting in a timely manner to the Board on any changes to the risks or emerging risks and the corrective and mitigation actions taken.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

RISK MANAGEMENT

Overview

MCP Risk provides oversight of risk management on an enterprise-level through the establishment of the Bank’s risk strategies, framework and policies, with independent assessment and monitoring of all risk challenges. In FY2021, MCP Risk has continued to focus on value creation and supporting the Bank in meeting its strategic and business objectives.

The key pillars of MCP Risk functions are highlighted as follows:

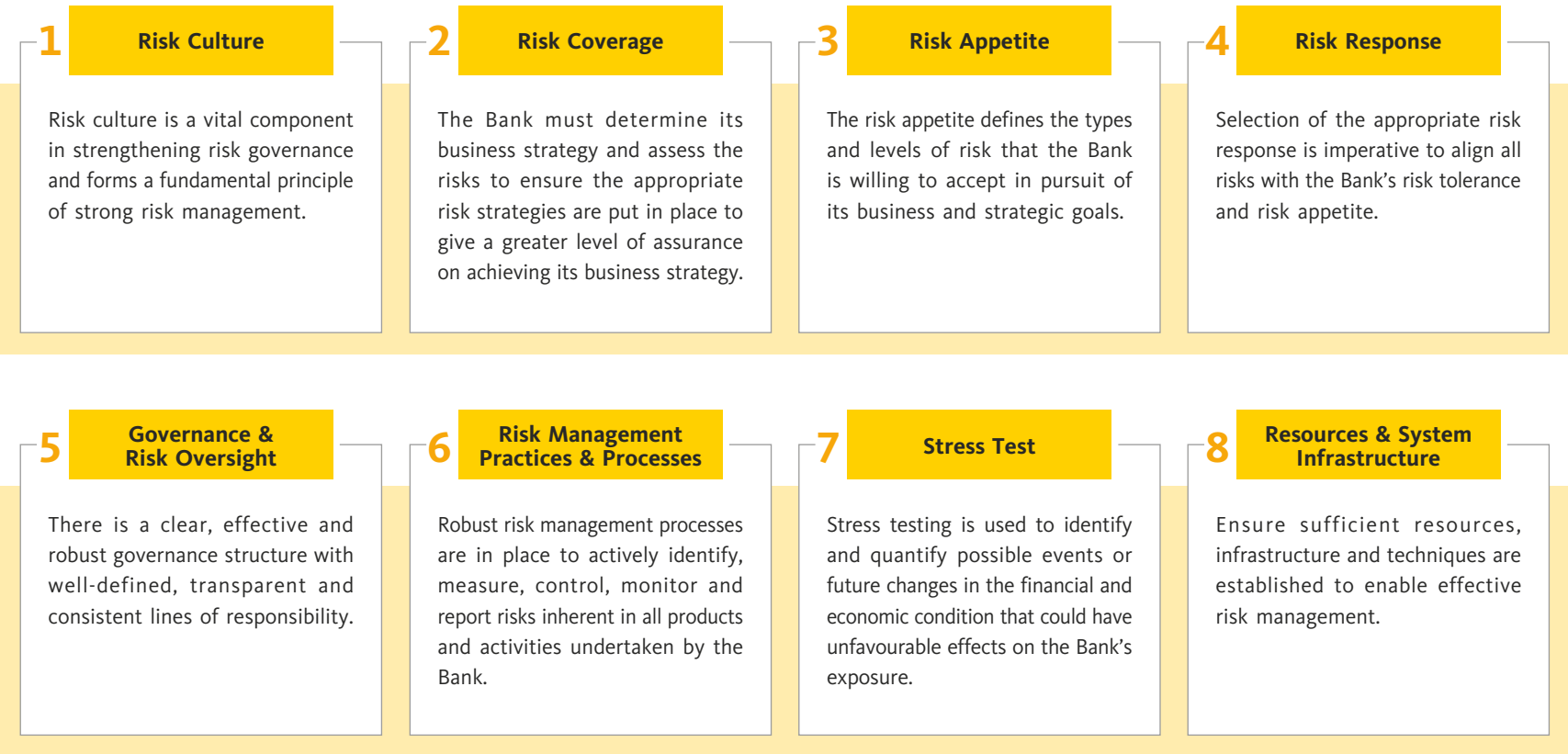
1. Retail Credit: provides independent credit assessment and monitoring of the Consumer Finance and RSME portfolio.
2. Credit Management: provides independent credit evaluation and monitoring of SME, Business Banking and Corporate Banking portfolio.
3. Credit Risk Management: drives credit policy development, monitoring and reporting of credit risks.
4. Market & Enterprise Risk Management: handles the enterprise risk management, stress testing, asset and liability management, capital and liquidity management.
5. Operational Risk Management: provides oversight on non-financial risks of the Bank which also includes business continuity management.

STATEMENT ON RISK MANAGEMENT
AND INTERNAL CONTROL

Financial year ended 31 December 2021

Risk Management Framework

Risk management has evolved into an important driver for strategic decisions in support of business strategies while balancing the appropriate level of risk taken to the desired level of returns. To complement this, we have adopted the Maybank Enterprise Risk Management Framework, to institutionalise vigilance and awareness of the most significant risks to the achievement of the Bank’s mission, which is Humanising Financial Services by putting customers and the wider community at the heart of everything that the Bank does. It is underpinned by a set of building blocks which serves as the foundation in driving a strong risk management culture encompassing practices and processes:



Risk Appetite

The Bank’s risk appetite is an integral component of the Bank’s robust risk management framework and is driven by both top-down Board leadership and bottom-up involvement of management at all levels. The risk appetite enables the Board and Senior Management to communicate and assess the types and levels of risk that the Bank is willing to accept in pursuit of its business and strategic goals while taking into consideration the constraints under stressed environment. The Bank’s risk appetite defines our risk capacity and translates it into risk limits and/or tolerances as guidance, which are then used to regularly measure and evaluate our risk profile.

The risk appetite is integrated into the strategic planning process, and remains dynamic and responsive to the changing internal and external drivers such as market conditions, stakeholders’ expectations and internal capabilities. In addition, the annual budgeting process is aligned to the risk appetite in ensuring that projected revenues arising from business transactions are consistent with the risk profile established. The risk appetite also provides a consistent structure in understanding risk and is embedded in day to day business activities and decisions throughout the Bank.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Financial year ended 31 December 2021

Risk Governance & Oversight

The risk governance model adopted provides a formalised, transparent and effective governance structure that promotes active involvement from the Board and Senior Management in the risk management process to ensure a uniformed view of risk across the Bank. The governance model places accountability and ownership in ensuring an appropriate level of independence and segregation of duties between the three lines of defence. The management of risk broadly takes place at different hierarchical levels and is emphasised through various levels of committees, business lines, control and reporting functions.

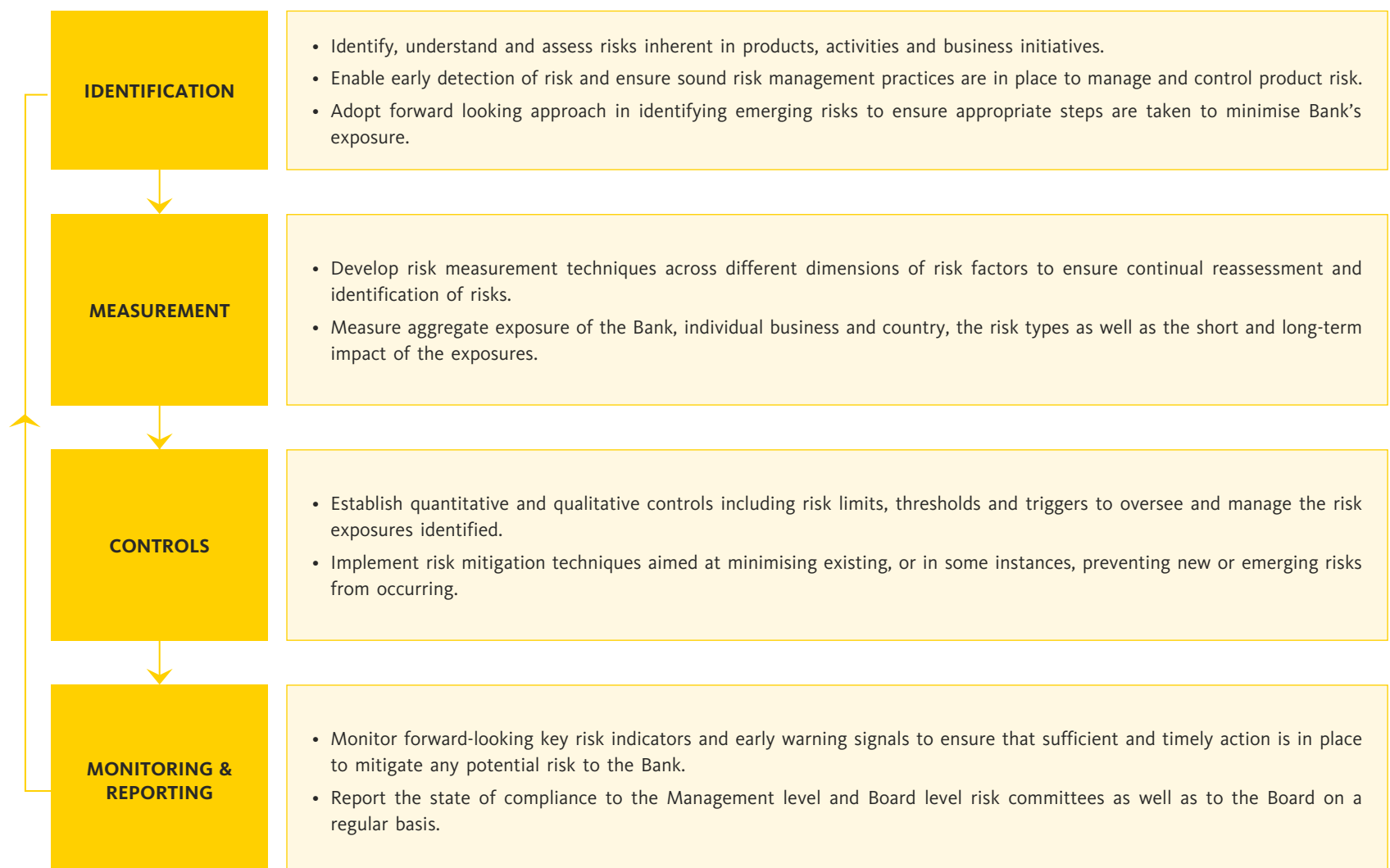
Risk and Compliance Culture

The risk and compliance culture is driven by a strong tone from the top which serves as the foundation upon which a robust enterprise wide risk management structure and governance are built. This is to ingrain the expected values and principles of conduct that shape the behaviour and attitude of employees at all levels of business and activities across the Bank.

Risk and compliance policies are clearly defined, consistently communicated and continuously reinforced throughout the Bank to embed a robust culture that cultivates active identification, assessment and mitigation of risk. As part of the risk and compliance culture, the Board, Senior Management and employees of the Bank are committed to adhering to the requirement of relevant laws, rules and regulations. This commitment is clearly demonstrated through the establishment and strengthening of policies, processes and controls in managing and preventing non-compliances.

Risk Management Practices & Processes

The risk management practices and processes enable systematic identification, measurement, control, monitoring and reporting of risk exposures across the Bank.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Financial year ended 31 December 2021

Compliance Framework

The framework provides the key principles and guidelines for managing compliance risk within the Bank. It serves as a guide for the Compliance function alongside Board of Directors, Senior Management and all employees in understanding, complying and managing compliance risk.

- The overarching principles for the management of compliance risk across the Bank;
- The overall strategy in managing compliance risk to ensure uniformity in practices across the Bank in meeting regulatory and legal obligations;
- The minimum expected standards for compliance risk management; and
- The roles and responsibilities of compliance risk management across the Bank.

Stress Testing

The Bank's stress testing programme is embedded within risk and capital management process and is also a key function of the business planning process. It serves as a forward looking tool to facilitate the understanding of risk profile under exceptional but plausible events and worst-case scenarios that may arise due to various economic, political and/or environmental factors as well as to ascertain the impact on the Bank and how this can be proactively managed.

Responsible Lending

Our long term financial success depends on our ability to not only identify and address environmental, social and governance (ESG) issues that present risks to our business but more importantly, to identify areas of opportunities for our businesses as well as our customers to grow sustainably. With this, and premised on the guiding principles of ESG risk management which are embedded in the Maybank Environmental, Social and Governance Risk Management Framework (ESG Risk Management Framework), we continuously review and enhance our ESG practices by working with our stakeholders to drive sustainable business activities.

Cyber and Technology Risk Management Frameworks

The Cyber Risk Management Framework has been established to identify risks, build resilience, detect cyber threats and effectively respond to cyber related events. The framework encompasses the cyber risk management strategy, governance structure and risk management enablers. It complements the Technology Risk Management Framework and covers both Business and Technology drivers from an end-to-end perspective, which focuses on the key layers of People, Processes and Technology.

Technology Risk Management Framework sets out the standards for identifying the risks and required controls in the Bank's technology related functionalities and for taking the appropriate risk remedial actions. This is established to standardise the technology operations environment which will help to increase level of service delivered to customers as well as business units.

INTERNAL CONTROL SYSTEM

The key elements of the internal control system established by the Board that provide effective governance and oversight of internal controls include:

• Organisation Structure

The Board has established an organisation structure with clearly defined lines of responsibility, authority limits, and accountabilities, aligned with business and operations requirements to support the maintenance of a strong control environment.

• Annual Business Plan and Budget

The Board deliberates and approves the annual business plan and budget for the year. The performance achievements are reviewed monthly against the targeted results, allowing time for the appropriate responses and required

remedial actions to be taken. The Board regularly reviews reports from the management on key operating statistics, as well as legal and regulatory matters. Any material changes or amendments to the Bank's policies are also tabled to the Board for approval.

• Oversight by Risk Management Committee (RMC)

The Board has delegated the risk oversight responsibility to the Risk Management Committee (RMC). The committee is responsible for formulating policies and frameworks to identify, measure, monitor, manage and control the material risk components impacting the businesses. The effectiveness of the risk management system is monitored and evaluated by the Credit & Risk Management (CRM) function, on an on-going basis. The RMC also assist the Board in the assessment of compliance risk and ensure it is given the needed attention at the highest level to ascertain regulatory compliance risk is effectively managed to support business growth in line with the Bank aspiration and risk appetite. The RMC also review and assess the adequacy of infrastructure, resources and system to manage compliance risk across the Bank and recommend improvement to ensure effectiveness of compliance framework.

• Oversight by Audit Committee of the Board (ACB)

The ACB is established by the Board to assist in the execution of its governance and oversight responsibilities, as well as to ensure that there is a reliable and transparent financial reporting process within the Bank. The responsibilities include the assessment of the adequacy and effectiveness of the Bank's governance, risk management and internal control system through the Internal Audit (IA) function. The ACB has active oversight on Internal Audit's independence, scope of work and resources of IA. The ACB meets periodically to review audit and investigation reports prepared by IA, taking into consideration the corresponding Internal Audit Committee's (IAC) deliberation of the same report. Significant control lapses are escalated by the ACB to the Board for further deliberation, where necessary. As for the unresolved audit findings, the ACB deliberates on them and ensure that the Management undertakes the necessary remedial actions within the committed timeline. Details of activities undertaken by the ACB are highlighted in the Audit Committee Report (ACR).

• Executive Level Management Committees

The Management has established various Executive Level Management Committees (ELCs) to assist and support the various Board Committees in overseeing the core areas of business operations and controls. These ELCs include the Executive Committee (EXCO), Credit Committee (CC), Asset and Liability Management Committee (ALCO), IT Steering Committee (ITSC), Project Steering Committee (PSC), Internal Audit Committee (IAC), Staff Committee (SC) and Compliance Management Committee (CMC).

• Management of Information Assets

Confidentiality, integrity and availability of information are critical to the Bank's day-to-day operations and to facilitate management in decision making. The Maybank Information Risk Management Guidelines outlines the guiding principles for an effective management of information assets. All information must be properly managed, controlled and protected as guided by these information handling rules which are also within the Maybank Cyber and Technology Risk Management Framework. With the increase adoption of technology capabilities and concomitant risk of cyber threats, information security has been among our key focus areas. Technology controls are applied at various stages of information cycle. Among the controls are Data Loss Protection to prevent data loss or theft. With increased adoption of technology capabilities and the concomitant risk of cyber threats, information security has been among our key focus areas. Technology controls are applied at various stages of the information cycle. Amongst the controls is Data Loss Protection to prevent data loss or theft.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Financial year ended 31 December 2021

• Management of Information Assets (Cont'd)

Technology infrastructure and security controls continue to be strengthened and monitored as Maybank embraces mobile work arrangements following the covid-19 pandemic outbreak. A clear desk policy is reinforced in the primary, alternative or mobile work arrangement site(s) to protect confidential and proprietary information.

• Sustainability Management

Premised on the mission of Humanising Financial Services, the Group has established the Maybank Sustainability Framework which serves as the overarching document outlining the sustainability mission, principles, goals, targets, governance and approach to all our activities. It is supported by other Group policies and procedures which represent the values we uphold. The Framework reflects the six key principles and four commitments which are entwined with Maybank's 2025 Strategy, whereby Sustainability is one of the Bank's three strategic priorities. The sustainability strategy covers three key pillars, which are: Responsible Transition; Enabling Our Communities with a Vision of the Future; and Our House is in Order and We Walk the Talk. This involves: (1) Enabling the transition to a low-carbon economy and balancing environmental and social imperatives with stakeholders' expectation; (2) Building community resilience across ASEAN and undertaking responsive action to promote economic development and social well-being; and (3) Leading by example with good management practices and ensuring that Maybank's ESG strategy is based on a strong foundation. Maybank Cambodia has adopted the same framework, and is guided by the ESG strategy and initiatives.

• Regular Updates and Communication of Risk Management Principles, Policies, Procedures and Practices

Risk management principles, policies, procedures and practices are reviewed and updated regularly to ensure relevance to the current business environment as well as compliance with applicable laws and regulations. Risk frameworks, policies and procedures are adopted in accordance with the principles prescribed by the Bank while complying with the local requirements. To ensure the consistent adoption of Group's standards, Group Risks has oversight over the adoption and customisation across the Group.

• Procurement Manual and Non-Credit Discretionary Power

The Bank's Procurement Manual is designed to streamline the procurement functions within the Bank. It serves as a standard guideline on good management practices expected in the procurement process and procedures. Authority to approve any requisition against budgeted or unbudgeted expenditures conforms to the applicable approval authority policies, i.e. the Non-Credit Discretionary Power (NCDP) or any equivalent. The NCDP defines the authority limits approved by the Board for procurement activities, acquisition & disposal of assets, operational write-off, donations, as well as approving general and operational expenses.

• Standard Practice Instruction

Policies and procedures are in place to ensure compliance with internal controls and the prescribed laws and regulations. These policies and procedures are set out in the Bank's Standard Practice Instruction (SPI) and are updated from time to time in tandem with changes to the business environment or regulatory guidelines. These SPIs are communicated to relevant employees, where applicable

• Maybank People Policies

The Bank's People Policies serves as a baseline with clarity on the philosophy and principles for People Management and Development in the Bank. It incorporates key principles and philosophies that support Maybank's Mission for Humanising Financial Services. The People Policies consist of a set of policies and guidelines that governs all aspects of human resource management, from talent acquisition and development, performance and consequence

management and code of conduct to cessation of employment. A Disciplinary Policy is also established to provide a structure where disciplinary matters are dealt with fairly, consistently and in line with the prevailing labour laws and employment regulations.

