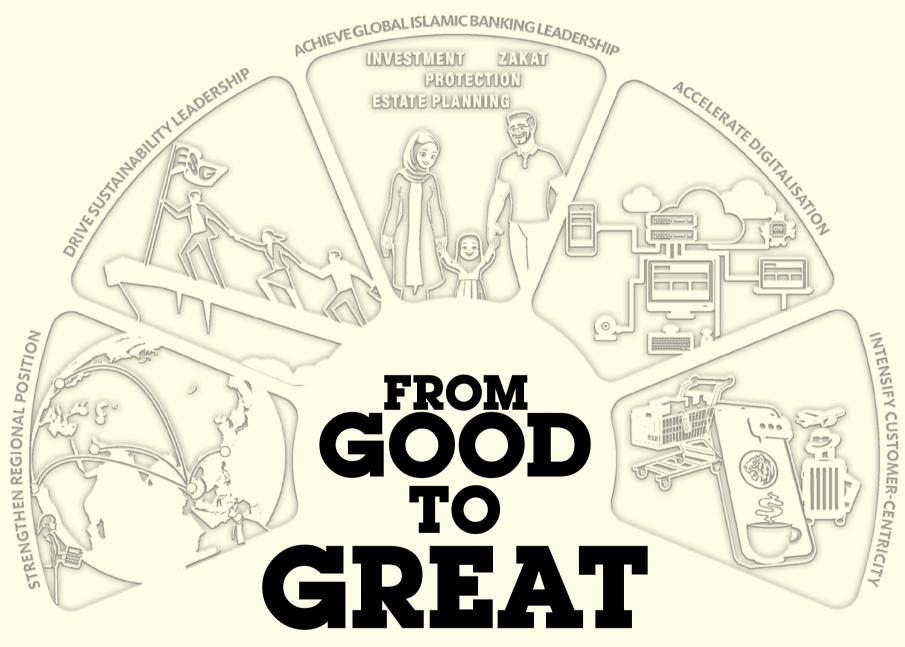


ANNUAL REPORT 2022

Maybank (Cambodia) Plc.



Best International Bank

from Asiamoney for 3 years in a row

Maybank Scholarship Programme

Rollout of our first Maybank Cambodia Scholarship Programme 131.40%

Liquidity Coverage Ratio

MAYBANK GROUP: FROM GOOD TO GREAT

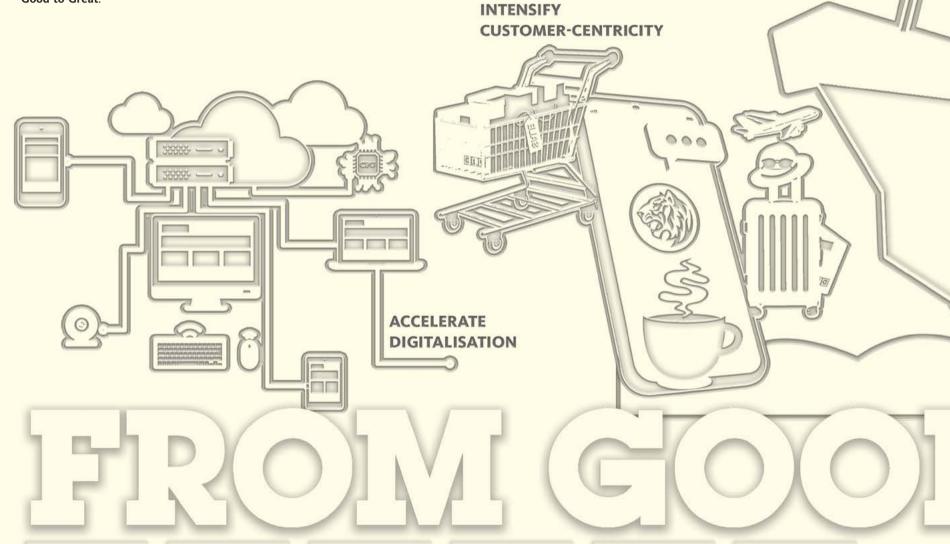
The world has evolved significantly in recent years, and especially during the pandemic which induced shock waves bringing about macroeconomic volatilities. Reacting to social restrictions, customers have adopted digital lifestyles wholeheartedly, incorporating digital technologies into practically everything they do. Meanwhile, the reality of climate change has reinforced the critical of being sustainable.

In response to these winds of change, Maybank has taken steps to further strengthen our fundamentals by refining our long-term strategy, M25+, ensuring we remain relevant and sustainable in the long run. Committed to making a difference to the lives of our customers and the communities we serve, we are deepening our purpose of Humanising Financial Services as we deliver a differentiated customer experience and serve the community as a force for good in ASEAN.

The emphasis that we are placing our customers at the heart of everything we do is reflected in our five strategic thrusts under M25+. Most directly, we seek to "intensify our customer-centricity" by curating hyper-personalised products and services to create meaningful experiences throughout customers' lifecycles. This will be driven largely by "accelerating digitalisation and technology modernisation", further improving our back- and front-end systems to create integrated and expansive digital ecosystems that go beyond banking.

We will not limit our growth to our shores but will continue to develop our regional offerings and digital touchpoints to extend our market presence in ASEAN, "strengthening Maybank's position beyond Malaysia". Much of this growth will be founded on ethically differentiated offerings as we "drive leadership in the sustainability agenda", accelerate our internal decarbonisation strategies and help our vendors and customers to transition to low-carbon operations. At the same time, to "achieve true global leadership in Islamic banking", we will further expand our Shariah-compliant offerings to international markets, with a focus on global wealth management.