Due to the COVID-19 pandemic and as a requirement by Business Continuity Management (BCM) in anticipation of future pandemics, Maybank has introduced a Mobile Work Arrangement Policy. The policy seeks to enable mobile work cultures to balance the Bank's objectives of achieving a highly productive and harmonious work environment that is responsive to the changing professional and personal needs of today's workforce, while taking into account business and organisational needs to ensure business continuity and sustainability. The policy enables employees to work from home, on-site and at split locations. It is a bilateral agreement between Maybank and the employees which offers mutually beneficial outcomes for both parties. Various controls and engagements are put in place to actively manage and ensure employees under the Mobile Work Arrangement continue to be supported. Being a disciplined and tracked arrangement, employees are assigned an agreed Management Model which includes agreed expectations and outcomes, minimum weekly scheduled physical/virtual check-ins and performance updates reflected in the myHR2u Conversation Log.

• Core Values and Code of Ethics and Conduct

The Bank's core values, T.I.G.E.R. (Teamwork, Integrity, Growth, Excellence and Efficiency, Relationship Building) are the essential guiding principles to drive behavioral ethics while fulfilling our collective responsibility to serve our mission of Humanising Financial Services. It is further complemented by the Code of Ethics and Conduct that sets out sound principles and standards of good practice to be observed by all employees.

• Fraud Management

The Bank instils a culture of vigilance among all employees in handling and combating fraud and to defer future occurrences. Robust and comprehensive tools, infrastructure and programmes are emplaced to ensure risks resulting from fraud are identified, escalated/reported and managed in a decisive and timely manner. Stern disciplinary action is taken against employees involved in fraud.

• Reputational Risk Management

The Bank adopts a holistic approach and sound governance in managing reputational risk and to institutionalise awareness and its consequences. Protecting our reputation is paramount to operating as an institution that provides financial services. Upholding trust and creating better customer experience and security are vital part of our obligation as a financial institution. Hence, the Bank has emplaced policy with roles and responsibilities of key stakeholders and processes to facilitate an effective reputational risk management and monitoring the risk exposure to be within the risk appetite.

• Whistleblowing Policy and Procedures

Maybank is committed to the highest standard of ethics and integrity in its conduct of business and operations. The Bank's whistleblowing policy and Procedures encapsulate the governance and standards to promote an ethical, responsible and secure whistleblowing practice in the Bank. The policy provide a proper and secured avenue for the employees and/or members of the public to report any knowledge of any improper conduct, without fearing any adverse consequences.

The access to whistleblowing information is governed with strictest confidentiality under the oversight of an independent non-executive director of the board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Financial year ended 31 December 2021

- **Anti-Bribery and Corruption Policy and Procedures**

Maybank adopts a zero tolerance approach against all forms of bribery and corruption in carrying out its daily operations. The Maybank Anti-Bribery & Corruption Policy and Procedures set out the guiding principles for the Bank to address and manage bribery and corruption risks in all its dealings within and outside Maybank.

- **Financial Crime Compliance**

Maybank is committed to fight against financial crime and ensuring compliance with the relevant laws and regulations. Financial crime risks are managed to protect the integrity and reputation of the Bank. The Bank has established comprehensive controls to anticipate, prevent, detect and respond to money laundering, terrorist financing and sanctions risks.

- **Independent Assurance by Internal Audit**

The Board sets up the IA function to provide independent assurance on the adequacy and effectiveness of governance process, risk management, and internal control. The IA function is independent from the activities and operations of other operating units in the Bank. The function is managed by Head of Internal Audit who reports functionally to the ACB and administratively to the CEO. The IA processes and activities are guided by the audit charter and governed by relevant regulatory guidelines, bank's code of ethics and mandatory guidance established under the International Professional Practices Framework (IPPF) by The Institute of Internal Auditors (The IIA). More details description of the IA function is highlighted in the ACR.

ASSURANCE FROM MANAGEMENT

The CEO and the CFO have provided their reasonable assurance to the Board that the Bank's risk management and internal control system is adequate and operating effectively in all material aspects. After taking into consideration the assurance from Management and input from relevant assurance providers, the Board is of the view that the Bank's risk management and internal control system is adequate and operating effectively to safeguard the interest of the shareholders and the assets of the Bank.

The Board is also satisfied that the Bank has put in place an on-going process to identify, evaluate, monitor, manage and respond to significant risks faced by the Bank in achieving its business and strategic objectives amidst the dynamic and challenging business environment and increasing regulatory scrutiny, particularly during the time of the global COVID-19 pandemic. This process has been in place for the entire financial year under review up until the date of approval of this Statement for inclusion in the Annual Report.

AUDIT COMMITTEE REPORT

For Financial Year 2021

A. COMPOSITION AND TERMS OF REFERENCE

COMPOSITION

The Committee shall consist of at least three (3) members, with at least two (2) Independent non-executive directors appointed by the Board from amongst its Independent non-executive directors of the Bank:

1. The Chairman must be an independent director and at least an independent person of the committee must have expertise in finance and accounting, and an independent person with expertise in legal issues and banking.
2. Where the Chairman is unable to attend the meeting, the members shall elect a person among themselves as Chairman.
3. Should a former partner of the audit firm appointed as the external auditor of the Bank be appointed as a member of the Committee ("the Candidate"), the Candidate is required to observe a cooling - off period of at least three (3) years from the date he ceases to be a partner of the said firm, before the Candidate can be considered for appointment as a member of the Committee.

MEETINGS

1. Meetings shall be held at least once a quarter, to coincide with the Board of Directors meeting or at a frequency to be decided by the Committee. The Committee may invite any person to be in attendance to assist in its deliberations. The CEO and Head of Internal Audit (HIA) shall normally attend the meetings. At least once a year, the Committee shall meet with the external auditor without the presence of management.
2. The Committee will regulate its own procedure particularly with regard to the calling of meetings, the notice to be given of such meetings, the voting and proceedings of such meetings, the keeping of minutes and the custody, production and inspection of such minutes.
3. Upon the request of the external auditor, a meeting is to be convened to consider any matter that the auditor believes should be brought to the attention of the directors and shareholders.

QUORUM

At least 51% of the number of directors must be present to form a quorum.

SECRETARY

The joint secretaries to the ACB are the Head of Corporate Affairs & Communications and the Head of Corporate & Legal Services.

AUTHORITY

The Committee is authorised by the Board to:

- Investigate any activity or matter within its terms of reference.
- Have necessary resources, which are required to perform its duties.
- Have full and unrestricted access to any information and documents relevant to its activities.
- Have direct communication channels with external auditors, person(s) carrying out the internal audit function or activity and senior management of the Bank.
- Obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.
- Convene meetings with internal and external auditors, without the attendance of the executives, whenever deemed necessary.

B. DUTIES & RESPONSIBILITIES

The primary duties and responsibilities of the ACB with regards to the Bank's internal audit function, external auditor, internal control system, financial reporting, related party transactions, annual reporting and investigation are as follows:-

1. INTERNAL AUDIT

- Review and approve the adequacy of the internal audit scope and plan, functions and resources of the internal audit function, internal audit charter and ensure that it has the necessary authority to carry out its work.
- Review the internal audit reports and ensure appropriate and prompt remedial actions are taken by the Management on lapses in controls or procedures identified by Internal Audit.
- Approve the appointment or termination of the Head of Internal Audit and Heads of department of Internal Audit.
- Assess the performance of the internal auditors; determine/approve the remuneration and annual increment of the internal auditors.
- Take cognizance of resignation of internal audit staff and the reason for resigning.

2. EXTERNAL AUDIT

- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal and to make recommendations to the Board.
- Assess the qualification, expertise, resources and effectiveness of the external auditors.
- Monitor the effectiveness of the external auditors' performance and their independence and objectivity.
- Review the external auditors' audit scope and plan, including any changes to the planned scope of the audit plan.
- Review major audit reports and findings raised by the external auditors and the Management's responses, including the status of previous audit recommendations.
- Review the assistance given by the Bank's officers to the external auditors and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
- Approve non audit-services provided by the external auditors.

3. INTERNAL CONTROL SYSTEM

Review, appraise and report to the Board of Directors on:

- The adequacy of established policies, procedures and guidelines on the internal control system.
- The effectiveness of the internal control system and the internal and/or external auditor's evaluation of the system and in particular the external auditor's management letter and management response.

4. FINANCIAL REPORTING

Review the quarterly and year-end financial statements focusing on:-

- Any changes in accounting policy and practices.
- Significant and unusual events.
- Compliance with applicable Financial Reporting Standards and other legal and regulatory requirements.

AUDIT COMMITTEE REPORT

For Financial Year 2021

5. RELATED PARTY TRANSACTIONS

Review any related party transactions and conflict of interest situations that may arise within the Bank or Maybank Group including transactions, procedures or course of conduct that may raise questions of Management's integrity.

6. ANNUAL REPORT

Prepare an audit committee report at the end of each financial year and this report will be set out clearly in the Annual Report.

7. INVESTIGATION

Instruct the conduct of investigation into any activity or matter within its terms of reference.

8. OTHER MATTERS

Act on other matters as the Committee considers appropriate or as authorised by the Board of Directors. Receive and consider reports relating to the perpetuation and prevention of fraud.

C. ACTIVITIES OF ACB FOR FINANCIAL YEAR ENDED 31 DECEMBER 2021

ATTENDANCE OF MEETINGS

A total of six (6) meetings were held during FY2021 and the details of meeting attendance are set out as follows:

Name of Committee Member	Number of meetings held and attended during FY2021
Mr. Shariffuddin Khalid (Chairman)	
- Appointed on 29/3/2019	6/6
- Independent Non-Executive Director	
Mr. Spencer Lee (Member)	
- Appointed on 23/3/2012	6/6
- Independent Non-Executive Director	
Datuk Hamirullah Boorhan (Member)	
- Appointed on 23/3/2012	6/6
- Non-Independent Non-Executive Director	
Mr. Soon Su Long (Member)	
- Appointed on 31/3/2015	6/6
- Non-Independent Non-Executive Director	

To facilitate deliberation of the audit results, the Head of Internal Audit (HIA) and Internal Audit Managers attended the ACB meetings to present their audit and investigation reports. The Chief Financial Officer (CFO) as Chairman of the Internal Audit Committee (IAC), represented the Management team to provide assurance and commitment on the prompt resolution of audit issues and areas of concern highlighted by Internal Audit (IA). In addition, the management representatives of the respective audit reports were also called to the meeting, where required, to provide explanation to the ACB on specific topics or issues arising from the relevant reports.

As for the statutory audit, the external auditors were invited to the ACB meetings to discuss their Audit Planning Memorandum (APM), Management Letters and other matters. Together with the Chief Executive Officer (CEO) and CFO, the external auditors also attended the meeting where the ACB met to discuss and review the annual audited financial statements of the Bank.

During FY2021, the ACB held four private sessions with auditors without the presence of Management i.e. (i) two with IA on 28.1.2021 and 1.12.2021; and (ii) two with the external auditors on 25.3.2021 and 21.10.2021.

During the year under review, the ACB has carried out the following activities in the discharge of its duties and functions:

INTERNAL AUDIT

1. Reviewed and approved the revisions of AAP2021 to ensure it remained agile, in consideration of emerging risks arising primarily from changes in the work arrangement and the challenging business environment as well as in response to requests from the ACB and Management. This is to ensure that audit assurance could be continuously provided, by focusing on pertinent risk areas as well as considering other alternative methods that could be performed.
2. Reviewed and approved the Annual Audit Plan for FY2022 (AAP2022) to ensure comprehensiveness of scope and coverage as well as adequacy and competency of IA resources. The ACB also took cognisance of the IA's annual operating budget requirement as presented in AAP2022 which was later tabled to the Board for approval together with the annual operating budget requirement for the entire Bank.
3. Assessed and approved FY2020 performance and rewards for HIA and IA staff, considering the overall achievement of IA for the year and in accordance with the matrix approved by the Board.
4. Deliberated and approved the FY2021 Balanced Scorecard (BSC) for HIA taking into consideration the relevance and importance of the key performance indicators set for the year.
5. Reviewed IA monthly performance report outlining the completion of the planned audits in the approved AAP2021 and the turnover of IA staff and participation of IA in advisory projects.
6. Deliberated audit and investigation reports and directed Management to formulate and implement the necessary remediation controls to strengthen the internal control system. Pertinent discussion points by the ACB were also cascaded to the Management via the IAC for their attention and action accordingly. Where necessary, control lapses and recommendations were escalated to the EXCO for deliberation.
7. Updated the Board on pertinent concerns from the audits and investigations conducted by Audit via the ACB Chairman Report.
8. Reviewed the monthly audit finding status reports and deliberated on the corrective actions and timelines taken by the Management to ensure timely resolution of the control lapses highlighted.
9. Reviewed and noted the Internal Audit Committee (IAC) minutes of meetings for an overview of the deliberation and remedial actions taken by the Management on the control lapses raised by IA.
10. Deliberated the Internal Quality Assurance Review Report prepared by Group Audit on the works carried out by MCP IA to ensure continuous conformance with the International Standards promulgated by the Institute of Internal Auditors (IIA).

AUDIT COMMITTEE REPORT

For Financial Year 2021

ANNUAL REPORT

11. Reviewed and endorsed the Statement on Risk Management and Internal Control (SORMIC) for Board's approval for inclusion in the FY2020 Annual Report and submission to the National Bank of Cambodia (NBC).
12. Reviewed and approved the Audit Committee Report for inclusion in the FY2020 Annual Report and submission to NBC.

FINANCIAL REPORTING

13. Reviewed the annual audited financial statements of the Bank to ensure that the financial reporting and disclosure requirements are in compliance with the accounting standards, with special focus placed on the changes in accounting policy, as well as significant and unusual events or transactions

EXTERNAL AUDIT

14. Reviewed with the external auditors:
 - The Audit Planning Memorandum (APM) focusing on the scope of work for the year which included new areas or new scope of audit emphasis such as changes in law and regulations, audit scope, systems, audit timeline and statutory audit fees; and
 - The results of the audits, the significant audit and accounting matters identified and Management Letters together with Management responses or comments.
15. Assessed the independence, objectivity, qualification, expertise, resources and effectiveness of the external auditors.
16. Reviewed the written assurance provided by external auditors in respect of their independence. Reviewed the assistance given by the Bank's officers to the external auditors and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information

D. RELATED PARTY TRANSACTION (RPTS)

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

E. INTERNAL AUDIT FUNCTION

ORGANISATIONAL INDEPENDENCE

The Internal Audit (IA) function has been established by the Board to provide independent and objective assurance on the adequacy and effectiveness of governance, risk management, and internal controls processes implemented by the Management. The IA functions of Maybank (Cambodia) Plc. is under the leadership of HIA. The HIA reports functionally to the ACB and administratively to the CEO and matrix reporting to Group Chief Audit Executive (GCAE) to maintain the requisite independence and objectivity as outlined in the Audit Charter approved by the ACB. To maintain audit objectivity and independence, the IA functions are independent of the operations of the other operating units.

The IA function is managed by Mr. Sok Chandara, who was appointed as the Head of Internal Audit in January 2018. He holds two bachelor degrees of Information Technology and Economic Development. He has 11 years of audit experience in banking and financial industry. He is currently pursuing the Certified Internal Auditor certification by the Institute of Internal Auditors.

RESPONSIBILITY, SCOPE & METHODOLOGY

The principle responsibility of IA is to evaluate the adequacy and effectiveness of the system of risk management and internal control implemented by the Bank and to assess whether the risks, which may hinder the Bank from achieving its objectives, are adequately evaluated, managed and controlled. It provides risk-based and objective assurance, advice and insight to enhance and protect organisational values and assist the Management to achieve its objectives.

The IA scope of work for the year, covering the business and operations of the Bank, were defined in AAP2021 approved by the ACB in December 2020. In establishing the plan, all the auditable units are risk-ranked using the Maybank Risk Based Audit (MRBA) approach while the COSO and COBIT (for IT) Framework is used to assess the adequacy and effectiveness of internal controls. The AAP2021 was aligned with the strategies, objectives and risks of the Bank and is developed in consultation with Group Audit and the Management. IA also provides independent and objective consultative reviews over the implementation of new initiatives and projects in the Bank.

The IA processes and activities are governed by the relevant regulatory guidelines as well as the Bank's Code of Ethics & Conduct and mandatory guidance of the International Professional Practices Framework (IPPF) issued by the IIA. Audit reports, along with the issues, root causes and recommendations as well as Management's responses and action plans for improvement and/or rectification, were tabled to the ACB for review and deliberation. The rectification status of the audit findings were closely tracked and periodically reported to the ACB to ensure prompt resolution. The requests for rectification timeline extension were also tabled to the ACB for approval.

The Quality Assurance and Improvement Program (QAIP) continues to be used to assess the quality of audit process against the International Standards promulgated by the IIA. Recommendations and opportunities for improvement are identified through internal and external assessments. The internal assessment is performed annually by an independent internal Quality Assurance team under the direct supervision of the GCAE, while the external assessment is conducted once every five years by a qualified and independent external assessor. The QAIP conducted by Group Audit on MCP IA in FY2021 was presented ACB. The last external assessment was conducted by KPMG in 2017 where MCP IA was assessed to be in conformance with the IIA Standards and leading practices.

RESOURCES

As of 31 December 2021, the IA function has a staff strength of 7 individuals from diverse backgrounds and qualifications. In view of the travel restriction and the need for social distancing, the development and building of the auditors' skillset and competence continued on the virtual platform. IA staff are currently pursuing various professional qualifications such as ACCA, Compliance Certifications, Credit Assessment Certification, Professional Banker Program, Certified Internal Auditor etc. A series of in-house virtual trainings were conducted by Group Audit to equip auditors with the requisite audit and product knowledge in various areas. Guidance were also provided by Group Audit to the MCP IA, where relevant to ensure consistency in the application of auditing standards, processes and practices as well as testing procedures.

AUDIT COMMITTEE REPORT

For Financial Year 2021

SUMMARY OF INTERNAL AUDIT ACTIVITIES IN FY2021

1. Attended periodical meetings of various management level committees (virtual) such as the Information Technology Steering Committee (ITSC), Project Steering Committee (PSC), Executive Committee (EXCO), Staff Committee (SC), Compliance Management Committee (CMC) on a consultative and advisory capacity to provide independent feedback on governance, risk management and internal control.
2. Established a risk-based Annual Audit Plan for FY2021 (AAP2021) and revised the plan in view of the emerging significant risk areas brought about by the pandemic as well as ad-hoc requests made by Management and the ACB in order to ensure that audit assurance could be continuously provided, focusing on pertinent risk areas and considering other alternative methods to perform audit.
3. Participated in a two-day virtual Group-wide audit plan challenge session to deliberate the audit approach and coverage for 2022 prior to finalizing the AAP2022. The AAP2022 was tabled and approved by the ACB and later presented to the Board for information in December 2021.
4. Performed periodic internal control testing of business units, operations and processes across the Bank as identified in the AAP2021 and provided independent assessment and objective assurance over the adequacy and effectiveness of governance, risk management, and internal control processes of the units audited. Among the areas that were tested during the FY2021 were Branch Operation, Information Technology Infrastructure and Security, Loan Origination of all segments, Risk Functions, AML/CFT Function, Asset Quality Management, Digital Banking, Card Operation, Credit Administration, Stress Testing Process etc.
5. Conducted an investigation on credit processing activities at a Branch as requested by management in FY2021. The outcome of the review was tabled to IAC and ACB for deliberation.
6. Prepared and issued audit reports to the respective auditees, Management and the ACB concluding results of audit testing conducted together with detailed observations, audit recommendations and management responses to improve and strengthen the system of internal controls and risk management.
7. Provided independent and objective reviews of the adequacy and relevance of internal controls enforced to mitigate the identified risk exposures in the introduction of new products/services and enhancement of existing products and processes.
8. Tracked and reported the implementation status of action plans committed by the Management to address audit findings highlighted by IA. Requests for timeline extension were also escalated to the ACB for deliberation and approval.
9. Reviewed the Internal Audit Charter pursuant to the material updates of the relevant regulatory provisions and proposed the same for approval by the ACB.
10. Prepared the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion into the FY2020 Annual Report upon approval by the ACB and the Board.
11. Engaged with relevant units to discuss and raise awareness on risks and controls within their respective areas such as account on-boarding process, CDD/ECDD requirement, branch operational control.