As we grow, regionally and internationally, we seek to entrench our ethical and sustainable footprint, ensuring the success of our transition **From Good to Great**.



1993

Opened first Maybank branch in Phnom Penh, Cambodia.

2012

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

Launched Maybank's awardwinning 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.

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.

2022

Rollout of our first Maybank Cambodia Scholarship Porgramme.

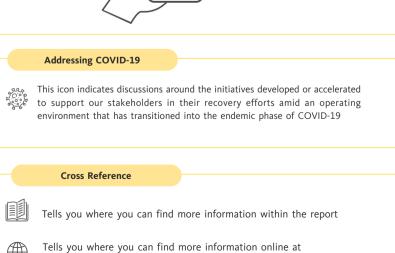
About Our Report

Maybank (Cambodia) Plc's Annual Report is our primary report and includes corporate and financial statements which provides an overview of the Bank's performance in 2022 and outlook for 2023.



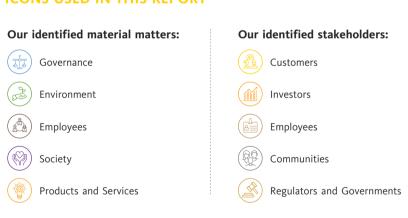
As we continue to adopt best practices, we endeavour to reduce the carbon footprint of this report practically, in line with our aspiration to be a **Sustainability Leader in Southeast Asia (SEA)**.





www.maybank2u.com.kh

ICONS USED IN THIS REPORT





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Should you have any feedback on this report, please reach out to contactus.mcp@maybank.com

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 Purpose...

We are a values-driven platform, powered by a bionic workforce that Humanises Financial Services.

driven by

Our Mission...

Humanising Financial Services

Being at the heart of the community, we will:

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

shaped by

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.

With Our Unique Differentiators...

We serve our communities in ways that are simple, fair, inclusive and human, **embodying our mission.**



Over

43,000 Maybankers

who serve our mission, empowered by our

Core Values, TIGER.



Our refined strategy,

M25+,
reinforces our focus across

five strategic

thrusts to drive sustainable
long-term growth anchored on a
deeper purpose.



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 and Cards Business.

Commercial & Transaction Banking

For

Business, Corporates and Institutions.

Offers:

SME and Business Banking, Short Term & Long Term Business Loans, 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 | Digital, Technology & Innovation | Customer Experience, Corporate & Legal Services, Marketing & Branding | Finance | Human Capital | Risk | Compliance | 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 16 million retail, non-retail and corporate customers.

Help Deliver Value Across ASEAN...

Being at the heart of ASEAN, we take a leading role in supporting our communities navigate the transition into global endemicity and a sustainable future

USD2.2 billion

(RM9.8 billion)

of the Group's consumer and SME loans remain under relief measures as at yearend, with repayment assistance and support measures being extended to those in need throughout the year.

USD 2.7 billion

(RM11.7 billion)

SME loans disbursed across ASEAN in FY2022, of which USD184.2 million (RM811.4 million) was disbursed through the SME Digital Financing platform.

USD 0.5 billion

(RM2.3 billion)

of affordable home loans, mobilised in Malaysia in FY2022, providing home ownership accessibility to low-income households.

USD4.7 billion

(RM20.7 billion)

of sustainable financing mobilised in FY2022 to support the low-carbon transition initiatives and sustainable development outcomes.

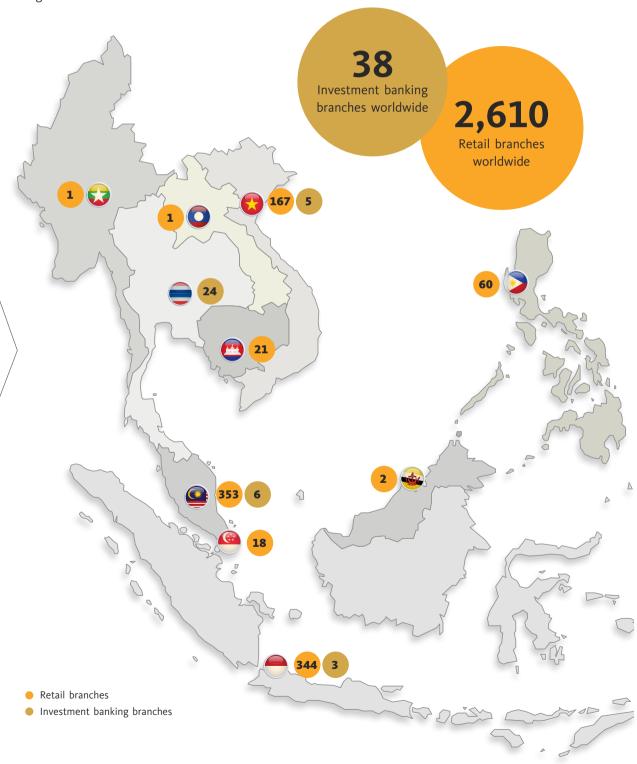
Over USD 0.2 trillion

(Over RM1.0 trillion)

transacted via Maybank's digital platforms across ASEAN in FY2022, supported by Malaysia-Cambodia, Malaysia-Singapore and Malaysia-Indonesia cross-border initiatives to promote borderless inclusivity.

And Beyond.