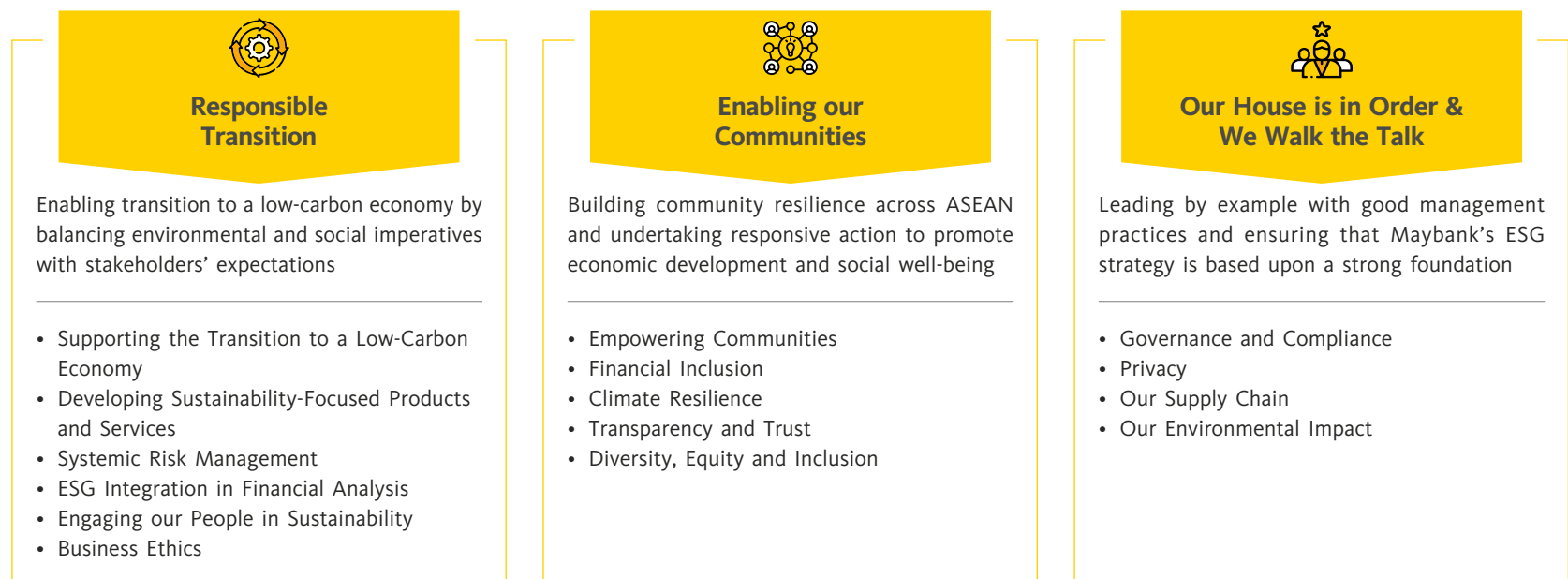
SUSTAINABILITY REVIEW

With the year 2020 signalling the completion of the 20/20 Sustainability Plan, we have embarked on a new and exciting journey with the Maybank 2025 Strategy, M25, in which sustainability forms one of the Group's three strategic priorities. M25 will serve to instil environmental, social and governance (ESG) considerations as fundamental to Maybank's future and deliver sustainable solutions for the communities we operate in through our ambitious long-term targets. In this sustainability review, we detail how we added value for our stakeholders in 2021.

 For more information on the M25 Strategy, refer to page 15.

TOWARDS ESG LEADERSHIP

We aspire to drive change by making meaningful contributions towards a better world and by working with our clients to achieve long-term success. Our sustainability approach is built on three fundamental pillars centred around enabling a responsible transition to a low-carbon economy, empowering our communities and leading by example with good governance practices.



To facilitate the effective implementation of the Sustainability Pillars, the respective work streams within these pillars are grouped into four key areas for better coordination and implementation given the linkages among the work streams. These four groups cover Sustainable Solutions, Community, Walking the Talk and Building Culture. Each group has an overarching ambition and moving towards the achievement of these ambitions, the four key commitments were established. This is tied to the M25 objective of being a "Regional ESG Leader" and has framed and set the foundation for the targets that have been put in place. The achievements and progress in relation to these four groups are reflected as part of the respective commitments and is further detailed in subsequent sections.

HOW WE ARE INTEGRATING SUSTAINABILITY

In developing M25, we focused on enhancing our business strategies as they relate to sustainability. M25 is therefore an opportunity to cast a new strategic vision leading towards greater success and growth for our business and people.

Underpinned by our mission of Humanising Financial Services, commitments established this year represent our investment in people, processes and systems to meet expectations of our stakeholders that are aligned with the United Nations Sustainable Development Goals (UN SDG). Linked to the Group's M25 strategy, these commitments mean collaborating with and for our stakeholders to promote accessible financial services, establish trusted connections as well as maintain fairness and integrity.



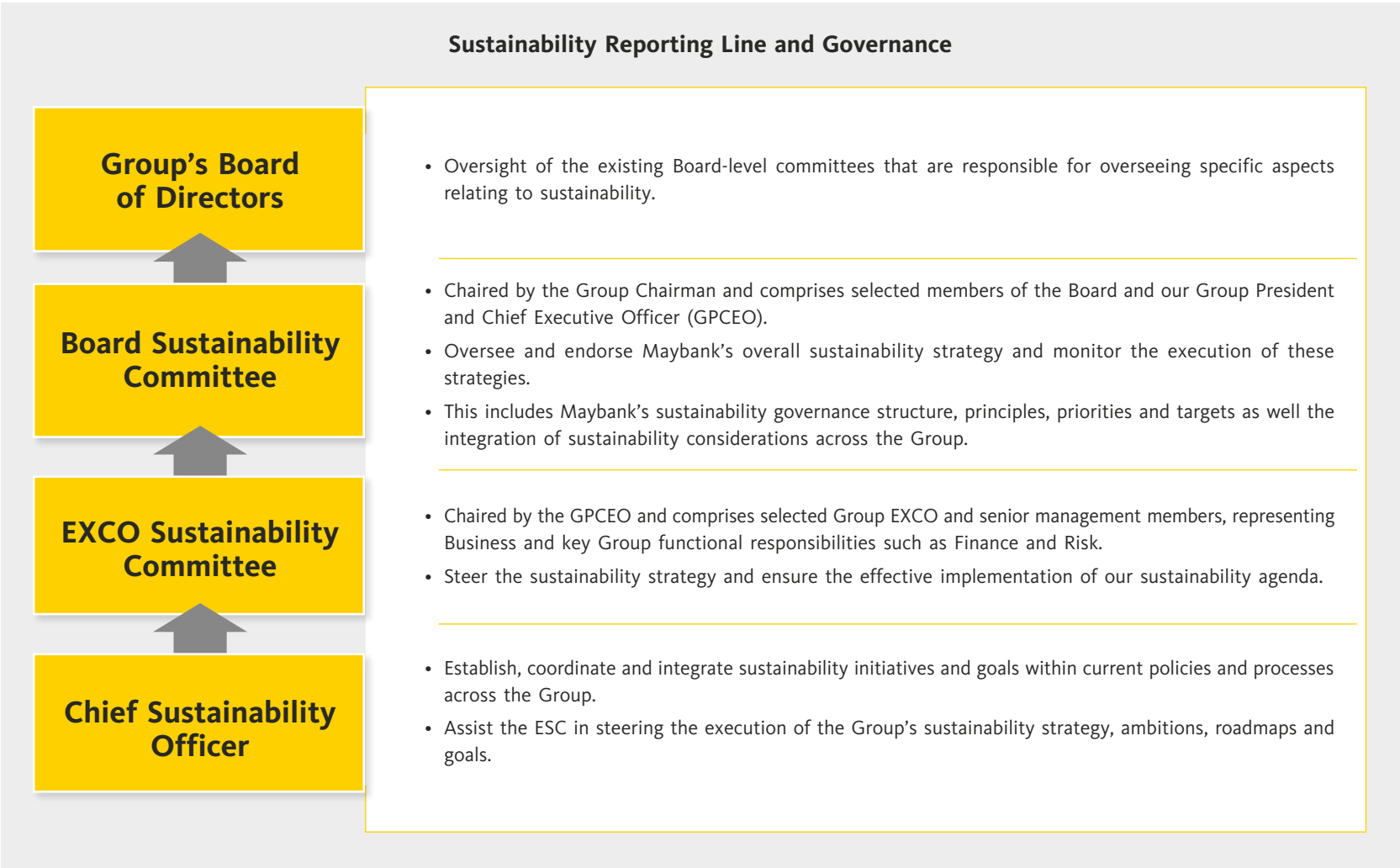
SUSTAINABILITY
REVIEW

ABOUT THIS SUSTAINABILITY REVIEW

The scope of this sustainability review is consistent with that of the Annual Report, with data encompassing the operations of Maybank Group for the financial year 2021. Our disclosure is guided by the Group’s 2020 materiality assessment, as the material issues identified during the year were reviewed as a natural extension seeing as the pandemic prolonged into 2021.

OUR TOP-DOWN APPROACH TO SUSTAINABILITY

Responsibility for Maybank’s sustainability strategy resides at the highest level of corporate governance. Our Group Board of Directors (the Board) is in charge of overseeing the Group’s sustainability strategy and performance. Sound sustainable governance is further cascaded across the Group, with specific responsibilities assigned across multiple levels of management. In 2021, we achieved a key milestone with the establishment of the Board Sustainability Committee (BSC), the EXCO Sustainability Committee (ESC) and the appointment of our Chief Sustainability Officer (CSO).



Over and above this, in July 2021, Sustainability Key Performance Indicators (KPIs) were established and approved by the Board as part of the Group’s and the Group EXCO members’ scorecards. Subsequently, this was adapted by other Maybank Strategic Business Units, including Maybank Cambodia.

PRIORITISING SUSTAINABILITY IN OUR RISK MANAGEMENT

To tackle our sustainability risks effectively, Maybank constantly seeks to better integrate ESG issues into our risk management practices. ESG risks are managed through the ESG Risk Management Framework and form a subset of the Enterprise Risk Management Framework, which highlights sustainability as a primary risk driver.

Supported by other risk policies, the ESG Risk Management Framework, which was adopted and implemented in 2021, is a holistic Group Risk document detailing principles and major components of ESG risk management. The components include risk identification, assessment, evaluation, and risk governance.

For more information on the ESG Risk Management Framework, please refer to our Sustainability Report 2021 which will be made available on www.maybank.com/ar

SUSTAINABILITY REVIEW

Collaborating Towards Climate Resilience

We engage and collaborate with regulators and financial industry peers to advance the financial industry's response to climate change, as well as support ESG and climate-related national policy-shaping and directional strategies.

The Chief Risk Officer Forum held internally in early 2021 discussed the impact of sustainability on future risk management, as Group Risk takes a more proactive approach to integrate sustainability concerns into risk and business sectors plans. Continuous organisational change is essential to properly manage ESG risk by incorporating ESG concerns into the efforts that support our sustainability strategy.

Meanwhile, we engage and work with our regulators to enhance the knowledge and capability of our team as well as the industry. Among others, we are a member of the Association of Banks in Cambodia's Sustainable Finance Committee.

Climate-Related Financial Disclosures

Our phased approach to evaluating and addressing climate risk enables us to adopt targeted strategies and strategically support low-carbon projects. This is our fourth year of submitting a disclosure in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

GOVERNANCE

- Newly established Board and Executive-level committees to oversee sustainability matters including the appointment of the CSO to lead Group-wide sustainability strategy and ensure alignment with our Group's strategic plans.
- Climate-related considerations are being integrated into existing policies and practices, categorised as sustainability risk.

STRATEGY

- Sustainability is one of the three strategic priorities in M25, and will address ESG-related issues including climate change, demonstrating Maybank's commitment towards sustainability considerations.
- Established the Sustainability Framework as the overarching document outlining the Group's overall approach towards sustainability.
- Undertook efforts to raise climate change awareness via Sustainability Matters engagements and e-learning modules, including executive education programmes that cater to Board members, Senior Leadership and relationship managers.

RISK MANAGEMENT

- Maybank announced in 2021 that we will not finance new coal activities and aim to transition with our borrowers towards achieving a sustainable energy mix over the medium-to-long term.
- ESG risks are integrated into lending assessments. Position papers have been developed for the forestry & logging, power, construction & real estate, mining & quarrying and oil & gas industries. In addition, the Risk Acceptance Criteria (RAC) have been further refined for the forestry & logging and palm oil industries, with a new RAC established for the power sector.
- Ongoing collaboration and engagement with regulators and external industry players on various aspects of sustainability such as the climate change taxonomy.
- Implemented the ESG Risk Management Framework which sets out the Group's approach in managing the ESG risks of business activities and operations.

METRICS AND TARGETS

- We continuously monitor and manage our direct and indirect carbon footprint.
- In 2021, we identified 2019 as the baseline year for emissions in our own operations, in line with commitments of becoming carbon neutral by 2030 and achieving net zero carbon equivalent by 2050.
- Maybank measures the environmental footprint of resources used internally such as electricity and paper consumption.

THE APPROACH TOWARDS OUR COMMITMENTS

Maybank has set broad strategic ambitions within the three sustainability pillars, with overarching commitments to promote positive impact. This includes identifying key focus areas for the Group as part of the overall sustainability blueprint. Maybank's four sustainability commitments were approved by the Board in April 2021 and Project Steering Committees (PSCs) have been set up to ensure the implementation of identified initiatives that support the delivery of the commitments.

SUSTAINABILITY
REVIEW

SOLUTIONS THAT MAKE A DIFFERENCE

Ensuring a just transition to a low-carbon economy for ourselves and our clients through our lending practices and policies, and solutions that deliver impact to our stakeholders.

As Maybank operates throughout ASEAN, we recognise the need to balance sustainability risks and opportunities with existing economic structures and market capabilities.



COMMITMENT 1
Mobilising USD11.98 billion (RM50 Billion) in Sustainable Finance by 2025

- What:
- Facilitate the movement of capital towards sustainable finance and investment, including direct lending or investment, syndication, fundraising, underwriting and advisory, while integrating ESG criteria to bring about sustainable development outcomes and support the transition to a low-carbon economy.

Our progress:

- In FY2021, Maybank as a Group mobilised more than USD3.26 billion (RM13.6 billion) in sustainable finance. Over USD2.23 billion (RM9.3 billion) was mobilised via Group Global Banking, while more than USD1.03 billion (RM4.3 billion) was mobilised by Group Community Financial Services.
- Established a Sustainable Finance team within our business segments with the objective of influencing and facilitating sustainable financing including clients' fund raising activities.
- ESG risk reporting to Executive and Board-level risk committees was implemented in the second quarter of 2021 to highlight exposure to high-risk ESG sectors.
- Developed industry-agnostic ESG screening criteria for corporates for better ESG governance and to facilitate the classification of clients based on BNM's Climate Change and Principled-based Taxonomy (CCPT).

Facilitating Greener Solutions

There is a need for economic growth and social inclusion within a low-carbon economy and we believe that positive environmental impacts can be realised through our financing and investment activities. By offering sustainable financial products throughout ASEAN, Maybank embodies our customer-centric approach in assisting customers to align their investment practises with their values. Notable achievements to facilitate greener solutions and reflected as part of the deal or issuance size in 2021 include:

ONE OF THE LARGEST GREEN LOANS
TO-DATE IN SINGAPORE

USD **901 million**
syndicated loan (approx. RM3.76 billion)

With four other banks, we provided Singapore's largest green loan for the development of South Beach Consortium Pte Ltd.

ACTED AS MANDATED LEAD ARRANGER
IN ASEAN'S LARGEST GREEN LOAN
REFINANCING IN SINGAPORE

USD **1.56 billion**
(approx. RM6.54 billion)

Secured Syndicated Term Loan Facility for Asia Square Tower 1.

LARGEST BILATERAL GREEN FINANCING
FOR A HOSPITALITY ASSET IN SINGAPORE

USD **299 million**
(approx. RM1.25 billion)

Sole lender for one of the largest bilateral green financing for a hospitality asset in Singapore to-date.

JOINT LEAD MANAGERS FOR THE FIRST MALAYSIAN
DFI SUSTAINABLE SUKUK ISSUANCE

USD **119.8 million**
(approx. RM500 million)

Collaborated with the Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank) to issue sustainability sukuk for Malaysian SMEs, thus promoting the green technology sector.

WORLD'S FIRST ISLAMIC GREEN FINANCING FOR
A HOSPITALITY ASSET IN SINGAPORE

USD **184 million**
(approx. RM770.12 million)

Inked the world's first Islamic green financing in hospitality for the development of a resort hotel that will embed Shariah-compliant and sustainability concepts in their design and operations.

SUSTAINABILITY REVIEW

UPLIFTING AND ENGAGING OUR COMMUNITIES

Promoting development and growth in the communities we operate in through impactful social finance solutions. Enabling a balanced and inclusive society by providing opportunities and access to resources.

We believe that financial inclusion is essential not just in creating long-term value for society, but also to address and reduce social inequality. We have seen varying levels of progress in the 10 years that we have run our financial inclusion programmes, and we continue to enhance our engagement with our communities by moving our products and services into the digital domain, as well as ensuring that our customers have the skills and knowledge to utilise these services in an informed manner.



COMMITMENT 2

Improving the lives of **one million households across ASEAN** by 2025

What:

- Empowering and providing greater financial inclusion for vulnerable communities in alignment with Humanising Financial Services and the UN SDG.
- Areas of focus: Education, Community Empowerment, Arts & Culture, Environmental Diversity, Healthy Living and Disaster Relief.
- Our decisions are made with our communities in mind. The regions in which we operate are at varying stages of development and have distinct institutional infrastructures. Hence, the need to acknowledge and address community needs, as well as focus on quantifiable impacts aligned with the SDGs.

Our progress:

- 502,759 households benefitting from various community programmes Maybank Group-wide.
- Over 480 consumer and business customers who were impacted by COVID-19 in Cambodia remaining under financial relief measures.
- 28 SMEs Customers in Cambodia benefitting from SME Co-financing Scheme with affordable financing and favorable conditions.
- Maybank Cambodia and Credit Guarantee Corporation of Cambodia (CGCC) announced strategic collaborations to support SMEs in the Kingdom through Business Recovery Guarantee Scheme and Building Capacity & Capability (BCC) to SMEs.
- First mobile cross-border funds transfer service launched with National Bank of Cambodia (NBC), through the NBC's Bakong e-wallet and Maybank's MAE app to allow Cambodians working in Malaysia to remit funds to Cambodia with minimal service fee charged, thus accelerating financial inclusion for the migrant worker community and facilitating economic collaboration between the two countries.
- Contribution to Royal Government of Cambodia for the Government's Initiative to Tackle with COVID-19.
- Maybank Foundation gained ASEAN accreditation for efforts in support of the ASEAN Socio-Cultural Community Blueprint 2025.

Our Digital Solutions

At Maybank, we strive to be at the forefront of the financial sector by being well-prepared for the future. As part of our aspiration to evolve into a full-fledged digital bank as a future-proof goal, we strive to make our financial solutions and services simple and accessible to all. In Maybank Cambodia, we supported communities with solutions that meet their needs.



Maybank2u KH

Maybank2u KH has been continuously enhanced with new features including Water & Electricity Bills Payment and Interbank Funds Transfer in real time via Maybank-Bakong.

Our 2021 Progress

With more than **2,000 new signed-up users**, with **79%** monetary transaction growth



Maybank2E

Added Host-to-Host Capacibilities to our Maybank2E has provided greater efficiency and automation to our commercial customers in managing their cash flow, taken into consideration complexity of their transactions.

Our 2021 Progress


Almost **50% YoY Growth** of Corporate Customers registered for Maybank2E with **68%** increase in monetary transaction volume.

SUSTAINABILITY
REVIEW

Delivering Impact Across ASEAN

In 2021, we redirected our focus to ensure continuity of our flagship programmes where possible, while remaining conscious of COVID-19 restrictions and safety considerations. This involved a transition in execution from face-to-face to virtual interaction while maintaining our objective outputs.