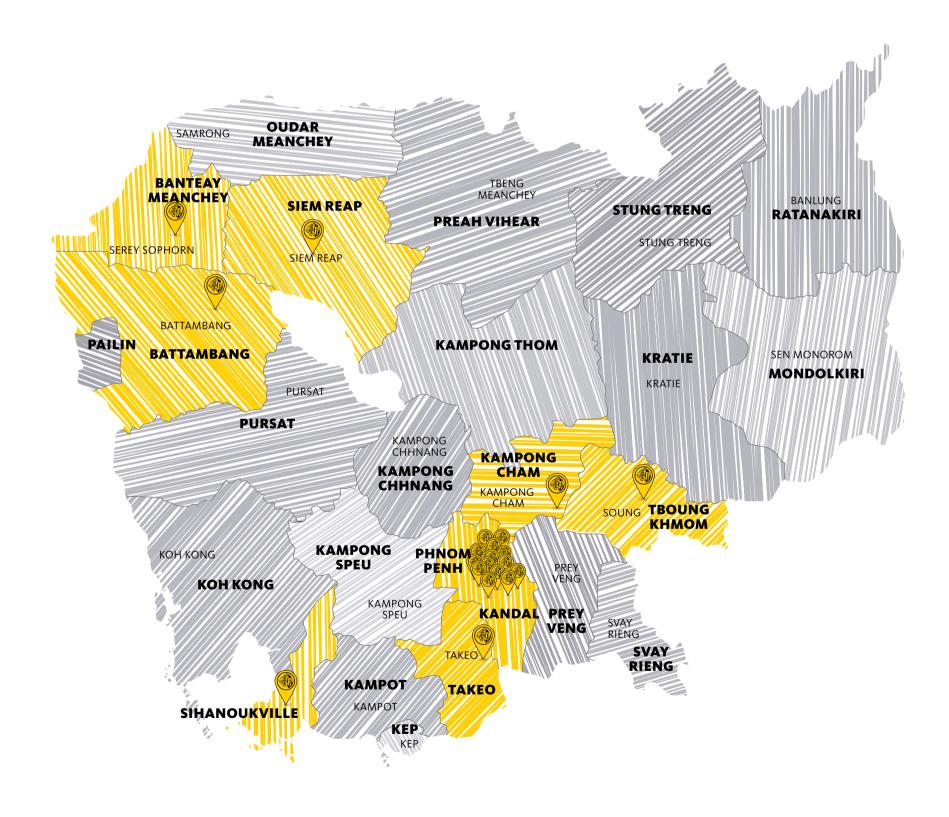
We are in 18* countries including all 10 ASEAN countries, with Malaysia, Singapore and Indonesia being our home markets. We are also present in international financial centres such as London, New York, Hong Kong and Dubai.



- * The non-ASEAN countries are Greater China, India, Pakistan, Saudi Arabia, UAE, UK, USA and Uzbekistan
- For more details, refer to Strategic Business Units on page 8, and www.maybank.com/en/maybank-worldwide.page

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

pg. 112

Other Information

PHNOM PENH BRANCHES

Social & Relationship Capital and Natural Capital



PHNOM PENH MAIN **BRANCH** 18 December 1993



pg. 52-56

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



SAENSOKH **BRANCH** 08 December 2022



STUNG MEANCHEY **BRANCH**

26 December 2011

PROVINCIAL BRANCHES



KRONG SOUNG BRANCH



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



ТА КНМАО 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:



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).



Etiqa 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.



Maybank Investment Banking Group (Maybank IBG) is the leading homegrown investment bank in ASEAN, comprising Maybank Investment Bank Berhad and Maybank IBG Holdings Limited, the latter having licensed entities in Singapore, Thailand, the Philippines, Indonesia, Vietnam, Hong Kong, India and UK. Collectively, Maybank IBG has a network of nine offices, 38 branches and 102 touchpoints offering investment banking, advisory, broking and prime broking services, as well as bottom-up macro, sector, company and ESG research.



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 Singaporeincorporated 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 13.9% and 25.2% to the Group's profit before tax and gross loans* respectively in FY2022.



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 345 branches (which include 19 Shariah branches and one overseas branch in Mumbai), 895 ATMs (including 26 Cash Recycle Machines), as well as mobile and internet banking services. Maybank Indonesia contributed 6.0% and 5.3% to the Group's profit before tax and gross loans* respectively in FY2022.



MAYBANK GREATER CHINA

Established in Hong Kong in 1962, Maybank Greater China has since expanded to include branches in Shanghai (in 2000), Beijing (in 2012), Kunming (in 2015) and Shenzhen (in 2016) 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 60 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



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



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.



틐 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

40.58% is held by Maybank Capital, Inc

Effective interest held by the Group. 85% is held by Maybank IBG Holdings Limited and 15% is held

by PT Maybank Indonesia Finance (14.78% effective interest held by the Group)