In Cambodia, the adoption of online platforms allowed us to continue with our Cashville Kidz programmes, where participants and students were seen to adapt easily to the virtual mode of delivery.



Cashville Kidz

A financial literacy programme targeted at schoolchildren aged 9 to 12 that focuses on personal finance management, offering modules on critical thinking, economics, income, consumption, purchases and savings.

Reached **9,817 Students** via Online Platform

Impacted **40 Schools** in Phnom Penh and other 4 Provinces in Cambodia

*Data as at 2020/2021




Maybank Women Eco-Weavers

Empowering women weavers from poor and marginalised communities with training, capacity-building and microfinancing to revive traditional practices and attain financial independence. A complementing sericulture programme provides farmers with mulberry saplings to maintain the supply of silk thread as an additional source of income for communities.

Trained **106 New Weavers** in Siem Reap & Takeo Provinces

Supported **160 Farmers**

Over **13,000 Mulberry Trees** Planted



Maybank Child Sponsorship

Sponsorship and engagement support to underprivileged students from families who used to live and make their living in the city dumpsites and slum areas in collaboration with People Improvement Organization (PIO).

Sponsored another **50 Students** at People Improvement Organisation

368 Employees volunteered in Weekly Engagement Sessions with sponsored children

Beyond this, Maybank Group introduced the **ASEAN-Maybank Scholarship Programme** in collaboration with the ASEAN Secretariat, in support of the ASEAN Socio-Cultural Community Blueprint 2025. The programme provides deserving ASEAN nationals including Cambodia with full scholarships to pursue undergraduate studies at prestigious universities within ASEAN, and helps promote intra-ASEAN integration.

SUSTAINABILITY REVIEW

MANAGING OUR CARBON FOOTPRINT

Adopting leading sustainable practices and supporting our suppliers' transition towards high ESG standards, while enabling greater inclusion.

We seek to establish ourselves as leaders in the movement to reduce and manage climate change at an organisational, industrial and national level.



COMMITMENT 3

Achieving a **carbon neutral** position of our own emissions by 2030 and **Net Zero Carbon equivalent** position by 2050

What:

- Carbon Neutral 2030 refers to the Group's own emissions while Net Zero 2050 refers to an overall balance between all direct and indirect CO₂e, covering operations and business activities we finance across the Group.

Our progress:

- Maybank Group identified 2019 as the baseline year for our Scope 1 and 2 emissions as environmental performance for 2019 is reflective of our business as usual operations. We have also enhanced the scope of our emissions sources in FY2021.
- Maybank in Malaysia is a First bank in Malaysia to sign a Sale & Purchase Agreement to purchase Malaysia Renewable Energy Certificates from TNBX Sdn. Bhd., for an equivalent of 70% of our Malaysian Operations' Scope 2 emissions.
- Started energy efficiency initiatives to reduce the remaining 30% of Scope 2 emissions which are discussed in the section "Sustainability Across Our Operations" below #.
- Commenced the Climate Resiliency Project to establish our baseline Scope 3 portfolio emissions, operationalising climate resilience and advancing our ESG and climate change reporting efforts.
- A PSC has been set up to monitor progress of this Climate Resiliency Project, chaired by CSO.
- Implemented internal carbon pricing for change management purposes to create awareness among business operating units on the cost of their emissions.

For Maybank, risks and opportunities arising from climate change materialise most clearly within our own operations. We balance emerging ESG risks and opportunities, while taking care to monitor and manage our internal environmental footprint including promoting sustainable consumption and production as well as managing natural resources within our own operations.

Sustainability Across Our Operations

Our businesses' long-term sustainability is also dependent on a reliable and traceable supply chain. We source products and services from ethical and responsible local vendors in order to create a positive social and economic effect while reducing our environmental impact.

We are working towards traceability in our supply chain by leveraging digital and data analytics capabilities. This will allow us to work towards our goal of steadily increasing our suppliers' capabilities and compliance with ESG supply chain best practices and standards.

Other notable initiatives across Maybank Group that we started or executed in 2021 to reduce our environmental footprint include:



Installation of solar panels at Maybank Centre Singapore at Ang Mo Kio.



Digitising and automating selected processes to reduce paper use.



Building a system and database to capture and report all Scope 1, 2 and 3 emissions* for the Group.



Development of a tracking platform to capture travel data for Malaysia and Singapore.



Replacement of lights with LED bulbs in all Malaysian branches.

* For scope 3, it is limited to travel data only

SUSTAINABILITY
REVIEW

MAYBANKERS FOR SUSTAINABILITY IMPACT

Building a strong sustainability-focused culture that is strong in governance, ethics, trust and transparency and reflects the highest commitment to diversity, inclusion, equity and privacy.

Our people are the driving force in meeting our sustainability goals. Our numerous initiatives – from learning opportunities, recruitment, talent engagement and management and community work, to our #HUMANISINGWorkplace aims – are all aimed at providing a workplace for Maybankers to thrive in their lives and work, regardless of their background.

To us, being sustainable also means ensuring our people are enabled to be the best versions of themselves. Sustainable, equitable and responsible growth is central to who we are as a business. Our people will be enabled and empowered to use their strengths and capabilities to make a meaningful impact.



COMMITMENT 4
Achieving one million hours per annum on sustainability and delivering one thousand significant UN SDG-related outcomes by 2025

- What:**
- Embedding sustainability actions and thinking across business, operations and community-based programmes and shaping a sustainability culture among Maybankers.

- Our progress:**
- 150 Senior Leaders and Client Relationship Managers across Group are undergoing the International Institute for Management Development (IMD) Executive Education programme and two Group Sustainability employees have undergone Global Sustainability Executive Education Programmes at Oxford & Cambridge as part of the Systemic Change Programme.
 - 39,950 unique learners who have undergone at least one Sustainability Learning Programme.
 - Internal communication bi-weekly to create a better understanding on key areas, and awareness of actions by Maybankers through highlights from the Sustainability Learning Calendar and sharing of sustainability-related Group initiatives.
 - Embedded sustainability principles into all people policies as part of our multi-faceted approach in building a sustainability culture. Two new People Policies established – Employee Sustainability & Volunteerism Policy and Mental Health Policy, including the Business Ethics Charter and enhanced Group's Data Privacy Policy.
 - Established Board Effectiveness Evaluation to evaluate the BSC effectiveness and to formulate Actionable Improvement Programmes to ensure board oversight and appropriate governance.

Fostering a Diverse, Inclusive and Equitable Workplace

In March 2021, we hosted our annual International Women’s Day, themed “We Chose to Challenge”, where we were encouraged to ‘choose to challenge’ gender bias and inequality, and celebrate not only women’s achievements, but our diversity as well. We hosted a month-long celebration with live webinar sessions hosting female experts from numerous fields, in addition to highlighting female merchants on our group online merchant platform, Sama-Sama Lokal, an initiative to support local merchants in Malaysia during the Pandemic.

In April 2021, we held Maybank’s first Diversity Day in conjunction with Diversity Month, to recognise and honour the diversity surrounding us. Conversations were centred around this year’s theme, “Building Sustainable Inclusion & the Value of Belonging at Work”, to inspire, educate, and engage employees on inclusion-centred content.

Alongside our Diversity Day, we introduced 26 Diversity Allies, as Maybank continues to cultivate internal advocates through the Maybank Allyship Programme. Here, Maybankers are free to discuss, share and build diversity in thinking to meet future business needs. We want to create a place where Maybankers can speak up, contribute and have a sense of belonging.

Beyond this, monthly communications are conducted via a publication series covering topics such as Championing Diversity, Equity, and Inclusivity. Based on the recent Employee Engagement Survey, the Sustainable Engagement Index registered a favourable score of 90%, an improvement of 2% against the last survey in 2017 and 2% above the Willis Towers Watson Global High Performing Companies Norm.

In November 2021, we hosted our first Mental Health Day, in an effort to ensure our workforce is better informed on the importance of mental health and the resources available.

SUSTAINABILITY REVIEW

Sustainability Among Maybankers

To achieve sustainability leadership, we encourage Maybankers to learn more about sustainability, inviting them to take part in Sustainability Learning and Engagement initiatives.



In early 2021, Maybankers completed the 'Do You Know Sustainability' e-Learning module. A series of sustainability communication materials were also made available such as the Sustainability Matters newsletter, Sustainability Insights info, and Sustainability Speaks podcasts.



We launched MaybankCares, a one-stop online platform for all things sustainability, giving employees the opportunity to embody and embrace sustainability in all that they do. As this platform grows, we envision that every Maybanker will share, communicate, ideate and truly "Live Sustainability". Our efforts are aimed at anchoring a sustainability mindset, not just at work, but also in our lives.

LOOKING TOWARDS THE FUTURE

We are excited to embark on our new sustainability journey. The M25 strategy has instilled a new sense of purpose among Maybankers in an effort to make a difference and build a stronger Maybank. Our future-proof strategy will enable us to achieve goals of integrating sustainability into our operations, products and services, become Pervasively Digital, and deliver greater customer experience by focusing on customer-centricity.

FINANCIAL STATEMENTS

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REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Maybank (Cambodia) Plc. (“the Bank”) presents its report and the Bank’s financial statements as at 31 December 2021 and for the year then ended.

THE BANK

Maybank in Cambodia was established since 1993 and initially operated as Phnom Penh Branch (“the Branch”) of Malayan Banking Berhad (“MBB”), a bank incorporated in Malaysia.

On 2 April 2012, the Branch was incorporated as Maybank (Cambodia) Plc., a public limited company and as a subsidiary of MBB. The Bank was duly incorporated under the Cambodian Law on Commercial Enterprises and licensed under the regulations of the National Bank of Cambodia (“NBC”).

The Bank is engaged in the provision of comprehensive banking and related financial services in the Kingdom of Cambodia in accordance with Banking License No. 02 issued by the NBC for an indefinite period.

The Bank’s registered office address is at No.43, Preah Norodom Boulevard, Sangkat Phsar Thmey 3, Khan Daun Penh, Phnom Penh, Cambodia.

FINANCIAL RESULTS

The financial results of the Bank for the year ended 31 December 2021 are set out in the statement of comprehensive income.

DIVIDENDS

There were no dividends declared or paid during the year.

SHARE CAPITAL

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

RESERVES AND PROVISIONS

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

EXPECTED CREDIT LOSSES ON LOANS AND ADVANCES

Before the financial statements of the Bank were drawn up, the Directors took reasonable steps to ascertain that actions had been taken in relation to writing off of bad loans and advances and the provision of allowance for loan losses, and satisfied themselves that all known bad loans and advances had been written off and adequate allowance had been made for expected credit losses.

At the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad loans and advances, or the amount of allowance for expected credit losses as at statement of financial position date inadequate in any material respects.

ASSETS

Before the financial statements of the Bank were drawn up, the Directors took reasonable steps to ensure that any assets, other than debts, which were unlikely to be realized in the ordinary course of business at their value as shown in the accounting records of the Bank had been written down to an amount which they might be expected to realize.

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to the assets in the financial statements of the Bank misleading or inappropriate in any material respects.

VALUATION METHODS

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

REPORT OF THE BOARD OF DIRECTORS

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- No charge on the assets of the Bank which has arisen since the end of the period which secures the liabilities of any other person; and
- No contingent liability in respect of the Bank that has arisen since the end of the period other than in the ordinary course of business.

No contingent or other liability of the Bank has become enforceable or is likely to become enforceable within the period of twelve months after the end of the period which, in the opinion of the Directors, will or may have a material effect on the ability of the Bank to meet its obligations as and when they become due.

EVENTS AFTER THE REPORTING PERIOD

There have been no significant events occurred after the reporting period that require disclosure or adjustments in the financial statements.

THE BOARD OF DIRECTORS

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

Anthony Brent Elam	Chairman / Independent non-executive director
Spencer Lee Tien Chye	Independent non-executive director
Shariffuddin Khalid	Independent non-executive director
Datuk Hamirullah Bin Boorhan	Non-independent non-executive director
Soon Su Long	Non-independent non-executive director

AUDITOR

Ernst & Young (Cambodia) Ltd. is the auditor of the Bank.

DIRECTORS' INTERESTS

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

DIRECTORS' BENEFITS

As at 31 December 2021 and for the year then ended, no arrangement existed, to which the Bank was a party, whose object was to enable the Directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other corporate body.

No Director of the Bank has received or become entitled to receive any benefit by reason of a contract made by the Bank or with a firm which the director is a member, or with a company in which the director has a material financial interest other than those disclosed in the financial statements.

STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (CIFRSs). The Board of Directors oversees preparation of these financial statements by management who is required to:

- Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- Comply with CIFRSs or, if there have been any departures in the interest of fair presentation, these have been appropriate 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 Bank will continue operations in the foreseeable future; and
- Effectively control and direct the Bank in all material decisions affecting the operations and performance and ascertain that these have been properly reflected in the financial statements.

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

The Board of Directors confirms that the Bank has complied with these requirements in preparing the financial statements.

REPORT OF THE BOARD OF DIRECTORS

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Bank as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with CIFRSs.

On behalf of the Board of Directors



Anthony Brent Elam

Chairman / Independent non-executive director

Phnom Penh, Kingdom of Cambodia

21 March 2022

INDEPENDENT AUDITOR'S REPORT

To The Shareholder of Maybank (Cambodia) Plc.

Opinion

We have audited the financial statements of Maybank (Cambodia) Plc. ("the Bank") which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

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 are independent of the Bank in accordance with the Code of Ethics for Professional Accountants and Auditors issued by the Ministry of Economy and Finance of Cambodia, together with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The other information obtained at the date of the auditor's report is the Report of the Board of Directors. Management is responsible for the other information.

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, 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 of financial statements that give a true and fair view in accordance with CIFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT

To The Shareholder of Maybank (Cambodia) Plc.

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.



Emmanuel A. Guelas

Partner

Ernst & Young (Cambodia) Ltd.

Certified Public Accountants

Registered Auditors

Phnom Penh, Kingdom of Cambodia

21 March 2022

STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2021

		31 December 2021		31 December 2020	
	Notes	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
ASSETS					
Cash on hand		47,646,703	194,112,668	66,820,402	270,288,526
Balances with the National Bank of Cambodia	4	223,945,363	912,353,409	236,584,358	956,983,728
Balances with other banks	5	178,998,478	729,239,799	224,268,689	907,166,847
Due from parent company	6	43,070	175,467	125,694	508,432
Balances with affiliates	7	763,472	3,110,385	1,514,534	6,126,290
Loans and advances	8	847,119,738	3,451,165,813	764,152,987	3,090,998,832
Property and equipment	9	4,505,512	18,355,456	4,480,736	18,124,577
Software costs	10	1,797,220	7,321,874	1,533,763	6,204,071
Right-of-use assets	11	16,806,608	68,470,121	18,903,708	76,465,499
Deferred tax assets	14	1,935,501	7,885,231	1,844,479	7,460,918
Other assets	12	2,202,248	8,971,958	3,007,701	12,166,151
TOTAL ASSETS		1,325,763,913	5,401,162,181	1,323,237,051	5,352,493,871
LIABILITIES AND SHAREHOLDER'S EQUITY					
LIABILITIES					
Deposits from customers	13	990,772,435	4,036,406,900	1,009,986,960	4,085,397,253
Deposits from other financial institutions	13	63,147,905	257,264,565	53,652,734	217,025,309
Borrowing		-	-	2,472,188	10,000,000
Due to parent company	6	3,223,120	13,130,991	2,273,412	9,195,952
Subordinated debt	6	45,000,000	183,330,000	45,000,000	182,025,000
Income tax payable	14	3,642,443	14,839,313	4,576,501	18,511,947
Lease liabilities	15	19,182,496	78,149,489	21,090,297	85,310,251
Other liabilities	16	15,493,014	63,118,533	15,588,132	63,053,993
Total liabilities		1,140,461,413	4,646,239,791	1,154,640,224	4,670,519,705
SHAREHOLDER'S EQUITY					
Share capital	18	75,000,000	300,000,000	75,000,000	300,000,000
General reserve		10,000,000	40,000,000	10,000,000	40,000,000
Regulatory reserve	18	9,486,943	38,454,723	8,988,816	36,428,342
Retained earnings	18	90,815,557	368,373,905	74,608,011	302,441,609
Cumulative exchange differences on translation		-	8,093,762	-	3,104,215
Total shareholder's equity		185,302,500	754,922,390	168,596,827	681,974,166
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		1,325,763,913	5,401,162,181	1,323,237,051	5,352,493,871

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Notes	2021		2020	
		US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Interest income	19	63,368,505	257,783,077	60,004,697	244,639,150
Interest expense	20	(21,765,142)	(88,540,598)	(24,490,335)	(99,847,096)
Net interest income		41,603,363	169,242,479	35,514,362	144,792,054
Fee and commission income	21	8,491,075	34,541,693	7,638,584	31,142,507
Fee and commission expense	21	(1,648,564)	(6,706,358)	(1,168,425)	(4,763,669)
Net fee and commission income		6,842,511	27,835,335	6,470,159	26,378,838
Other income	22	3,484,789	14,176,122	3,408,231	13,895,358
Net operating income		51,930,663	211,253,936	45,392,752	185,066,250
Finance cost	23	(815,557)	(3,317,686)	(886,914)	(3,615,948)
General and administrative expenses	24	(19,028,248)	(77,406,912)	(18,562,928)	(75,681,058)
Provision for expected credit losses		(11,103,053)	(45,167,219)	(1,797,135)	(7,326,919)
Income before income tax		20,983,805	85,362,119	24,145,775	98,442,325
Income tax expense	14	(4,278,132)	(17,403,442)	(5,566,695)	(22,695,416)
Net income for the year		16,705,673	67,958,677	18,579,080	75,746,909
Exchange differences on translation		-	4,989,547	-	(5,063,062)
Total comprehensive income for the year		16,705,673	72,948,224	18,579,080	70,683,847

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Paid up capital		General reserve		Regulatory reserve		Retained earnings		Cumulative exchange differences on translation	Total	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Balance as at 1 January 2021	75,000,000	300,000,000	10,000,000	40,000,000	8,988,816	36,428,342	74,608,011	302,441,609	3,104,215	168,596,827	681,974,166
Total comprehensive income	-	-	-	-	-	-	16,705,673	67,958,677	4,989,547	16,705,673	72,948,224
Transfer to regulatory reserve	-	-	-	-	498,127	2,026,381	(498,127)	(2,026,381)	-	-	-
Balance as at 31 December 2021	75,000,000	300,000,000	10,000,000	40,000,000	9,486,943	38,454,723	90,815,557	368,373,905	8,093,762	185,302,500	754,922,390
Balance as at 1 January 2020	75,000,000	300,000,000	10,000,000	40,000,000	7,612,089	30,815,426	73,405,658	297,539,616	8,167,277	166,017,747	676,522,319
Total comprehensive income	-	-	-	-	-	-	18,579,080	75,746,909	(5,063,062)	18,579,080	70,683,847
Cash Dividends (Note 18)	-	-	-	-	-	-	(16,000,000)	(65,232,000)	-	(16,000,000)	(65,232,000)
Transfer to regulatory reserve	-	-	-	-	1,376,727	5,612,916	(1,376,727)	(5,612,916)	-	-	-
Balance as at 31 December 2020	75,000,000	300,000,000	10,000,000	40,000,000	8,988,816	36,428,342	74,608,011	302,441,609	3,104,215	168,596,827	681,974,166

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

Notes	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
OPERATING ACTIVITIES				
Net cash used in operating activities	(105,990,048)	(431,167,514)	(84,742,760)	(345,496,232)
INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	(1,280,631)	(5,209,607)	(2,228,629)	(9,086,120)
Software costs	(824,972)	(3,355,986)	(896,885)	(3,656,600)
Proceeds from disposal of property and equipment	-	-	2,218	9,043
Net cash used in investing activities	(2,105,603)	(8,565,593)	(3,123,296)	(12,733,677)
FINANCING ACTIVITIES				
Proceeds from:				
Issuance of subordinated debt	-	-	45,000,000	183,465,000
Borrowing	-	-	2,472,188	10,079,110
Payments of:				
Subordinated debt	-	-	(30,000,000)	(122,310,000)
Cash dividends	-	-	(16,000,000)	(65,232,000)
Borrowing	(2,472,188)	(10,056,861)	-	-
Principal portion of lease liabilities	(2,299,541)	(9,354,533)	(2,005,114)	(8,174,850)
Net cash used in financing activities	(4,771,729)	(19,411,394)	(532,926)	(2,172,740)
Net decrease in cash and cash equivalents	(112,867,380)	(459,144,501)	(88,398,982)	(360,402,649)
Cash and cash equivalents at beginning of year	424,599,146	1,717,503,545	512,998,128	2,090,467,372
Exchange difference on translation		11,636,171		(12,561,178)
Cash and cash equivalents at end of year	311,731,766	1,269,995,215	424,599,146	1,717,503,545
Additional information on operational cash flows from interest				
Interest received	62,619,290	254,735,272	59,424,805	242,274,930
Interest paid	23,084,701	93,908,564	21,903,585	89,300,916

The attached notes 1 to 30 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2021 and for the year then ended.