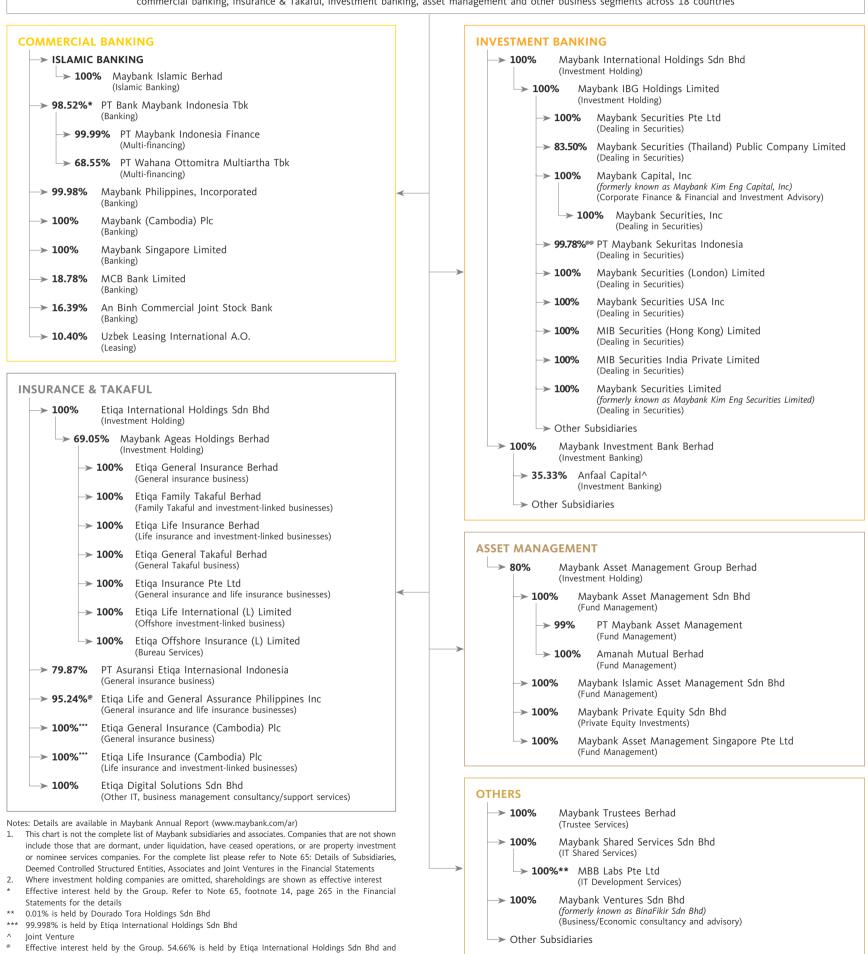
Group Corporate Structure

as at 31 December 2022



MALAYAN BANKING BERHAD

The operations of Maybank cover various key entities and business segments of the Group including commercial banking, insurance & Takaful, investment banking, asset management and other business segments across 18 countries



Organisation Structure

RATH SOPHOAN

Chief Executive Officer & Country Head

Steers the Bank's overall business growth and strategies and ensures the delivery of long-term value for shareholder, customers, employees and all other stakeholders anchored on our corporate purpose.

BUSINESS

COMMUNITY FINANCIAL SERVICES

DUK SARAK

Head, Community Financial Services

Leads Community Financial Services' business growth and strategic direction covering Retail SME, Consumer Finance, Premier Wealth, Funding, Deposit, Bancassurance, Cards, Community Distribution and Asset Quality Management.

COMMERCIAL & TRANSACTION BANKING

KROURCH SATHYA

Head, Commercial & Transaction Banking

Leads the Commercial & Transaction Banking's business growth and strategies covering Corporate Banking (including Financial Institution), Business Banking, SME Banking and Transaction Banking.

GLOBAL MARKETS

HONG SREYNUON

Head, Global Markets

Manages and oversees the Bank's Money Market, Treasury as well as Foreign Exchange Sales and Advisory.

FUNCTION

OPERATIONS & CORPORATE AFFAIRS

QAZREEN CHAN ABDULLAH

Chief Operating Officer

Strategises and leads the Bank's operational and corporate affairs strategy and oversees the overall operations, governance and reputation of the Bank via its Business Operations Support, Customer Experience, Corporate & Legal Services and Marketing & Branding functions.

RISK

NG YOK CHIN

Chief Risk Officer

Strategises and leads an effective enterprise wide risk management framework for the Bank while implementing proactive and forward looking risk practices to support its strategic aspirations.

HUMAN CAPITAL

HUOT SUNNY

Head, Human Capital

Strategises and curates innovative and meaningful human capital strategies, initiatives and policies to develop and empower talents with high adaptability to drive sustainable growth and business performance.

FINANCE

MOHD MUGHTI ARIEF BIN SHAMSUDIN

Chief Financial Officer

Steers the Bank's financial strategic direction while leading its financial planning and reporting processes and managing its liquidity and capital adequacy to ensure the organization's sustainable growth.

BUSINESS OPERATIONS SUPPORT

SOK CHANDARA

Head, Business Operations Support

Formulates and develops the Bank's operational strategy and oversees the efficient and effective delivery of services to support the Bank's vision and mission.

DIGITAL, TECHNOLOGY & INNOVATION

LAING MOAM

Chief Digital Officer

Leads and shapes the Bank's technology strategy towards delivering competitive business advantage, building the digital bank and driving customer centricity via enhanced customer experience and best-in-class digital security.

CORPORATE SECRETARIAL QAZREEN CHAN ABDULLAH LONG SOKMARITH

Corporate Secretaries

Leads the corporate secretarial functions and advises the Bank on corporate governance practices and regulations.

AUDIT

NOR KHALILY BINTI KHALID

Head, Internal Audit

Leads Internal Audit in enhancing and protecting organisational value by providing risk-based and objective assurance, advice and insight.

COMPLIANCE

CHHOUR SORINTY

Head, Compliance

Oversees a framework to ensure compliance with laws and regulations.

Other Information

11





Our financial results have been promising, outperforming our expectations despite the difficult climate. Our robust performance is a reflection of our team's talent and unwavering commitment to our shared vision, values, and mission.

Anthony Brent ElamChairman



Becoming a values-driven platform, powered by a bionic workforce that Humanises Financial Services

A favorable ROE of 14% for financial year ended in 2022





As we are reflecting on the past year and celebrating our 30th year of operations in Cambodia, I am delighted to say that Maybank Cambodia Plc. ("MCP" or "the Bank") has continued to perform despite the ongoing macroeconomic and geopolitical challenges facing the Bank and the region. With our commitment to sustainably deliver shareholder value, the Bank has achieved a favorable ROE of 14%, more than 4% improvement from the previous year on the back of a record-high PBT of USD USD36.2 million, an impressive 73% YoY increase.

The Bank has shown tremendous resilience and agility, navigating through various obstacles and implementing strategies that have resulted in sustained growth and financial stability. The Bank has continued to invest in innovative technology, expand our products and services, and enhance our digital capabilities to deliver greater value to our customers. Our financial results have been promising, outperforming our expectations despite the difficult climate. Our robust performance is a reflection of our team's talent and unwavering commitment to our shared vision, values, and mission.

We remain highly focused on our goal of being a significant player in the Cambodian banking industry dedicated to enriching the lives of our customers, associates, and communities. We recognise that continued success requires ongoing dedication to earning the trust of our customers, regulatory bodies, and stakeholders. We are determined to build on the strengths of the past year and create new opportunities to grow alongside our customers, adapting to their ever-changing needs while maintaining sound business practices.

As the Bank is committing to deliver sustainable growth with innovative solutions, we have successfully launched new key products and services which allows us to elevate customer services to the next level. In FY2022, we launched Maybank QR Pay & KHQR, real time corporate remittance via Bakong and added 200+ billers to our Maybank2u online banking and mobile app, to enrich payment diversity. Additionally, we have also relocated our Ou Russei Branch to Saen Sok, a newly emerging growth area, to enhance customer experience and reach out to a broader customer base in the Phnom Penh city.

Key Messages from Chairman



As a financial services provider, **our customers are our raison d'etre;** we exist to serve them. This is something Maybank has always taken to heart; and which we constantly remind ourselves of **our Humanising Financial Services mission.**

MCP continues to be awarded with more accolades from prestigious international institutions, a testament to our commitment to delivering innovative and inclusive banking solutions to our community in Cambodia. In addition to the accolades below, MCP has been recognised as the Best International Bank in Cambodia for 3 consecutive years by Asiamoney:

- · Best CSR Bank Cambodia 2022 by Global Banking & Finance Awards
- Best Retail Bank Cambodia and Best CSR Initiative-Contribution to Community by Retail Banker International Asia Trailblazer Awards 2022
- Retail Banking Brand of the Year Awards Cambodia 2022 by Global Banking & Finance Awards
- · International Retail Bank of the Year-Cambodia by Asian Banking & Finance Retail Banking Awards 2022
- · Market Leader Corporate and Social Responsibility; Highly Regarded Digital Resolution and SME Banking by Euromoney Market Leaders 2022 ranking
- Best International Bank Cambodia 2022 by Asiamoney Best Bank Awards 2022

REFINEMENT OF OUR 5-YEAR STRATEGY: INTRODUCING M25+

In alignment with the refined Group M25+ strategy and adapting to the fast evolving banking landscape, we have also readjusted our long-term strategy. The revised strategy will focus on intensifying customer centricity, accelerating digitalisation and technology, expanding omni-channel touch points, cultivating a strong people and culture, and driving leadership in sustainable agenda. We aim to put our customers' needs at the forefront of our business by leveraging digital technology to enhance their experience and expand our touchpoints in various channels.

Our focus on people and culture will ensure that our employees are equipped with the necessary skills, expertise and tools to achieve our goals and provide excellent services to our customers. Furthermore, we are committed to driving leadership in sustainability by incorporating sustainable practices throughout our operations and ecosystem.

By pursuing these objectives, we will ensure that our business adapts and thrives in a rapidly evolving environment, while committed to delivering exceptional value to our customers and stakeholders.

2023 OUTLOOK

It is undeniable that the global economic slowdown has had an impact on Cambodia's economy. However, with the swift recovery from COVID-19, emerging as one of the region's fastest-growing economies and a strong and diverse leadership team, our Board is certain that MCP will be able to take advantage and benefit from this positive economic climate. The Board is confident that the leadership team, with their clear M25+ strategy, will bring sustainable growth to the Bank and community and delivering steady shareholder returns, elevating the Bank to greater heights. We will remain vigilant as we face future obstacles and stay competitive in the market by proactively managing risks.

NOTE OF APPRECIATION

On behalf of the board of directors, I would like to extend my gratitude and appreciation to our management team and staff for their tireless efforts, dedication, and hard work in helping us make impressive progress as we embark on a transformation journey. The pressure they have to undergo to accomplish this task is commendable, and their dedication to each project has been remarkable. Lastly, I would like to express our heartfelt thanks to our loyal customers, business partners, government authorities, and especially the National Bank of Cambodia for their confidence, support and guidance in furthering our business growth. We will continue to endeavor to be a force of good for all our stakeholders.



We awarded 2 deserving Cambodian students from lower-income families full scholarships.

Key Message from CEO & Country Head



MCP is steadfast to pursue its ambitions to provide top-rated customer service, holistic solutions, innovative services and products to meet our customers' evolving demands.

Rath Sophoan
CEO & Country Head





As the new CEO of Maybank Cambodia since mid-2022, I am very excited to report that we finished the year with a record-breaking Profit Before Tax (PBT) of USD36.2 million, 73% increase from 2021 on the back of a solid topline growth coupled with disciplined cost optimisation and healthy asset management.