1. CORPORATE INFORMATION

Establishment and operations

Maybank in Cambodia was established in 1993 and operated as Phnom Penh Branch (“the Branch”) of Malayan Banking Berhad (“the parent company” or “MBB”), a bank incorporated in Malaysia.

On 2 April 2012, the Branch was incorporated as Maybank (Cambodia) Plc. (“the Bank”), a public limited company and as subsidiary of MBB. The Bank is duly incorporated under the Cambodian Law on Commercial Enterprises and licensed under the regulations of the National Bank of Cambodia (“NBC”).

The Bank is engaged in the provision of comprehensive banking and related financial services in the Kingdom of Cambodia in accordance with Banking License No. 02 issued by the NBC for an indefinite period.

Share capital

The total share capital of the Bank as at 31 December 2021 is US\$ 75,000,000 or KHR 300 billion (2020: US\$ 75,000,000 or KHR 300 billion).

Board of Directors

The members of the Board of Directors during the year and at the date of the financial statements are:

Anthony Brent Elam	Chairman/ Independent non-executive director
Spencer Lee Tien Chye	Independent non-executive director
Shariffuddin Khalid	Independent non-executive director
Datuk Hamirullah Bin Boorhan	Non-independent non-executive director
Soon Su Long	Non-independent non-executive director

Location

The Bank’s registered office address is at No.43, Preah Norodom Boulevard, Sangkat Phsar Thmey 3, Khan Daun Penh, Phnom Penh, Cambodia. As at 31 December 2021, the Bank has a total of 21 branches located in Phnom Penh, Siem Reap, Sihanoukville, Battambang, Tboung Khmum, Kampong Cham, Banteay Meanchey and Takeo.

Employees

As at 31 December 2021, the Bank has a total of 438 employees (2020: 406 employees).

Approval of the financial statements

The financial statements were authorized for issue by the Board of Directors on 21 March 2022.

2.1.2 Fiscal year

The Bank’s fiscal year starts on 1 January and ends on 31 December.

2.1.3 Functional and presentation currency

The financial statements are presented in United States dollar (“US\$”) and all values are rounded to the nearest dollar, except when otherwise indicated. The translation of the US\$ amounts into Khmer Riel (“KHR”) is included solely for meeting the presentation requirement pursuant to the Law on Accounting and Auditing. The functional currency of the Bank is US\$.

Transactions in foreign currencies (“FC”) are translated into US\$ at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US\$ at the statement of financial position date are translated into US\$ at the rates of exchange ruling at that date. Exchange differences arising on translation are recognized in the statement of comprehensive income.

2.1.4 Translation of US\$ into KHR

The translation of the US\$ amounts into thousands KHR (“KHR’000”) is presented in the financial statements to comply with the Law on Accounting and Auditing using the closing and average rates for the year then ended, as announced by the National Bank of Cambodia (“NBC”).

Assets and liabilities included in the statement of financial position are translated at the closing rate prevailing at the end of each reporting year, whereas income and expense items presented in the statement of comprehensive income are translated at the average rate for the year then ended. All resulting exchange differences are recognized in the statement of comprehensive income. Such translation should not be construed as a representation that the US\$ amounts represent, or have been or could be, converted into KHR at that or any other rate. All values in KHR are rounded to the nearest thousand (“KHR’000”), except if otherwise indicated.

The financial statements are presented in KHR based on the applicable exchange rates per US\$1 as follows:

	2021	2020
Closing rate	4,074	4,045
Average rate	4,068	4,077

2. ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRS”), issued by the International Accounting Standards Board (“IASB”) which the Cambodian Accounting Standards Board of the Accounting and Auditing Regulator (previously named National Account Council) fully adopted.

The accounting policies set obelow have been consistently applied by the Bank.

2.1.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (“FVOCI”) which have been measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D)

2.2 New and amended accounting standards and interpretations

The new and amended standards and interpretations that are issued, but not yet effective or early adopted by the Bank, up to the date of issuance of the financial statements of the Bank are disclosed below:

- (i) New and amended standard that are not expected to have a material impact on the Bank
 - Reference to the Conceptual Framework - Amendments to CIFRS 3
 - CIFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities
 - Property, Plant and Equipment: Proceeds before Intended Use - Amendments to CIAS 16
 - Onerous Contracts - Costs of Fulfilling a Contract – Amendments to CIAS 37
 - CIFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter
 - CIAS 41 Agriculture - Taxation in fair value measurements
 - Definition of Accounting Estimates - Amendments to CIAS 8
 - CIFRS 17 Insurance contracts
- (ii) New and amended standard that are currently being assessed and determined the impact they will have on the financial statements and accounting policy disclosure.
 - Disclosure of Accounting Policies - Amendments to CIAS 1 and CIFRS Practice Statement 2

2.3 Summary of significant accounting policies

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

2.3.1 Financial assets

a. Date of recognition

All financial assets are initially recognized on the trade date, i.e. the date that the Bank become a party to the contractual provisions of the instrument. This includes regular way trades, purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

b. Initial recognition and subsequent measurement

All financial assets are measured initially at their fair value plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

The Bank classify all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics, measured at either:

- Amortised cost
- Fair value through other comprehensive income ("FVOCI")
- Fair value through profit or loss ("FVTPL")

Financial assets at amortised cost

The Bank measures financial assets at amortised cost if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding; and
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

The details of these conditions are outlined below:

(i) The SPPI test

As a first step of its classification process, the Bank assess the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

To make the SPPI assessment, the Bank apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

(ii) Business model assessment

The Bank determine its business model at the level that best reflects how groups of financial assets are managed to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the 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 those risks are managed

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D)

2.3 Summary of significant accounting policies (cont'd)

2.3.1 Financial assets (cont'd)

b. Initial recognition and subsequent measurement (cont'd)

(ii) Business model assessment (cont'd)

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank do not change the classification of the remaining financial assets held in that business model but incorporate such information when assessing newly originated or newly purchased financial assets going forward.

Included in financial assets at amortised cost are cash and short-term funds, deposits and placements with financial institutions, financial assets purchased under resale agreements, financial investments and loans, advances and financing as disclosed in the respective notes to the financial statements.

Financial assets at FVOCI

The Bank applies the new category under CIFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial assets meet the SPPI test.

Financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in other comprehensive income ("OCI"). Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortised cost. Where the Bank holds more than one investment in the same security, they are deemed to be disposed off on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

Equity instruments are normally measured at FVTPL. However, for non-traded equity instruments, with an irrevocable option at inception, the Bank measures the changes through FVOCI (without recycling profit or loss upon derecognition).

Financial assets at FVTPL

Financial assets at FVTPL are those that are held-for-trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under CIFRS 9. Management designates an instrument at FVTPL upon initial recognition when one of the following criteria's is met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both, which is managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Included in financial assets at FVTPL are financial investments, financial assets designated upon initial recognition, loans, advances and financing to customers and derivatives.

Subsequent to initial recognition, financial assets held-for-trading and financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognized in the income statements under the caption of 'other operating income'.

Loans and advances

Loans and advances captions in the statement of financial position include loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest rate.

c. Derecognition due to substantial modification of terms and conditions

The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

The newly-recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be purchased or originated credit-impaired ("POCI").

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate ("EIR"), the Bank record a modification gain or loss, to the extent that an impairment loss has not already been recorded.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D)

2.3 Summary of significant accounting policies (cont'd)

2.3.1 Financial assets (cont'd)

d. Impairment of financial assets

The CIFRS 9 impairment requirements are based on an expected credit loss ("ECL") model which applies to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which include loans, advances and financing and debt instruments held by the Bank. The ECL model also applies to contract assets under CFRS 15, Revenue from Contracts with Customers and lease receivables under CIFRS 16, Leases.

The measurement of expected credit loss involves increased complexity and judgement that include:

- (i) Determining a significant increase in credit risk since initial recognition

The assessment of significant deterioration since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition.

The Bank applies a three-stage approach based on the change in credit quality since initial recognition

3-Stage approach	Stage 1	Stage 2	Stage 3
	Performing	Under-performing	Non-performing
ECL Approach	12-month ECL	Lifetime ECL	Lifetime ECL
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets
Recognition of interest income	On gross carrying amount	On gross carrying amount	On net carrying amount

- (ii) ECL measurement

There are three main components to measure ECL which are a probability of default model ("PD"), a loss given default model ("LGD") and the exposure at default model ("EAD"). The model is to leverage as much as possible the Bank's existing Basel II models and perform the required adjustments to produce CIFRS 9 compliant model.

CIFRS 9 does not distinguish between individual assessment and collective assessment. Therefore, the Bank have decided to continue measuring the impairment mainly on an individual transaction basis for financial assets that are deemed to be individually significant, and collectively assess for other financial assets per Bank's policy.

- (iii) Expected life

Lifetime expected credit losses must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayments, extensions, calls and similar options, except for certain revolver financial instruments such as credit cards and overdrafts. The expected life for these revolver facilities generally refers to their behavioral life.

- (iv) Financial investments at FVOCI

The ECLs for financial investments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

- (v) Forward-looking information

ECL are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. The reasonable and supportable forward-looking information is based on the Group's and the Bank's research arm, Maybank Kim Eng ("MKE"). In addition, the MKE's research assumptions and analysis are also based on the collation of macroeconomic data obtained from various sources such as, but not limited to regulators, government and foreign ministries as well as independent research organizations.

Where applicable, the Bank incorporate forward-looking adjustments in credit risk factors of PD and LGD used in ECL calculation; taking into account the impact of multiple probability-weighted future forecast economic scenarios.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D)

2.3 Summary of significant accounting policies (cont'd)

2.3.1 Financial assets (cont'd)

d. Impairment of financial assets (cont'd)

(v) Forward-looking information (cont'd)

Embedded in ECL is a broad range of forward-looking information as economic inputs, such as:

- Gross domestic product ("GDP") growth
- Unemployment rates
- House price indices
- Central banks' policy rates

The Bank applies the following three alternative macroeconomic scenarios to reflect an unbiased probability-weighted range of possible future outcomes in estimating ECL:

Base scenario: This scenario reflects that current macroeconomic conditions continue to prevail;

Upside and downside scenarios: These scenarios are set relative to the base scenario; reflecting best and worst-case macroeconomic conditions based on subject matter expert's best judgement from current economic conditions.

(vi) Valuation of collateral held as security for financial assets

The Bank's accounting policy for collateral assigned to it through its lending arrangements under CIFRS 9 is the same as it was under previous GAAP.

(vii) Write-offs

Where a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of the amounts previously written off are recognised in profit or loss.

e. Restructuring of financial assets

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

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

derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Loan restructuring during the Covid-19 crisis:

In response to the economic situation caused by the COVID-19 pandemic, and in order to maintain financial stability and relieve the burden of borrowers whose main sources of income are impacted by the pandemic the NBC has issued Circular No. T7.020.001 directing banking and financial institutions in Cambodia to be flexible with regard to debt repayment by offering loan restructuring for customers.

The loan restructuring applies to performing loans (those that are not past due more than 30 days) and non-performing loans for customers whose financial difficulties are expected to be temporary only, and is valid until 30 June 2021. In all cases, the loan classifications for non-performing loans remain the same.

f. Reclassification of financial assets

Reclassification of financial assets is permissible when and only when there is change in business model for managing financial assets.

- An item that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- An item becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and
- Changes in measurement where the Bank adopt fair value option.

2.3.2 Financial liabilities

a. Date of recognition

All financial liabilities are initially recognized on the trade date i.e. the date that the Bank becomes a party to the contractual provision of the instruments. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

b. Initial recognition and subsequent measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measure initially at fair value plus directly attributable transaction costs, except in the case of financial liabilities at FVTPL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held-for-trading ("HFT") and financial liabilities designated upon initial recognition at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D)

2.3 Summary of significant accounting policies (cont'd)

2.3.2 Financial liabilities (cont'd)

b. Initial recognition and subsequent measurement (cont'd)

(i) Financial liabilities at FVTPL (cont'd)

Financial liabilities HFT

Financial liabilities are classified as held-for-trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivatives entered into by the Bank that do not meet the hedge accounting criteria.

Gains or losses on financial liabilities HFT are recognized in the statement of comprehensive income.

Financial liabilities designated at fair value

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition.

CIFRS 9 does not deviate away treatment on initial recognition and subsequent measurement of financial liabilities.

However, the changes in fair value are presented differently as follows:

- Change in fair value due to own credit risk - presented in other comprehensive income
- Change in fair value due to market risk or other factors – presented in income statement

(ii) Other financial liabilities

The bank's other financial liabilities include deposits from customers, deposits from other financial institutions, lease liabilities, balances with parent company, subordinated debt and other liabilities.

These other financial liabilities are carried at amortised cost using EIR method.

c. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the original financial liability and the consideration paid is recognized in the income statement.

d. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position of the Bank if there is a current legally enforceable right to offset the recognized amount and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

e. Derivative financial instruments

The Bank trade derivatives such as interest rate swaps and futures, credit default swaps, commodity swaps, currency swaps, currency forwards and options on interest rates, foreign currencies, equities and commodities.

Derivative financial instruments are initially recognized at fair value. For non-option derivatives, their fair value is normally zero or negligible at inception. For purchased or written options, their fair value is equivalent to the market premium paid or received. The derivatives are subsequently re-measured at their fair value. Fair value is obtained from quoted market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

2.3.3 Financial guarantees contract

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified party fails to meet its obligation when it is due in accordance with the contractual terms. In the ordinary course of business, the Bank give financial guarantees, consisting of letters of credit, guarantees and acceptances.

Financial guarantees premium is initially recognized at fair value on the date the guarantee was issued. Subsequent to initial recognition, the received premium is amortised over the life of the financial guarantee. The guarantee liability (the notional amount) is subsequently recognized at the higher of this amortised amount and the present value of any expected payments (when a payment under guarantee has become probable). The unamortised premium received on these financial guarantees is included within 'other liabilities' in the statements of financial position.

2.3.4 Cash and cash equivalents

For cash flow statement purposes, cash and cash equivalents consist of cash and bank balances, demand deposits and short-term highly liquid investments with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

2.3.5 Deposits and placements with banks

Deposits and placements with banks are stated at cost less allowance for expected credit losses.

2.3.6 Loans and advances

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortized cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D)

2.3 Summary of significant accounting policies (cont'd)

2.3.7 Property and equipment

- (i) Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of property comprises major components having different useful lives, they are accounted for as separate items of property and equipment.
- (ii) Depreciation of property and equipment is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives, as follows:

	No. of years
Leasehold improvements	5 to 15
Office equipment	4 to 5
Furniture and fittings	5
Motor vehicles	4

- (iii) Subsequent expenditure relating to an item of property and equipment that has already been recognized 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 Bank. All other subsequent expenditure is recognized as an expense in the year in which it is incurred.
- (iv) Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognized in the statement of comprehensive income on the date of retirement or disposal.
- (v) Fully depreciated property and equipment are retained in the financial statements until disposed or written off.
- (vi) Construction in progress is transferred to each class of assets when it is complete and ready for use. Construction-in-progress is not depreciated until such time as the relevant assets are ready for use.

2.3.8 Software costs

Software costs are stated at cost less accumulated amortisation and impairment losses, if any. Software costs are amortised on a straight-line method over 5 to 7 years.

2.3.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use.

Any impairment loss is charged to the statement of comprehensive income in the period in which it arises. Reversal of impairment loss is recognized in the statement of comprehensive income to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized.

2.3.10 Leases

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

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

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

At inception or on reassessment of a contract that contains a lease and non-lease component, the Bank allocates the consideration in the contract to each lease component and aggregate of non-lease components on the basis of their relative stand-alone prices. However, for the leases of buildings in which it is a lessee, the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Leases in which the Bank is a lessee

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D)

2.3 Summary of significant accounting policies (cont'd)

2.3.10 Leases (cont'd)

Leases in which the Bank is a lessee (cont'd)

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

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date, including leases of ATM spaces that have a lease term of 12 months or less and leases of low-value assets. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

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

- Fixed payments, including in-substance fixed payments;
- Lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the lease term or a change in future lease payments

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

2.3.11 Other assets

Other receivables included in other assets are carried at anticipated realizable values. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the statement of financial position date.

2.3.12 Deposits from customers and other financial institutions

Deposits from customers and other financial institutions are stated at placement value.

2.3.13 Subordinated debt

Subordinated debt represents long-term debt that is subordinated to all other liabilities of the Bank. This is treated as part of the Bank's liabilities and included in the Bank's net worth computation under the NBC's guidelines.

2.3.14 Other liabilities

Other liabilities are stated at cost.

2.3.15 Provisions for liabilities

Provisions for liabilities are recognized when the Bank 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 of the amount can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

2.3.16 Employee benefits

Salaries, wages, allowances, and other benefits are accrued in the period in which the associated services are rendered by employees of the Bank.

In 2018, the Ministry of Labour and Vocational Training's ("MoLVT") Prakas No. 443 dated 21 September 2018 mandated the payment of seniority indemnity for unspecified duration contracted employees with implementation guidelines issued on 22 March 2019.

The said Prakas requires retroactive seniority payment equal to fifteen days per year of employee service for a maximum period not exceeding 6 months based on the average net wages for each year. Payment shall be spread over a period beginning December 2021 and every June and December thereafter as follows:

- Equal to three days payable every June, and
- Equal to three days payable every December.

2.3.17 Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit and loss except items recognized directly in equity or in other comprehensive income.

The Bank has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under CIAS 37, Provision, Contingent Liabilities and Contingent Assets, and has recognized that related expense in 'other expenses'.

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D)

2.3 Summary of significant accounting policies (cont'd)

2.3.17 Income tax (cont'd)

(ii) Deferred income tax

Deferred income tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these differences can be utilized, except where the deferred income tax arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 assets to be recovered. Unrecognized deferred income tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax assets to be recovered.

2.3.18 Equity

(i) Paid-up capital

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

(ii) Retained earnings

Retained earnings represent accumulated earnings of the Bank less dividends declared.

(iii) General and regulatory reserves

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

A regulatory reserve is established for the difference between the allowance for expected credit losses as determined in accordance with CIFRS 9 and the regulatory allowance in accordance with NBC Prakas No. B7-017-344

dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisioning for banks and financial institutions. The Bank shall compare the regulatory allowance with the allowance calculated in accordance with CIFRS 9, and:

- (i) In case the regulatory allowance calculated is lower than the allowance calculated in accordance with CIFRS 9, the entity shall records the allowance based on CIFRS 9; and
- (ii) In case the regulatory allowance calculated is higher than the allowance calculated in CIFRS 9, the Bank shall record the allowance based on CIFRS 9 and transfer the difference from the retained earnings or accumulated loss account to regulatory reserve in the equity section of the statement of financial position.