2022 was another challenging year, in particular the rising interest rate, tightening liquidity and the global economic slowdown, albeit with the COVID-19 impact that has been subsided. As the Bank embraced agility in its strategic execution and mindset, the Bank managed to navigate through these headwinds and delivered an impressive Return of Equity (ROE) of 14%, comparing to 9% in the previous year in addition to the a record-breaking PBT. Net operating income (revenue) registered growth of 21% to USD 62.6 million on the back of healthy growth of both net-fund based and non-fund based income of 23.5% YoY and 9% YoY respectively. The growth in net-fund based income was attributed from the well optimization of the balance sheet predominantly driven by gross loans growth of 19% YoY.

We continued to make a concerted effort to growing and managing our business with effective asset quality management, resulting in an improvement of Non-Performing Loan (NPL) ratio from 2.7% in 2021 to 2.5% at the end of 2022. Furthermore, we remained watchful and focused on productivity improvements through cost optimization and operational excellence that enabled us to achieve a better and commendable cost-to-income (CIR) ratio at 35%.

MCP is steadfast to pursue its ambitions to provide top-rated customer service, holistic solutions, innovative services and products to meet our customers' evolving demands. Premised on this, we are honored to have received various international recognitions, a testament to acknowledging the dedication we put in to living our mission of humanising financial services as well as ensuring excellence in banking products, services, which contributes towards further strengthening our competitiveness and differentiation in the market.

Key Message from CEO & Country Head



Our focus, as always, will be on our customers.

Supported by increased digitalisation, we will be able to stay true to our purpose of becoming a values-driven platform, powered by a bionic workforce that Humanises Financial Services.

REFINEMENT OF OUR 5-YEAR STRATEGY: INTRODUCING M25+

As part of Maybank Group's review and refinement of Maybank's M25 strategy that was rolled out in 2021, aimed to future-proof Maybank and bringing it From Good to Great, MCP was elevated to be a Universal Player, with an aspiration to the Best ASEAN Bank in Cambodia by 2025. This reinforces the shareholder's and MCP's intent for continued and sustainable growth in Cambodia, which is further driven by the country's speedy post-pandemic recovery, and being one of the fastest growing economies in ASEAN, coupled with its young demography.

To drive the M25+ aspiration, MCP is guided by the following 5 strategic thrusts:

INTENSIFY CUSTOMER-CENTRICITY

Customer-centricity means putting customers at the centre of every business decision we made. Intensifying customer-centricity entails constantly listening to the voice of our customers, and visualizing their life journeys. It involves strengthening our ecosystems through partnerships in order to establish ourselves as the marketplace for consumers to meet their banking and non-banking needs, enhancing and enriching their overall experience.

ACCELERATE DIGITALISATION AND TECHNOLOGY MODERNISATION

This encompasses reviewing and enhancing the Bank's technology infrastructure to support fully digitalized systems and processes for enhanced operations, as well as building an expansive business-driven architecture to facilitate collaboration and deliver end-to-end digital solutions. Not only would this improve internal efficiencies, it would also provide a stronger foundation for progressive customer-centric innovations and faster speed-to-market offerings.

EXPANDING OMNI-CHANNEL DISTRIBUTION TOUCHPOINT

Whilst driving our digital transformation, we continue to acknowledge the value of physical presence, to suit the various preferences of our customers. It is about strengthening and redefining our distribution strategy, to enable us to continuously support our customers with solutions, advisory and products based on service orientation. We are committed to becoming a more significant player while integrating ourselves more fully across the country and region, as we facilitate our clients with easy and convenient access to our banking services and solutions.

EMBEDDING NEW DNA IN PEOPLE & CULTURE

Closely related to expanding our omni-channel distribution touchpoint is our fourth thrust of embedding new DNA in our people & culture. We continuously invest in our employees and grow them through our strong learning culture and development programs. We continue to build the capabilities of our people to shape a next-generation workforce that is not only digitally-savvy and customer-centric but sustainability conscious. The Maybank culture that we envision is one that is robust and innovates as well as iterates solutions for customers through collaboration, empowerment and customer-centricity while staying true to our core values.

DRIVE LEADERSHIP IN SUSTAINABILITY AGENDA

As a Group, we have made a significant leap in our sustainability agenda by setting four commitments as part of an overall ambition to become a sustainability leader in SEA by 2025. In fact, at the end of February 2023, our Group has announced an upward revision of our FY2025 targets for the first two commitments given how well we have done on both over the last two years. We will mobilise RM80 billion in sustainable finance instead of the original target of RM50 billion and work towards improving the lives of two million households across ASEAN as opposed to the one million announced earlier. With M25+, both our Group and MCP are further reinforcing our leadership commitments by expanding our scope to embrace ethical banking principles and supporting the execution of decarbonisation and transition strategies for our clients and Maybank itself. An integrated sustainability target operating model encompassing governance and multi-level key performance indicators (KPI) is being developed, which will be applied across the Group, including MCP.

2023 OUTLOOK

Based on our Maybank Group's research house and consistent with the report of the National Bank of Cambodia, the Cambodian GDP growth rate will accelerate to 5.7% (2022: 5.3%), contributing to the overall higher expectation on ASEAN-6 which is expected to fare better than the global average.

Amidst this outlook, we will continue to stay vigilant, positive and forward looking for developments in both local and global economies, and make adjustments where necessary along the way to adopt an agile way of working to execute our business strategy and implementation plans. We intend to ride on the continuous opportunities presented with the positive growth in the local digital space with our digital roadmap to accelerate all efforts to develop end-to-end digital platform and leverage on digital technologies for optimum outcomes. Our focus, as always, will be on our customers. Supported by increased digitalization, we will be able to stay true to our purpose of becoming a values-driven platform, powered by a bionic workforce that humanizes financial services.

NOTE OF APPRECIATION

Having taken on the CEO role for almost one year, I am truly thankful for what MCP, as a team, has achieved thus far. None of this would have been possible without the board of directors' strategic leadership and steer, and the ongoing devotion and commitment of our management team and staff who have gone above and beyond to serve our clients and communities. I would also like to take this opportunity to express my gratitude to the National Bank of Cambodia and all other governments and regulatory bodies, for their ongoing support and guidance. My sincerest gratitude and appreciation to all stakeholders, as well as each and every one at MCP, for your continued support in helping us progress From Good to Great.



Other Information

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Social & Relationship Capital and Natural Capital

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With Cambodia government's strategic framework and National Bank of Cambodia's relaxation of regulatory forbearance in banking sector, Cambodia's economy has gradually recovered to a growth rate of 5.1% in 2022. Although the economy saw positive recovery signs, Cambodia's banking landscape would continue to be affected from global economic issues such as supply chain disruption and Russia-Ukraine war, which had resulted to inflation in Cambodia accelerating from 2.9% in 2021 to 5.3% in 2022. This has contributed to the overall banking industry incurring higher funding costs.

Notwithstanding these challenges, Maybank (Cambodia) Plc. ("the Bank")'s priorities continued to remain on mitigating business operational risk with discipline, maintaining healthy capital and liquidity positions whilst continuing to aid customers' funding needs and our business growth. The Bank's performance in 2022 is exceptional with most of the key performance ratios being on track amidst aspiring targets.





Net operating income rose by 21.1% YoY with improvement of Net Interest Margin ('NIM')



Net credit charge off ratio improved to 40bps from 144bps in previous year



Gross Loans rose by 19% YoY with close to 70% of the increase coming from consumer lending.



Strong liquidity and capital position with liquidity coverage ratio at 131.4% and solvency ration at 18.1%, respectively.



These significant achievements have contributed to remarkable profit before tax of USD 36.2 million equivalent to 73% YoY increase from previous year.

SNAPSHOT OF STATEMENT OF COMPREHENSIVE INCOME FOR FY2022

In USD'000	FY2022	FY2021	YoY
Net fund-based income	51,393	41,603	23.5%
Net fee-based income	11,294	10,327	9.4%
Net operating income (Revenue)	62,687	51,930	20.7%
Finance Cost	(785)	(816)	-3.8%
Overhead expenses	(22,189)	(19,028)	16.6%
Pre-provisioning operating profit (PPOP)	39,713	32,086	23.8%
Net Impairment losses	(3,482)	(11,103)	-68.6%
Profit before tax (PBT)	36,231	20,983	72.7%
Net profit	28,156	16,705	68.5%

Reflections From Our Chief Financial Officer

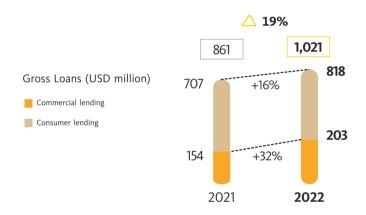
SUSTAINABLE PERFORMANCE AGAINST CHALLENGING OPERATING LANDSCAPE

- Net-fund based income increased by 23.5% YoY to USD51.4M (2021: USD41.6M) on the back of healthier balance sheet optimization, with gross loans growth of 18.5% YoY (2021: 11.5%)
- Fee-based income increased by 9.4% YoY to USD11.3M (2021: USD10.3M) attributed from loan related fees such as processing fees/commitment fees with significant loan growth within the year
- · Cost to income ratio ('CIR') controlled at optimal level of 35% (2021: 37%) under pressure of high inflation
- Net impairment losses recovered to favorable level at USD3.5M or 69% YoY lower
- On the back of NIM improvement, healthier asset management and significant loan growth, PBT and Net Profit rose up USD36.2M and USD28.2M, respectively; which contributed higher Return of Equity ('ROE')1 at 14% (2021: 9%)

ANALYSIS OF STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

Building momentum on loan position in the market

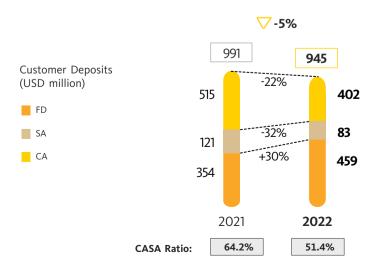
To accelerate the Bank's strategic objectives as a sustainable high-growth & high-return CFS franchise as well as to achieve the Bank's target; a TIGER Dual Fortunes #ForYou promotional program was rolled out in the beginning of the year to build strong momentum to strengthen the Bank's position in the market. This initiative, in addition to enhancement of turnaround time on loan processing, provided fruitful result of 18.5% growth rate of the overall banks' loan portfolio.



Maintaining sufficient source of funding throughout liquidity constrained environment

The continuously rising inflation had caused an uptrend in interest rate for deposits, which had throughout 2022, posed challenges to the Bank in terms of maintaining customer deposits at satisfactory levels.

The Bank had continued to optimise its funding profile through capitalising on cost efficient sources of funding while ensuring appropriate diversification in its funding base. Under the rising inflationary environment, mass customers' behaviors had shifted to high return savings under term deposits. This resulted in current account and saving account balances shrinking by 22% and 32% YoY to USD402M (2021: USD515M) and USD83M (2021: USD121M), respectively. On the other hand, term deposits increased by US\$ 105M or 30% YoY.