This Prakas on regulatory provisioning, requires banks and financial institutions to classify their loan portfolio into five classes and provide general and specific allowance based on the loan classification as follows:

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

In December 2021, the NBC issued Circular No. B7-021-2314 to provide additional guidance to banks and financial institutions in classifying their loans which have been restructured up to 31 December 2021 and in providing the regulatory allowance. This Circular requires banks and financial institutions to classify restructured loans as follows:

- Special mention, if a restructured loan is “viable” or deemed as “performing”
- Sub-standard, if a first-time restructured loan will need another restructuring
- Doubtful, if a second-time restructured loan will need another restructuring
- Loss, if a restructured loan is “non-viable” or deemed as “non-performing”

Subsequent clarifications and guidance issued by the NBC with regard to the Circular No. B7-021-2314 allow deferral of the new classification to 2022 even though application for 2021 is encouraged. The Bank will apply this Circular in 2022 and impact is not expected to be material.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D)

2.3 Summary of significant accounting policies (cont'd)

2.3.19 Recognition of interest income and expense

Effective interest rate

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

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

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

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

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

Calculation of interest income and expense

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

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

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

Presentation

Interest income calculated using the effective interest method presented in the statement of profit and loss and OCI includes interest on financial assets and financial liabilities measured at amortised cost.

Interest expense presented in the statement of profit and loss and OCI includes financial liabilities measured at amortised cost.

2.3.20 Fee and commission income

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

Other fee and commission income, including account servicing fees, are recognized as the related services are performed.

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

2.3.21 Interest expense

Interest expense on deposits of customers, settlement accounts of other banks and borrowings is recognized on an accrual basis.

2.3.22 Fee and commission expense

Fee and commission expense are recognized as incurred.

2.3.23 Related parties

Parties are considered to be related if the Bank has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or vice-versa, or where the Bank and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

2.3.24 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not reported in the financial statements since they are not the assets of the Bank.

2.3.25 Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. ACCOUNTING POLICIES (CONT'D)

2.3 Summary of significant accounting policies (cont'd)

2.3.26 Contingent liabilities

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

2.3.27 Rounding of amounts

Except as indicated otherwise, amounts in the financial statements have been rounded off to the nearest dollar and nearest thousands ("KHR'000") for US\$ and KHR amounts, respectively.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Judgments

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

3.1.1 Classification of financial assets

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

- Performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel
- Risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- Compensation of business units whether based on the fair value of the assets managed or on the contractual cash flows collected
- Expected frequency, value and timing of sales

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

3.1.2 Fair value of financial instruments

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

3.1.3 Effective interest rate ("EIR") method

The Bank's EIR method recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans and deposits and recognizes the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behavior and life cycle of the instruments, as well expected changes to Bank's base rate and other fee income/expense that are integral parts of the instrument.

3.1.4 Leases

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

Extension and termination options

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

Estimating the incremental borrowing rate ("IBR") for lease liabilities

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR for lease liabilities is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Bank estimates the IBR for lease liabilities using observable inputs (by reference to prevailing risk-free rates) adjusted to take into account the entity's credit risk (i.e. credit spread).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

3.2 Estimates

3.2.1 Expected credit losses on financial assets

The measurement of impairment losses on loans, advances and financing requires judgment. In particular, the estimation of the amount and timing of future cash flows, the assessment of a significant increase in credit risk ("SICR") and incorporation of forward-looking information in the measurement of impairment losses. These estimates are driven by a number of factors, changes in which can result in different levels of impairment losses.

The impairment losses computed based on the ECL models are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. A number of significant judgments are also required in applying the accounting requirements for measuring impairment losses, such as determining criteria for SICR, choosing appropriate models and assumptions for the measurement of impairment losses, establishing the segmentation of loans for purposes of measuring impairment losses on a collective basis, determining the number of economic inputs (e.g. gross domestic product growth rates, consumer price index, housing price index, etc.) as well as the effects on default rates and recovery rates, and selecting forward-looking macroeconomic scenarios and determining its probability-weightings.

For credit-impaired loans, advances and financing loans which are individually assessed, judgment by management is required in the estimation of the amount and timing of future cash flows in the determination of impairment losses. In estimating these cash flows, judgments are made about the realizable value of collateral pledged and the borrower's financial position. These estimations are based on assumptions and the actual results may differ, hence resulting in changes to impairment losses recognized.

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

- Segmentation of the portfolio, where the appropriate model or ECL approach is used
- Criteria for assessing if there has been a SICR and so allowances for debt financial assets should be measured on a lifetime ECL basis and the qualitative assessment
- Segmentation of debt financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and economic inputs and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomics scenarios and their probability weightings, to derive the economic inputs into the ECL models.

3.2.2 Recognition of deferred tax assets

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

3.2.3 Impairment of non-financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

4. BALANCES WITH THE NATIONAL BANK OF CAMBODIA

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Current accounts				
US\$	92,117,505	375,286,715	112,400,209	454,658,845
KHR	34,563,941	140,813,496	21,641,256	87,538,881
Term deposits in US\$	6,500,000	26,481,000	12,700,000	51,371,500
Statutory deposits				
Reserve requirement	83,263,917	339,217,198	82,342,893	333,077,002
Capital guarantee	7,500,000	30,555,000	7,500,000	30,337,500
	223,945,363	912,353,409	236,584,358	956,983,728

Reserve requirement

Under the NBC Prakas No. B7-020-230 dated 18 March 2020, commercial banks are required to maintain certain cash reserves with the NBC in the form of compulsory deposits, computed at 7.00% of customer deposits and borrowings in KHR and other currencies. The reserve requirements do not earn any interest based on the NBC Prakas No. B7-018-282 dated 29 August 2018.

Capital guarantee

Under NBC Prakas No. B7-01-136 dated 15 October 2001, banks are required to maintain a statutory deposit of 10.00% of registered capital with the NBC. This deposit is not available for use in the Bank's day-to-day operations but is refundable when the Bank voluntarily ceases to operate the business in Cambodia. This deposit earned interest rate at 0.06% and 0.04% per annum for the first and second semesters, respectively (2020: 0.06%).

For purposes of preparing the statement of cash flows, cash and cash equivalents comprise the following:

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Cash on hand	47,646,703	194,112,668	66,820,402	270,288,526
Balances with the NBC				
Current accounts	126,681,446	516,100,209	134,041,465	542,197,726
Term deposits			12,700,000	51,371,500
Settlement accounts with other banks	34,597,075	140,948,486	1,397,051	5,651,071
Term deposits				
Parent company	77,000,000	313,698,000	165,000,000	667,425,000
Other banks	25,000,000	101,850,000	43,000,000	173,935,000
Settlement accounts				
Parent company	43,070	175,467	125,694	508,432
Affiliates	763,472	3,110,385	1,514,534	6,126,290
Total cash and cash equivalents	311,731,766	1,269,995,215	424,599,146	1,717,503,545

The term deposits are unrestricted and have original maturities of three months or less.

During the year, interest earned from balance with NBC amounted to US\$ 3,744 or KHR'000 15,231 (2020: US\$ 21,295 or KHR'000 86,820) Note 19.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

5. BALANCES WITH OTHER BANKS

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Settlement accounts Overseas banks				
Overseas banks	33,795,255	137,681,868	963,132	3,895,869
Local bank	801,820	3,266,615	433,919	1,755,202
Term deposits with banks	144,609,229	589,137,999	223,000,000	902,035,000
	179,206,304	730,086,482	224,397,051	907,686,071
Allowance for ECLs	(207,826)	(846,683)	(128,362)	(519,224)
Net	178,998,478	729,239,799	224,268,689	907,166,847

Settlement accounts with overseas banks earn interest at 0.01% per annum (2020: 0.15% per annum) while the account with a local bank does not earn interest.

Annual interest rates on term deposits range from 0.75% to 5.00% (2020: 1.00% to 5.00% per annum).

During the year, interest earned from balance with other banks amounted to US\$ 2,148,386 or KHR'000 8,739,634 (2020: US\$ 2,737,552 or KHR'000 11,161,000) Note 19.

Movements of allowance for ECLs

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Balance as at 1 January	128,362	519,224	595,111	2,425,077
Provision for (reversal of) ECLs	79,464	323,736	(466,749)	(1,888,000)
Translation adjustment	-	3,723	-	(17,853)
Balance as at 31 December	207,826	846,683	128,362	519,224

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6. BALANCES WITH PARENT COMPANY

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Due from parent company				
Settlement accounts	43,070	175,467	125,694	508,432
Due to parent company				
Settlement accounts	3,223,120	13,130,991	2,273,412	9,195,952
Subordinated debt				
Principal amount	45,000,000	183,330,000	45,000,000	182,025,000
	48,266,190	196,636,458	47,399,106	191,729,384

Subordinated debt

In January 2020, the parent company provided a new subordinated debt for the Bank's use as working capital amounting to US\$45 million. The debt bears fixed annual interest at 7.95% and has a term of 10 years with principal amount to be repaid on maturity and interest payable every six months. During the year, interest expense for subordinated debt amounted to US\$ 3,577,661 or KHR'000 14,553,925 (2020: US\$ 3,532,790 or KHR'000 14,403,185) Note 20.

7. BALANCES WITH AFFILIATES

The Bank maintains settlement accounts with the following Maybank overseas branches:

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Maybank London Branch	638,751	2,602,272	619,696	2,506,670
Maybank Singapore Branch	87,896	358,088	365,443	1,478,217
Maybank Hong Kong	26,166	106,600	5,078	20,541
Maybank Shanghai	8,858	36,087	13,767	55,688
Maybank Vietnam, Hanoi Branch	1,801	7,338	4,722	19,100
Malayan Banking Berhad ("Maybank") New York Branch	-	-	505,828	2,046,074
	763,472	3,110,385	1,514,534	6,126,290

NOTES TO THE FINANCIAL STATEMENTS

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8. LOANS AND ADVANCES

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
<i>Commercial lending</i>				
Term loans	83,263,022	339,213,552	78,130,751	316,038,888
Overdraft	31,388,890	127,878,383	30,023,333	121,444,382
Trade financing	39,392,399	160,484,634	43,497,708	175,948,229
	154,044,311	627,576,524	151,651,792	613,431,499
<i>Consumer lending</i>				
Term loans	293,370,566	1,195,191,686	263,090,559	1,064,201,311
Residential mortgages	263,601,101	1,073,910,885	236,680,779	957,373,751
Overdraft	124,176,073	505,893,321	94,842,059	383,636,129
Staff related loans	15,272,460	62,220,002	15,614,073	63,158,925
Trade financing	10,410,980	42,414,333	9,952,270	40,256,932
	706,831,180	2,879,630,227	620,179,740	2,508,627,048
Loans and advances, gross	860,875,491	3,507,206,751	771,831,532	3,122,058,547
Accrued interest receivable	6,580,157	26,807,559	5,795,393	23,442,364
Total	867,455,648	3,534,014,310	777,626,925	3,145,500,911
Allowance for ECLs	(20,335,910)	(82,848,497)	(13,473,938)	(54,502,079)
Loans and advances, net	847,119,738	3,451,165,813	764,152,987	3,090,998,832

Movements of allowance for ECLs are as follows:

	2021			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Balance as at 1 January	3,316,856	3,851,796	6,305,286	13,473,938
Newly-originated assets	1,043,851	-	-	1,043,851
Payments and assets derecognized	(262,470)	(396,981)	(452,050)	(1,111,501)
Transfers to Stage 1	375,135	(375,135)	-	-
Transfers to Stage 2	17,915	(17,915)	-	-
Transfers to Stage 3	851,002	(337,731)	(513,271)	-
Impact on ECLs of exposures transferred between stages	966,411	1,239,949	7,012,173	9,218,533
Write-off	-	-	(2,288,911)	(2,288,911)
Allowance for ECLs	6,308,700	3,963,983	10,063,227	20,335,910
KHR'000 equivalent (Note 2.1.4)	25,701,644	16,149,267	40,997,587	82,848,497

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8. LOANS AND ADVANCES (CONT'D)

Movements of allowance for ECLs are as follows: (cont'd)

	2020			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Balance as at 1 January	3,860,982	950,105	8,594,304	13,405,391
Newly-originated assets	242,058	-	-	242,058
Payments and assets derecognized	2,326,046	(316,083)	(3,062,250)	(1,052,287)
Transfers to Stage 1	14,204	(14,204)	-	-
Transfers to Stage 2	(2,892,139)	2,897,079	(4,940)	-
Transfers to Stage 3	(530,491)	(247,681)	778,172	-
Impact on ECLs of exposures transferred between stages	296,196	582,580	-	878,776
Allowance for ECLs	3,316,856	3,851,796	6,305,286	13,473,938
KHR'000 equivalent (Note 2.1.4)	13,416,683	15,580,515	25,504,882	54,502,079

Further analyses of loans and advances are follows:

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

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Stage 1	800,389,251	3,260,785,809	746,349,878	3,018,985,257
Stage 2	39,781,651	162,070,446	12,865,713	52,041,809
Stage 3	27,284,746	111,158,055	18,411,334	74,473,845
Total	867,455,648	3,534,014,310	777,626,925	3,145,500,911

Refer to Note 28.2 (d) and (e) on Credit quality

- (ii) By industrial sector

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Wholesale/retail	395,236,044	1,610,191,643	340,234,373	1,376,248,039
Consumers	285,179,753	1,161,822,314	256,741,599	1,038,519,768
Financial services	69,597,664	283,540,883	66,265,531	268,044,073
Manufacturing	37,995,494	154,793,643	37,427,849	151,395,649
Construction	37,252,689	151,767,455	31,875,335	128,935,730
Health & others	14,693,641	59,861,893	16,933,126	68,494,495
Import/export	13,084,071	53,304,505	10,065,410	40,714,583
Education	8,801,718	35,858,199	11,584,921	46,861,005
Agriculture	4,011,282	16,341,963	5,556,980	22,477,984
Energy	1,603,292	6,531,812	941,801	3,809,585
	867,455,648	3,534,014,310	777,626,925	3,145,500,911

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31 December 2021

8. LOANS AND ADVANCES (CONT'D)

(iii) By residency, relationship, exposures and interest rates

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Residency				
Residents	867,455,648	3,534,014,310	777,626,925	3,145,500,911
Non-residents	-	-	-	-
	867,455,648	3,534,014,310	777,626,925	3,145,500,911
Relationship				
Related parties	1,076,160	4,384,276	744,311	3,010,738
Non-related parties	866,379,488	3,529,630,034	776,882,614	3,142,490,173
	867,455,648	3,534,014,310	777,626,925	3,145,500,911

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Large exposures	-	-	-	-
Non-large exposures	867,455,648	3,534,014,310	777,626,925	3,145,500,911
	867,455,648	3,534,014,310	777,626,925	3,145,500,911

Based on NBC Prakas No. B7-06-226, large exposure is defined as the overall gross exposure resulting from banking operations with one single beneficiary, where such exposure exceeds 10% of the Bank's net worth. Exposure means the higher of two items: (a) the outstanding loans or commitments, and (b) the authorized loans or commitments

Annual interest rates range as follows

	2021	2020
Overdraft	5.50% - 15.00%	4.00% - 15.00%
Term loans	4.00% - 12.25%	5.25% - 12.25%
Trust receipts	6.25% - 8.50%	6.50% - 9.00%
Staff loans	3.50% - 7.88%	3.50% - 7.88%

During the year, interest earned on loans and advances amounted to US\$ 61,216,375 or KHR'000 249,028,212 (2020: US\$ 57,245,850 or KHR'000 233,391,330) Note 19.

(iv) By maturity

Refer to Note 17 on Maturity profile

NOTES TO THE FINANCIAL STATEMENTS

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9. PROPERTY AND EQUIPMENT

2021

	Construction in -progress US\$	Leasehold improvements US\$	Office equipment US\$	Furniture and fittings US\$	Motor vehicles US\$	Total US\$
Cost						
As at 1 January	367,411	10,055,008	7,564,999	994,722	373,600	19,355,740
Additions	182,568	55,486	1,035,516	7,061	-	1,280,631
Transfers	(379,616)	79,084	290,295	10,237	-	-
As at 31 December	170,363	10,189,578	8,890,810	1,012,020	373,600	20,636,371
Less accumulated depreciation						
As at 1 January	-	7,979,430	5,690,274	840,348	364,952	14,875,004
Charge for the year	-	421,161	771,502	54,546	8,646	1,255,855
As at 31 December	-	8,400,591	6,461,776	894,894	373,598	16,130,859
Net book value						
As at 31 December	170,363	1,788,987	2,429,034	117,126	2	4,505,512
KHR'000 equivalent (Note 2.1.4)	694,059	7,288,333	9,895,885	477,171	8	18,355,456

2020

	Construction in -progress US\$	Leasehold improvements US\$	Office equipment US\$	Furniture and fittings US\$	Motor vehicles US\$	Total US\$
Cost						
As at 1 January	12,000	9,293,185	6,583,709	894,691	373,600	17,157,185
Additions	355,411	761,823	1,011,364	100,031	-	2,228,629
Disposals and write-offs	-	-	(30,074)	-	-	(30,074)
As at 31 December	367,411	10,055,008	7,564,999	994,722	373,600	19,355,740
Less accumulated depreciation						
As at 1 January	-	7,404,536	5,035,696	719,214	326,213	13,485,659
Charge for the year	-	574,894	684,139	121,134	38,739	1,418,906
Disposals and write-offs	-	-	(29,561)	-	-	(29,561)
As at 31 December	-	7,979,430	5,690,274	840,348	364,952	14,875,004
Net book value						
As at 31 December	367,411	2,075,578	1,874,725	154,374	8,648	4,480,736
KHR'000 equivalent (Note 2.1.4)	1,486,177	8,395,713	7,583,263	624,443	34,981	18,124,577

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

10. SOFTWARE COSTS

	2021 US\$	2020 US\$
Cost		
As at 1 January	3,774,358	2,877,473
Additions	824,972	896,885
As at 31 December	4,599,330	3,774,358
Less accumulated amortisation		
As at 1 January	2,240,595	1,784,083
Charge for the year	561,515	456,512
As at 31 December	2,802,110	2,240,595
Net book value		
As at 31 December	1,797,220	1,533,763
KHR'000 equivalent (Note 2.1.4)	7,321,874	6,204,071

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

11. RIGHT-OF-USE ASSETS

The Bank leases its head office and branch premises for periods ranging from five (5) to fifteen (15) years, renewable upon mutual agreement of both parties. Various lease contracts include escalation clauses, most of which bear annual rent increase ranging from 10.00% to 12.50%. The Bank also has certain leases of ATM spaces with lease terms ranging from two (2) to four (4) years, renewable upon mutual agreement of both parties.

Information about leases for which the Bank is a lessee is presented below.

2021				
	Office space	ATM space	Total	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Cost				
As at 1 January	29,999,043	335,684	30,334,727	122,703,971
Additions	177,320	215,447	392,767	1,597,776
Derecognition	(152,318)	(176,060)	(328,378)	(1,335,842)
Exchange difference on translation	-	-	-	880,094
As at 31 December	30,024,045	375,071	30,399,116	123,845,999
Less accumulated amortisation				
As at 1 January	11,166,309	264,710	11,431,019	46,238,472
Depreciation	2,388,337	101,530	2,489,867	10,128,779
Derecognition	(152,318)	(176,060)	(328,378)	(1,335,842)
Exchange difference on translation	-	-	-	344,469
As at 31 December	13,402,328	190,180	13,592,508	55,375,878
Net book value As at 31 December	16,621,717	184,891	16,806,608	68,470,121

2020				
	Office space	ATM space	Total	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Cost				
As at 1 January	27,631,504	242,288	27,873,792	113,585,702
Additions	3,058,701	93,396	3,152,097	12,851,099
Derecognition	(691,162)	-	(691,162)	(2,817,867)
Exchange difference on translation	-	-	-	(914,963)
As at 31 December	29,999,043	335,684	30,334,727	122,703,971
Less accumulated amortisation				
As at 1 January	8,499,168	155,384	8,654,552	35,267,299
Depreciation	3,043,919	109,326	3,153,245	12,855,780
Derecognition	(376,778)	-	(376,778)	(1,536,124)
Exchange difference on translation	-	-	-	(348,483)
As at 31 December	11,166,309	264,710	11,431,019	46,238,472
Net book value As at 31 December	18,832,734	70,974	18,903,708	76,465,499

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

12. OTHER ASSETS

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Refundable deposits	1,551,550	6,321,015	1,493,649	6,041,810
Card-related receivables	298,095	1,214,439	329,861	1,334,288
Prepayments	132,368	539,267	413,014	1,670,642
Deposits to suppliers	74,596	303,904	44,484	179,938
Interest receivable from balances with the NBC and other banks	65,450	266,643	100,999	408,541
Others	80,189	326,690	625,694	2,530,932
	2,202,248	8,971,958	3,007,701	12,166,151

NOTES TO THE FINANCIAL STATEMENTS

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13. DEPOSITS FROM CUSTOMERS AND OTHER FINANCIAL INSTITUTIONS

13.1 Deposits from customers

Deposits from customers consist of:

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Current accounts	513,746,042	2,093,001,375	520,095,247	2,103,785,274
Term deposits	354,257,338	1,443,244,395	368,176,109	1,489,272,361
Savings accounts	121,437,854	494,737,817	117,723,010	476,189,575
Margin deposits	1,331,201	5,423,313	3,992,594	16,150,043
	990,772,435	4,036,406,900	1,009,986,960	4,085,397,253

Further analyses of deposits from customers are as follows:

(i) By type of customers

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Individuals	610,063,035	2,485,396,805	665,686,256	2,692,700,906
Domestic Corporations	380,709,400	1,551,010,095	344,300,704	1,392,696,347
	990,772,435	4,036,406,900	1,009,986,960	4,085,397,253

(ii) By currency

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
US\$	866,859,734	3,531,586,556	898,776,386	3,635,550,481
KHR	122,709,312	499,917,737	110,161,242	445,602,224
Others	1,203,389	4,902,607	1,049,332	4,244,548
	990,772,435	4,036,406,900	1,009,986,960	4,085,397,253

(iii) Annual interest rates

	2021	2020
Current accounts	0.00% - 3.00%	0.00% - 2.50%
Savings accounts	0.00% - 3.00%	0.50% - 2.75%
Term deposits	0.75% - 5.00%	0.75% - 7.75%
Margin	Nil	Nil

During the year, interest expense on deposits from customers amounted to US\$ 16,307,718 or KHR'000 66,356,105 (2020: US\$ 14,613,699 or KHR'000 59,580,051) Note 20.

(iv) By maturity analysis

Refer to Note 17 on Maturity profile.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

13. DEPOSITS FROM CUSTOMERS AND OTHER FINANCIAL INSTITUTIONS (CONT'D)

13.2 Deposits from other financial institutions

Deposits from other financial institutions consist of:

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Current accounts	31,161,464	126,951,804	18,341,371	74,190,846
Term deposits	31,986,441	130,312,761	35,311,363	142,834,463
	63,147,905	257,264,565	53,652,734	217,025,309

Further analyses of other financial institutions are as follows

(i) By currency

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
US\$	43,126,158	175,695,968	29,792,633	120,511,200
KHR	19,611,972	79,899,174	23,259,610	94,085,122
Others	409,775	1,669,423	600,491	2,428,987
	63,147,905	257,264,565	53,652,734	217,025,309

(ii) Annual interest rates

Current accounts and term deposits bear interest at rates ranging from 0.00% to 1.00% (2020: 0.00% to 1.00%) and from 0.20% to 4.00%, respectively (2020: 0.75% to 6%).

During the year, interest expense on deposits from other financial institutions amounted to US\$ 1,763,250 or KHR'000 7,174,664 (2020: US\$ 626,588 or KHR'000 2,554,599) Note 20.

(iii) By maturity analysis

Refer to Note 17 on Maturity profile.

NOTES TO THE FINANCIAL STATEMENTS

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14. INCOME TAX

Components of income tax expense are as follows:

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Current	4,369,154	17,773,719	5,288,082	21,559,510
Deferred	(91,022)	(370,277)	278,613	1,135,906
Income tax expense	4,278,132	17,403,442	5,566,695	22,695,416

14.1 Current corporate income tax ("CIT")

In accordance with Cambodian Law on Taxation, the Bank has an obligation to pay current CIT of 20% of taxable income.

The reconciliation of income tax computed at the statutory tax rate to the current income tax and income tax expense shown in the income statement is as follows:

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Income before income tax	20,983,805	85,362,119	24,145,775	98,442,325
Income tax based on statutory tax rate	4,196,761	17,072,423	4,829,155	19,688,465
Non-deductible expenses	81,371	331,019	737,540	3,006,951
Income tax expense	4,278,132	17,403,442	5,566,695	22,695,416

The Bank's tax returns are subject to periodic examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed later upon final determination by the tax authorities.

Movements of income tax payable during the year are as follows:

	2021 US\$	2020 US\$
As at 1 January	4,576,501	6,179,875
Current income tax	4,369,154	5,288,082
Income tax paid	(5,303,212)	(6,891,456)
As at 31 December	3,642,443	4,576,501
KHR'000 equivalent (Note 2.1.4)	14,839,313	18,511,947

14.2 Deferred tax assets

Details of deferred tax assets recognized by the Bank are as follows:

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Unamortised processing fees	901,969	3,674,622	949,373	3,840,214
Property and equipment and software costs	557,035	2,269,361	593,395	2,400,283
Allowance for ECLs	394,877	1,608,729	174,777	706,973
Unearned fee income	70,274	286,296	97,500	394,388
Provision for employee benefits	16,818	68,517	27,098	109,611
Unrealized foreign exchange (gains) losses	(5,472)	(22,294)	2,336	9,449
	1,935,501	7,885,231	1,844,479	7,460,918

NOTES TO THE FINANCIAL STATEMENTS

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15. LEASE LIABILITIES

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Maturity analysis – contractual undiscounted cash flows				
Less than one year	3,089,119	12,585,071	3,014,353	12,193,058
One to five years	10,093,861	41,122,390	11,606,863	46,949,761
More than five years	9,671,673	39,402,396	10,912,809	44,142,312
	22,854,653	93,109,857	25,534,025	103,285,131
Present value of lease liabilities				
Within one year	2,381,416	9,701,889	2,221,114	8,984,406
Beyond one year	16,801,080	68,447,600	18,869,183	76,325,845
	19,182,496	78,149,489	21,090,297	85,310,251

Amounts recognized in the statement of comprehensive income comprise:

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Depreciation of right-of-use as-sets (Note 24)	2,489,867	10,128,779	2,451,525	9,994,867
Interest on lease liabilities (Note 23)	794,600	3,232,433	865,891	3,530,238
	3,284,467	13,361,212	3,317,416	13,525,105

Amount recognized in statement of cash flows comprise:

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Payment of principal portion of lease liabilities	2,299,541	9,354,533	2,005,114	8,174,850

Set out below are the carrying amounts of lease liabilities and the movements during the year

	2021 US\$	2020 US\$
As at 1 January	21,090,297	20,373,978
Additions	391,740	3,081,500
Derecognition	-	(360,067)
Accretion of interest	794,600	865,891
Payments	(3,094,141)	(2,871,005)
As at 31 December	19,182,496	21,090,297
KHR'000 equivalent (Note 2.1.4)	78,149,489	85,310,251

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16. OTHER LIABILITIES

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Interest payable	5,884,521	23,973,539	7,204,225	29,141,090
Accrued expenses	2,487,186	10,132,796	2,790,005	11,285,570
Wholesale borrowing SME	1,480,816	6,032,844	353,350	1,429,301
Interest payable for subor-dinated debt	1,457,976	5,939,794	1,457,831	5,896,926
Accrued bonuses	1,196,702	4,875,364	996,972	4,032,752
Allowance for ECLs on off-balance sheet commitments	893,647	3,640,718	743,695	3,008,246
Bankers' cheques	735,039	2,994,549	240,289	971,969
Clearing account	740,152	3,015,379	1,329,614	5,378,289
Payable to suppliers	143,209	583,433	106,208	429,611
Card-related liabilities	123,271	502,206	3,936	15,921
Others	350,495	1,427,911	362,007	1,464,318
	15,493,014	63,118,533	15,588,132	63,053,993

Others mainly include ATM settlement, rental deposit and unclaimed balances.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

17. MATURITY PROFILE OF ASSETS AND LIABILITIES

Analysis of assets and liabilities by expected date of recovery and settlement from the balance sheet date is as follows:

	2021		
	Within 12 months US\$	Over 12 months US\$	Total US\$
Financial assets			
Cash and balances with other banks	360,034,452	-	360,034,452
Due from parent company	43,070	-	43,070
Balances with affiliates	763,472	-	763,472
Loans and advances	211,981,199	655,474,449	867,455,648
Other assets	383,106	1,531,658	1,914,764
Non-financial assets			
Statutory deposits with the NBC	-	90,763,917	90,763,917
Property and equipment	-	20,636,371	20,636,371
Software costs	-	4,599,330	4,599,330
Right-of-use assets	-	30,399,116	30,399,116
Deferred tax assets	-	1,935,501	1,935,501
Other assets	287,484	-	287,484
Total	573,492,783	805,340,342	1,378,833,125
KHR'000 equivalent (Note 2.1.4)	2,336,409,598	3,280,956,553	5,617,366,151
Allowance for ECLs on:	-	-	-
Balances with other banks	-	-	(207,826)
Loans and advances	-	-	(20,335,910)
Accumulated depreciation and amortisation of:	-	-	-
Property and equipment	-	-	(16,130,859)
Software costs	-	-	(2,802,110)
Right-of-use assets	-	-	(13,592,508)
Net	573,492,783	805,340,342	1,325,763,912
KHR'000 equivalent (Note 2.1.4)	2,336,409,598	3,280,956,553	5,401,162,177
Financial liabilities			
Deposits from customers and other financial institutions	1,050,378,047	3,542,293	1,053,920,340
Borrowing	-	-	-
Due to parent company	3,223,120	-	3,223,120
Subordinated debt	-	45,000,000	45,000,000
Lease liabilities	2,381,416	16,801,080	19,182,496
Other liabilities	8,675,557	363,593	9,039,150
Non-financial liabilities			
Income tax payable	3,642,443	-	3,642,443
Other liabilities	6,453,864	-	6,453,864
Total	1,074,754,447	65,706,966	1,140,461,413
KHR'000 equivalent (Note 2.1.4)	4,378,549,617	267,690,179	4,646,239,796

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

17. MATURITY PROFILE OF ASSETS AND LIABILITIES (CONT'D)

	2020		
	Within 12 months US\$	Over 12 months US\$	Total US\$
Financial assets			
Cash and balances with other banks	437,958,918	-	437,958,918
Due from parent company	125,694	-	125,694
Balances with affiliates	1,514,534	-	1,514,534
Loans and advances	186,202,048	591,424,877	777,626,925
Other assets	470,273	1,454,236	1,924,509
Non-financial assets			
Statutory deposits with the NBC	-	89,842,893	89,842,893
Property and equipment	-	19,355,740	19,355,740
Software costs	-	3,774,358	3,774,358
Right-of-use assets	-	30,334,727	30,334,727
Deferred tax assets	-	1,844,479	1,844,479
Other assets	1,083,192	-	1,083,192
Total	627,354,659	738,031,310	1,365,385,969
KHR'000 equivalent (Note 2.1.4)	2,537,649,596	2,985,336,649	5,522,986,245
Allowance for ECLs on:	-	-	-
Balances with other banks	-	-	(128,362)
Loans and advances	-	-	(13,473,938)
Accumulated depreciation and amortisation of:	-	-	-
Property and equipment	-	-	(14,875,004)
Software costs	-	-	(2,240,595)
Right-of-use assets	-	-	(11,431,019)
Net	627,354,659	738,031,310	1,323,237,051
KHR'000 equivalent (Note 2.1.4)	2,537,649,596	2,985,336,649	5,352,493,871
Financial liabilities			
Deposits from customers and other financial institutions	1,055,893,532	7,746,162	1,063,639,694
Borrowing	2,472,188	-	2,472,188
Due to parent company	2,273,412	-	2,273,412
Subordinated debt	-	45,000,000	45,000,000
Lease liabilities	2,221,114	18,869,183	21,090,297
Other liabilities	9,637,828	25,136	9,662,964
Non-financial liabilities			
Income tax payable	4,576,501	-	4,576,501
Other liabilities	5,925,168	-	5,925,168
Total	1,082,999,743	71,640,481	1,154,640,224
KHR'000 equivalent (Note 2.1.4)	4,380,733,960	289,785,746	4,670,519,705

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18. SHARE CAPITAL AND REGULATORY RESERVE

Share capital

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Authorized, issued and fully paid with par value of US\$ 1 per share: As at 1 January and 31 December	75,000,000	300,000,000	75,000,000	300,000,000

Retained earnings

On 20 January 2020, the NBC approved the Bank's declaration of dividend amounting to US\$16.0 million.

Regulatory reserve

The movements in regulatory reserve (Note 2.3.19) are as follows:

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
As at 1 January	8,988,816	36,428,342	7,612,089	30,815,426
Transfer to regulatory reserve	498,127	2,026,381	1,376,727	5,612,916
As at 31 December	9,486,943	38,454,723	8,988,816	36,428,342

19. INTEREST INCOME

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Loans and advances (Note 8)	61,216,375	249,028,212	57,245,850	233,391,330
Balance with other banks (Note 5)	2,148,386	8,739,634	2,737,552	11,161,000
Balance with NBC (Note 4)	3,744	15,231	21,295	86,820
	63,368,505	257,783,077	60,004,697	244,639,150

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20. INTEREST EXPENSE

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Deposits from customers and other financial institutions				
Term deposits	13,243,737	53,875,522	15,240,287	62,134,650
Current accounts	4,040,551	16,436,961	4,894,241	19,953,821
Savings accounts	786,680	3,200,215	746,359	3,042,906
Subordinated debt and other in-terest expense	3,694,174	15,027,900	3,609,448	14,715,719
	21,765,142	88,540,598	24,490,335	99,847,096

21. FEE AND COMMISSION INCOME AND OTHER INCOME

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Swift charges	3,371,909	13,716,926	3,170,811	12,927,396
Commission earned from trade finance	1,175,765	4,783,012	955,163	3,894,200
Service charges	906,704	3,688,472	788,354	3,214,119
Debit card fees	699,861	2,847,035	1,432,418	5,839,968
Loan commitment fees	635,791	2,586,398	628,796	2,563,601
Bankers' cheques	414,574	1,686,487	14,450	58,913
Miscellaneous loan fee and ser-vice charge	1,286,471	5,233,363	648,592	2,644,310
	8,491,075	34,541,693	7,638,584	31,142,507

22. OTHER INCOME

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Foreign exchange gains	2,273,915	9,250,286	2,587,363	10,548,679
Rental income (Note 27.4)	592,810	2,411,551	590,388	2,407,012
Accreted interest on refundable deposit	58,844	239,377	57,038	232,544
Others	559,220	2,274,908	173,442	707,123
	3,484,789	14,176,122	3,408,231	13,895,358

Others include mainly insurance referral fee and electricity income.

NOTES TO THE FINANCIAL STATEMENTS

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23. FINANCE COST

Finance cost comprises accreted interest on:

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Lease liabilities	794,600	3,232,433	865,891	3,530,238
Restoration provision	20,957	85,253	21,023	85,710
	815,557	3,317,686	886,914	3,615,948

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Salaries and fringe benefits	9,500,177	38,646,719	8,726,442	35,577,704
Depreciation of right-of-use as-sets (Note 11)	2,489,867	10,128,779	2,451,525	9,994,867
Depreciation and amortization (Notes 9 and Note 10)	1,817,370	7,393,061	1,875,418	7,646,079
Taxes and licenses	772,075	3,140,801	824,021	3,359,534
Repairs and maintenance	771,490	3,138,421	682,599	2,782,956
Utilities	593,780	2,415,497	576,389	2,349,938
Management service fees	548,751	2,232,319	436,267	1,778,661
Building securities	514,395	2,092,559	468,657	1,910,715
Acquirer fees	374,663	1,524,129	972,315	3,964,128
Communication	275,724	1,121,645	256,232	1,044,658
Professional fees	274,389	1,116,214	217,357	886,164
Directors' fees and meetings' allowance	232,900	947,437	234,037	954,169
Stationeries and supplies	200,654	816,260	164,700	671,482
Insurance	128,715	523,613	98,226	400,467
Advertising	110,479	449,429	127,553	520,034
Transportation	62,429	253,962	72,435	295,317
Others	360,390	1,466,067	378,755	1,544,185
	19,028,248	77,406,912	18,562,928	75,681,058

Others include mainly charitable donations and realized exchange loss.

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25. NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

	Notes	2021		2020	
		US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
OPERATING ACTIVITIES					
Income before income tax		20,983,805	85,362,119	24,145,775	98,442,325
Adjustments for:					
Depreciation of right-of-use assets	11	2,489,867	10,128,779	3,153,245	12,855,780
Depreciation and amortisation	9	1,817,370	7,393,061	1,875,418	7,646,079
Provision for ECLs	5, 8	11,103,053	45,167,220	1,797,135	7,326,919
Write-off of right-of-use assets		-	-	314,384	1,281,744
Interest accretion on refundable deposit		(58,844)	(239,377)	(57,038)	(232,544)
Gain from sale of property and equipment		-	-	(1,705)	(6,951)
Net cash generated from operations before changes in net operating assets and liabilities		36,335,251	147,811,802	31,227,214	127,313,352
(Increase) decrease in operating assets:					
Balances with the NBC	4	(7,421,024)	(30,188,726)	54,400,421	221,790,516
Balances with other banks		(27,610,256)	(112,318,521)	-	-
Loans and advances	8	(93,840,388)	(381,742,698)	(91,705,219)	(373,882,178)
Other assets	12	864,297	3,515,960	314,306	1,281,426
Increase (decrease) in operating liabilities:					
Deposits from customers and other financial institutions	13	(9,719,354)	(39,538,332)	(69,783,184)	(284,506,041)
Due to parent company	6	949,708	3,863,412	(829,545)	(3,382,055)
Other liabilities	16	(245,070)	(996,945)	(1,475,297)	(6,014,786)
Net cash used in operations		(100,686,836)	(409,594,048)	(77,851,304)	(317,399,766)
Income tax paid	14.1	(5,303,212)	(21,573,466)	(6,891,456)	(28,096,466)
Net cash used in operating activities		(105,990,048)	(431,167,514)	(84,742,760)	(345,496,232)

NOTES TO THE FINANCIAL STATEMENTS

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26. RELATED PARTY TRANSACTIONS AND BALANCES

(i) Significant related party transactions of the Bank during the year and outstanding balances as at statement of financial position date are as follows:

Related party	Nature of transactions/ balances	2021		2020	
		US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Malayan Banking Berhad ("MayBank")	Settlement accounts - nostro	43,071	175,213	125,694	512,454
	Placements with parent company	112,000,000	455,616,000	180,000,000	733,860,000
	Settlement accounts - vostro	3,223,120	13,111,652	2,325,593	9,481,443
	Subordinated debt	45,000,000	183,060,000	45,000,000	183,465,000
	Interest payable	1,457,976	5,931,046	1,457,831	5,943,577
	Interest expense	3,579,717	14,562,289	3,541,143	14,437,240
	Interest income	294,578	1,198,343	1,428,790	5,825,177
	Interest receivable	14,203	86,727	92,432	376,845
	Insurance expense	21,288	86,727	-	-
Maybank Shared Service	Management service fees	761,792	3,098,970	436,267	1,778,661
	Management service fees payable	134,508	547,179	73,375	299,150
Maybank London	Settlement accounts	638,752	2,598,443	619,696	2,526,501
Maybank New York	Settlement accounts	-	-	505,828	2,062,261
Maybank Singapore	Settlement accounts	87,896	357,561	365,443	1,489,911
Maybank Hong Kong	Settlement accounts	26,166	106,443	5,078	20,703
	Interest expense	-	-	41	168
Maybank Vietnam, Hanoi Branch	Settlement accounts	1,801	7,326	4,722	19,252
Maybank Shanghai	Settlement accounts	8,858	36,034	13,767	56,128
Maybank International Labuan Branch	Loan arrangement fee	187,204	761,546	143,069	583,292

NOTES TO THE FINANCIAL STATEMENTS

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26. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

(i) Significant related party transactions of the Bank during the year and outstanding balances at balance sheet date are as follows (cont'd)

Related party	Nature of transactions/balances	2021		2020	
		US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Etika Life Insurance (Cambodia) Plc.	Fixed deposit	7,337,555	29,849,174	7,056,501	28,769,355
	Interest payable	100,243	407,789	107,583	438,616
	Interest expense	307,357	1,250,328	245,147	999,464
	Rental Income	63,143	256,866	37,092	151,224
	Referral fee income	89,936	365,860	11,364	46,331
	Access fee income	90,676	368,870	-	-
	Receivable income on Upfront	351,369	2,038,500	500,000	2,038,500
	Access Fee				
Etika General Insurance (Cambodia) Plc.	Fixed deposit	7,398,359	30,096,524	8,019,651	32,696,117
	Referral fee income	65,412	266,096	-	-
	Rental income	37,483	152,481	36,723	149,720
	Interest payable	71,956	292,717	197,085	803,516
	Interest expense	271,618	1,104,942	338,770	1,381,165

(ii) Key management personnel compensation:

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Remuneration of key management personnel	2,205,111	8,970,393	1,937,606	7,899,620
Outstanding balance as at 31 December	222,704	907,295	210,723	852,375

Key management personnel include the directors and executive management.

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27. COMMITMENTS, CONTINGENCIES AND LEASING ARRANGEMENTS

27.1 Lending commitments

To meet the financial needs of customers, the Bank enters into various commitments and contingent liabilities, as follows:

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Unutilized portion of over-draft	62,315,061	253,871,559	69,395,349	280,704,187
Letters of credit	50,362,639	205,177,391	53,789,943	217,580,319
Guarantees	31,550,825	128,538,061	24,595,897	99,490,403
Undrawn balance of term loans	6,948,393	28,307,753	1,189,332	4,810,848
	151,176,918	615,894,764	148,970,521	602,585,757

27.2 Taxation contingency

The taxation system in Cambodia is characterized by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

27.3 Legal contingency

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

27.4 Operating leases – Bank as lessor

The Bank acts as lessor of office space. These leases have an average life of between five (5) to ten (10) years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases. Rental income recognised by the Bank during the year amounted to US\$ 592,810 (2020: US\$590,388).

Future minimum lease payments under non-cancellable operating leases as at 31 December were as follow

	2021		2020	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Within one year	542,844	2,211,546	489,300	1,979,219
Between one to five years	2,511,151	10,230,429	2,348,640	9,500,249
More than five years	-	-	390,672	1,580,268
	3,053,995	12,441,975	3,228,612	13,059,736

28. FINANCIAL RISK MANAGEMENT

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

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

The Bank intends to comply with NBC's regulations for financial risk management purposes. In addition to the minimum requirements of NBC, the Bank also adopts relevant financial risk management procedures of the parent company.

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28. FINANCIAL RISK MANAGEMENT (CONT'D)

28.1 Operational risk

The operational risk which would result from inadequate or failed internal processes, people and systems is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the management.

The operational risk management entails the establishment of clear organizational structures, roles and control policies. Various internal control policies and measures have been implemented. These include the establishment of signing authorities, defining system parameter controls, streamlining procedures and documentation. These are reviewed continually to address the operational risks of its banking business.

28.2 Credit risk

The Bank takes on exposure to credit risk, which is the risk that a counter party will cause a financial loss to the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Bank's business. Credit exposure arises principally in lending activities that lead to loans and advances. There is also credit risk in off-balance sheet financial instruments, such as loan commitments.

(a) Credit risk measurement, mitigation and concentration control

Governance

Overall supervision and responsibility in managing risk resides with the Bank's Board-level Risk Management Committee. At management level, supervision of material credit risk is being done by the Executive Committee and the Credit Committee of the Bank. Risk pricing is covered by the Asset and Liability Management Committee. These committees ensure that all the relevant risk areas are properly identified, measured, managed, priced, monitored, and disclosed within their respective terms of reference.

The following are the key risk areas encountered by the Bank and how they are managed:

(i) Credit risk management framework

Develop, enhance and communicate an efficient, effective and consistent credit risk management framework, leveraging on people and technology.

(ii) Credit policies

Develop and review credit policies including providing empowerment to approve loans.

(iii) Regulatory requirements

Ensure compliance with NBC and other regulatory requirements on credit risk management.

(iv) Risk limits concentrations

Set, review and monitor risk limits and concentrations according to various categories such as a single customer group and product types.

(v) Portfolio management

Manage and control the Bank's portfolio, including providing analysis of the overall composition and quality of the various credit portfolios to identify any particular sensitivities and concentrations. At the same time, to safeguard and preserve the asset quality of the Bank by analyzing vulnerable industries where prospects have changed or are showing unfavorable signs

(vi) Credit review

Perform post-approval review of credit proposals to assess whether loan originators, pre-evaluators and approving authorities have addressed and analyzed credit risks sufficiently and provided mitigating factors.

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

For maximum exposure of financial assets to credit risk, refer to Note 28.2 (c).

The credit exposure arising from off-balance sheet activities i.e. commitments and contingencies is disclosed in Note 27.

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

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

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28. FINANCIAL RISK MANAGEMENT (CONT'D)

28.2 Credit risk (cont'd)

(c) Concentration of risks of financial assets with credit risk exposure (cont'd)

Risk concentration by industry is as follows:

2021

	Balances with the NBC* US\$	Balances with other banks US\$	Due from parent company and balances with affiliates US\$	Loans and advances US\$	Other assets** US\$	Total US\$
Financial services	133,181,445	179,206,304	806,542	69,597,664	1,914,764	384,706,719
Consumers	-	-	-	285,179,753	-	285,179,753
Wholesale/retail	-	-	-	395,236,044	-	395,236,044
Manufacturing	-	-	-	37,995,494	-	37,995,494
Import/export	-	-	-	13,084,071	-	13,084,071
Construction	-	-	-	37,252,689	-	37,252,689
Agriculture	-	-	-	4,011,282	-	4,011,282
Energy	-	-	-	1,603,292	-	1,603,292
Education, health and others	-	-	-	23,495,359	-	23,495,359
Total	133,181,445	179,206,304	806,542	867,455,648	1,914,764	1,182,564,703
Allowance for ECLs	-	(207,826)	-	(20,335,910)	-	(20,543,736)
Net	133,181,445	178,998,478	806,542	847,119,738	1,914,764	1,162,020,967
KHR'000 equivalent (Note 2.1.4)	542,581,207	729,239,799	3,285,852	3,451,165,813	7,800,749	4,734,073,420

*This excludes statutory deposits amounting to US\$ 90,763,917 or KHR'000 369,772,198.

**This excludes prepayments, deposits to suppliers and other non-financial assets amounting to US\$ 287,484 or KHR'000 1,171,209.

2020

	Balances with the NBC* US\$	Balances with other banks US\$	Due from parent company and balances with affiliates US\$	Loans and advances US\$	Other assets** US\$	Total US\$
Financial services	146,741,465	224,397,051	1,640,228	66,265,531	1,924,509	440,968,784
Consumers	-	-	-	255,931,346	-	255,931,346
Wholesale/retail	-	-	-	341,044,628	-	341,044,628
Manufacturing	-	-	-	37,427,849	-	37,427,849
Import/export	-	-	-	10,065,410	-	10,065,410
Construction	-	-	-	31,875,335	-	31,875,335
Agriculture	-	-	-	5,556,980	-	5,556,980
Energy	-	-	-	941,799	-	941,799
Education, health and others	-	-	-	28,518,047	-	28,518,047
Total	146,741,465	224,397,051	1,640,228	777,626,925	1,924,509	1,152,330,178
Allowance for ECLs	-	(128,362)	-	(13,473,938)	-	(13,602,300)
Net	146,741,465	224,268,689	1,640,228	764,152,987	1,924,509	1,138,727,878
KHR'000 equivalent (Note 2.1.4)	593,569,226	907,166,847	6,634,722	3,090,998,832	7,784,639	4,606,154,267

*This excludes statutory deposits amounting to US\$ 89,842,893 or KHR'000 363,414,502.

**This excludes prepayments, deposits to suppliers and other non-financial assets amounting to US\$ 1,083,192 or KHR'000 4,381,512.

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28. FINANCIAL RISK MANAGEMENT (CONT'D)

28.2 Credit risk (cont'd)

(d) Credit quality by class of financial assets

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amounts presented are gross of any required impairment allowance

	2021			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Balances with the NBC*	133,181,445	-	-	133,181,445
Balances with other banks	179,206,304	-	-	179,206,304
Due from parent company and balances with affiliates	806,542	-	-	806,542
Loans and advances – gross	800,389,251	39,781,651	27,284,746	867,455,648
Other assets**	1,914,764	-	-	1,914,764
Total	1,115,498,306	39,781,651	27,284,746	1,182,564,703
Allowance for ECLs	(6,516,526)	(3,963,983)	(10,063,227)	(20,543,736)
Net	1,108,981,780	35,817,668	17,221,519	1,162,020,967
KHR'000 equivalent (Note 2.1.4)	4,517,991,772	145,921,179	70,160,468	4,734,073,420

*This excludes statutory deposits amounting to US\$ 90,763,917 or KHR'000 369,772,198.

**This excludes prepayments, deposits to suppliers and other non-financial assets amounting to US\$ 287,484 or KHR'000 1,171,209.

	2020			
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
Balances with the NBC*	146,741,465	-	-	146,741,465
Balances with other banks	224,397,051	-	-	224,397,051
Due from parent company and balances with affiliates	1,640,228	-	-	1,640,228
Loans and advances – gross	746,349,878	12,865,713	18,411,334	777,626,925
Other assets**	1,924,509	-	-	1,924,509
Total	1,121,053,131	12,865,713	18,411,334	1,152,330,178
Allowance for ECLs	(3,445,218)	(3,851,796)	(6,305,286)	(13,602,300)
Net	1,117,607,913	9,013,917	12,106,048	1,138,727,878
KHR'000 equivalent (Note 2.1.4)	4,520,724,008	36,461,294	48,968,964	4,606,154,266

*This excludes statutory deposits amounting to US\$ 89,842,893 or KHR'000 363,414,502.

**This excludes prepayments, deposits to suppliers and other non-financial assets amounting to US\$ 1,083,192 or KHR'000 4,381,512.

(e) Credit quality

The Bank applies a three-stage approach based on the change in credit quality since initial recognition:

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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28. FINANCIAL RISK MANAGEMENT (CONT'D)

28.2 Credit risk (cont'd)

(e) Credit quality (cont'd)

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

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

Stage	Credit risk status	Default indicator
1	12-month ECL – not credit-impaired	0 to 29 days past due ("DPD")
2	Lifetime ECL – not credit-impaired	30 to 89 DPD
3	Lifetime ECL – credit-impaired	More than 90 DPD Restructured and rescheduled Forced default Related default

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

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

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

(iv) Incorporation of forward-looking information

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

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

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

(f) Collateral repossessed

During the year, the Bank did not obtain assets by taking possession of collaterals held as security.

NOTES TO THE FINANCIAL STATEMENTS

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28. FINANCIAL RISK MANAGEMENT (CONT'D)

28.3 Market risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, there are two key components being monitored under Market Risk i.e. Foreign Exchange ("FX") Risk and Interest Rate Risk.

28.3.1 Foreign currency exchange risk

Foreign currency exchange risk refers to the adverse exchange rate movements on foreign currency exchange positions taken from time to time. The Bank maintains a policy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored against the operating requirements, predetermined position limits and cut-loss limits.

As at balance sheet date, balances in monetary assets and liabilities denominated in currencies other than US\$ are now somewhat significant. Therefore, the sensitivity analysis for foreign currency exchange risk was presented specifically on the Translational Exposure

28.3.2 Interest rate risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing, cost of funds and through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavorable interest rate movement is monitored against the risk tolerance limits set.

Fair value sensitivity analysis for fixed rate instruments

The Bank does not account for any fixed rate instruments at fair value through profit or loss, and the Bank does not have derivatives as at year end. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The Bank does not have significant variable-rate instruments. Therefore, no cash flow sensitivity analysis for variable-rate instruments was presented.

28.4. Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost. Management believes that the Bank fully complies with all liquidity requirements of NBC as it closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Additionally, movements in loans and advances and customers' deposits are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

Analysis of the financial assets and liabilities of the Bank into relevant maturity groupings based on the remaining periods to repayment follows:

	2021						
	On demand US\$	Up to 1 month US\$	>1 - 3 months US\$	>3 - 12 months US\$	>1 to 5 years US\$	Over 5 years US\$	Total US\$
Financial assets							
Cash on hand	47,646,703	-	-	-	-	-	47,646,703
Balances with the NBC	126,681,445	-	6,500,000	-	-	-	133,181,445
Balances with other banks	34,597,075	109,700,049	34,909,180	-	-	-	179,206,304
Balances with parent company	43,070	-	-	-	-	-	43,070
Balances with affiliates	763,472	-	-	-	-	-	763,472
Loans and advances - gross	157,202,264	13,217,655	20,770,617	20,790,663	124,955,549	530,518,900	867,455,648
Other assets	-	343,038	31,994	8,074	400,072	1,131,586	1,914,764
Total financial assets	366,934,029	123,260,742	62,211,791	20,798,737	125,355,621	531,650,486	1,230,211,406
Financial liabilities							
Deposits from customers and other financial institutions	667,676,561	94,853,231	86,836,402	201,011,853	3,542,293	-	1,053,920,340
Balances with parent company	3,223,120	-	-	-	-	-	3,223,120
Subordinated debt	-	-	-	-	-	45,000,000	45,000,000
Lease liabilities	-	-	-	2,381,416	7,795,489	9,005,591	19,182,496
Other liabilities	-	3,465,046	2,496,141	2,714,370	13,098	350,495	9,039,150
Total financial liabilities	670,899,681	98,318,277	89,332,543	206,107,639	11,350,880	54,356,086	1,130,365,106
Net liquidity surplus (gap)	(303,965,652)	24,942,465	(27,120,752)	(185,308,902)	114,004,741	477,294,400	99,846,300
KHR'000 equivalent (Note 2.1.4)	(1,238,356,066)	101,615,602	(110,489,944)	(754,948,467)	464,455,315	1,944,497,386	406,773,826

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28. FINANCIAL RISK MANAGEMENT (CONT'D)

28.4. Liquidity risk (cont'd)

	2020						
	On demand US\$	Up to 1 month US\$	>1 - 3 months US\$	>3 - 12 months US\$	>1 to 5 years US\$	Over 5 years US\$	Total US\$
Financial assets							
Cash on hand	66,820,402	-	-	-	-	-	66,820,402
Balances with the NBC	134,041,465	10,000,268	2,700,870	-	-	-	146,742,603
Balances with other banks	1,397,051	148,021,604	60,040,301	15,016,493	-	-	224,475,449
Balances with parent company	125,694	-	-	-	-	-	125,694
Balances with affiliates	1,514,534	-	-	-	-	-	1,514,534
Loans and advances - gross	127,675,090	7,175,336	18,305,205	33,290,547	166,195,064	911,820,518	1,264,461,760
Other assets	-	423,928	31,943	14,402	316,412	1,137,824	1,924,509
Total financial assets	331,574,236	165,621,136	81,078,319	48,321,442	166,511,476	912,958,342	1,706,064,951
Financial liabilities							
Deposits from customers and other financial institutions	660,152,222	94,308,943	98,082,519	206,710,633	8,060,705	-	1,067,315,022
Borrowing	-	-	2,486,412	-	-	-	2,486,412
Balances with parent company	2,298,348	-	-	-	-	-	2,298,348
Subordinated debt	-	-	-	-	-	45,000,000	45,000,000
Other liabilities	-	-	-	2,221,114	7,963,755	10,905,428	21,090,297
Lease liabilities	-	2,074,152	2,909,081	4,654,595	25,136	-	9,662,964
Total financial liabilities	662,450,570	96,383,095	103,478,012	213,586,342	16,049,596	55,905,428	1,147,853,043
Net liquidity surplus (gap)	(330,876,334)	69,238,041	(22,399,693)	(165,264,900)	150,461,880	857,052,914	558,211,908
KHR'000 equivalent (Note 2.1.4)	(1,338,394,771)	280,067,876	(90,606,758)	(668,496,521)	608,618,305	3,466,779,037	2,257,967,168

28.5 Capital management

28.5.1 Regulatory capital

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

The Bank's policy 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 recognized. As such, the Bank tries 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 Bank has complied with all externally imposed capital requirement throughout the year.

28.5.2 Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

29. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets, financial liabilities and off-balance sheet instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The information presented herein represents the estimates of fair values as at the financial position date.

Quoted and observable market prices, where available, are used as the measure of fair values of the financial instruments. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors.

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of CIFRS 7: Financial Instruments Disclosures which requires the fair value information to be disclosed. These include investment in subsidiaries and property and equipment.

The fair value of the Bank's financial instruments such as cash and short-term funds, balances with NBC, deposits and placements with banks and other financial institutions, deposits from customers and banks, other assets, other liabilities and short-term borrowings are not materially sensitive to shifts in market profit rate because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities at financial position date approximate their fair values.

The methods and assumptions used by the Bank in estimating the fair value of the financial instruments are:

Cash on hand, balances with the NBC and other banks

The carrying amounts approximate the fair values due to the short-term nature of these accounts.

Loans and advances

The fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of financing with similar credit risks and maturities.

Deposits and borrowings

The estimated fair value of demand deposits with no stated maturity, which includes noninterest-bearing deposits, is the amount repayable on demand. The estimated fair value of long-term fixed interest-bearing deposits and other borrowings without quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

Other assets and liabilities

Due to their short duration, the carrying amounts of other liabilities in the statement of financial position are considered to be reasonable approximation of their fair values.

Fair value hierarchy

CIFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Bank's market assumptions. The fair value hierarchy is as follows:

- Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

The table below summarizes the fair value of financial assets which are not carried at fair value in the statements of financial position at the reporting date analyzed by various levels within the fair value hierarchy.

	2021		2020	
	Carrying amount US\$	Fair value Level 3 US\$	Carrying amount US\$	Fair value Level 3 US\$
Loans and advances	847,119,738	847,128,678	764,152,987	777,628,874
Equivalent in KHR'000 (Note 2.1.4)	3,451,165,813	3,451,202,233	3,090,998,832	3,145,508,795
Deposits from customers and other financial institutions	1,053,920,340	1,048,327,397	1,063,639,694	1,057,722,785
Equivalent in KHR'000 (Note 2.1.4)	4,293,671,465	4,270,885,815	4,302,422,562	4,309,162,627

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30. SUBSEQUENT EVENTS

The continuous development of the coronavirus outbreak has brought about unprecedented impact and changing circumstances in Cambodia. Based on the management's assessment, the potential impact of the disease outbreak could be minimal due to availability of loan protection measures in controlling credit risks of the portfolio. Management will continuously pay close attention to the development of the COVID-19 in Cambodia, its impact to its customers, as well as their customers' ability to service the debts.

Other than as disclosed elsewhere in these financial statements, at the date of this report, there were no events which occurred subsequent to 31 December 2021 that had significant impact on the statement of financial position of the Bank as at 31 December 2021.

CORPORATE INFORMATION

BOARD OF DIRECTORS

ANTHONY BRENT ELAM

Independent Non-Executive Director
(Chairman)

SHAIFUDDIN KHALID

Independent Non-Executive Director

SPENCER LEE

Independent Non-Executive Director

DATUK HAMIRULLAH BOORHAN

Non-Independent Non-Executive Director

SOON SU LONG

Non-Independent Non-Executive Director

CORPORATE SECRETARIES

QAZREEN CHAN ABDULLAH

Corporate Secretary

LONG SOKMARITH

Joint Corporate Secretary

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Certified Public Accountants

Registered Auditors

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FINANCIAL YEAR END

31 December

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