Preserving asset quality through pro-active risk management

The Bank's conservative approach toward its asset quality management by ensuring quality on-boarding process when looking at risk, continued to be effective in 2022 resulting in lower non-performing loans ('NPLs') ratio to 2.5% (2021: 2.7%). In addition to a review of loan loss provision methodology in 2022, net impairment losses charged in 2022 was 69% lower compared to the same period last year.

EFFECTIVE CAPITAL AND LIQUIDITY MANAGEMENT

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 2022, the Bank's Solvency Ratio remained well capitalised at 18.1%, which comprised of Tier 1 Capital of 13.2% and Tier 2 Capital of 4.9%.

Key Ratio Indicators	FY2022	FY2021
Core Capital – Tier 1	13.2%	12.7%
Complementary – Tier 2	4.9%	5.5%
Solvency Ratio	18.1%	18.2%
Net Worth (in USD' Million)	204.5	181.1
Net RWA (in USD' Million)	1,127.9	994.0

2. Liquidity Management

Through our agile funding strategies, we were able to maintain healthy liquidity risk indicators, with liquidity coverage ratio ("LCR") at 131.4% as at 31 December 2022, above regulatory requirement of 100%. On the other hand, Loan to Deposit ratio ("LDR") further increased to 106.9% in 2022 (2021: 86.0%).

LOOKING AHEAD

Given the continuing uncertainties around global inflation and its impact to interest rates globally, combined with the impact towards the local Cambodian economy and possible continuation of liquidity challenges in 2023, we will continue to focus on preserving sufficient liquidity and diversifying source of funding, whilst minimizing the impact to our margin, with a continued aim to achieve continued asset growth for the upcoming year.

At the same time, it is our priority to fulfil our customers' ambitions by responsibly developing our long-term franchise, to provide our customers with excellent customer experience and deliver sustainable returns to our shareholder.

With a solid landing in 2022, we are optimistic when looking ahead to 2023 with the ambition to be a preferred universal bank in Cambodia; and this will be achieved by being agile, delivering strong customer experience on the back of solid trusted relationships with customers, and the development of the digital ecosystem and satisfying customers' end-to-end journey.

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As Cambodia had adapted to operate in the new norm whilst the country is opening albeit level of uncertainties remains due to the emergence of new variants of the COVID-19, we continued to seize the opportunity presented by the gradual resumption of trading activities and economic recovery. We have taken proactive and necessary steps with the required investments to manage and grow our business by actively reaching out to existing and new customers with promotional offers at the start of the year whilst continued to engage and deepen relationships with our existing customers and strategic partners. We had also continued to invest and seamlessly executed core initiatives to bring our digital offering to a new level.



Achieved high profitability with Profit-Before-Tax grew by 50% compared to the previous year, mainly contributed from healthy loan growth of 10% YoY and better asset quality management.



Achieved a consistent and healthy growth of our mortgage book by more than 14% during the economic recovery period. Strong growth of our Auto Loan portfolio of 123% YoY, resulting from our relentless efforts to deliver higher efficiency in terms of loan processing for our clients.



Named the "Best International Bank in Cambodia" three years in a row by Asiamoney and "Best Retail Bank" by the Retail Banker International Asia Trailblazer for the fifth consecutive year, reflecting our strong standing in the market.





A modest Retail SME Loan growth of 6% compared to the previous year, resulting from a revamp of the organizational structure with increased priority on customer centricity. Continued to actively participate in the SME Co-Financing Scheme through the SME Bank and Credit Guarantee Schemes through the 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.

Community Financial Services

KEY FOCUS AREAS IN 2022



PROLONGING OUR EFFORTS IN SUPPORTING COMMUNITY AND RETAIL SMEs

Guided by our "Humanizing Financial Services" mission, we continued to offer financial assistance plans and advisory services to individuals and businesses to support their business and strengthen their resilience during the post COVID-19 economy recovery process. Throughout the journey, we have taken forward-looking actions and various strategic initiatives to facilitate access to finance for all our customers and the community.

Community:

We have formed strategic partnerships with well-known and quality property developers in vibrant community and commercial areas enabling buyers to live in better and safe environment. Through these partnerships, our clients are able to purchase their homes with better financing conditions and improve their living conditions.

Taken into consideration that transportation is part of our day-to-day life, we have continued to enhance our Auto Loan product features and offerings to our consumers, facilitating them to own their dream cars for their beloved family with affordable financing offer, as well as fast and hassle-free service.

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

• Retail SME:

We continued to position ourselves in a way that meet our customer's needs. Therefore, in 2022 we have restructured our team to ensure our customers are well taken care of with personalized business financing solutions.

We continued to actively participate in the government-supported SME Co-Financing Scheme through the SME Bank to stimulate the economic recovery, as well as collaborations with the Credit Guarantee Corporation of Cambodia (CGCC) to drive our key focus on the SME segment. Through these collaborations, we embraced the goal of building long-term competitive advantages through the Building Capacity & Capability (BCC) program to SMEs, as well as improved the access to finance for small and medium enterprises in Cambodia through the Business Recovery Guarantee Scheme (BRGS) to reduce asset demand of collateral to SME borrowers.

Additionally, aligned with our mission to "Humanizing Financial Services" and constantly being customer-centric, in 2022, we joined a new guarantee scheme under CGCC to support women entrepreneurs, under the Women Entrepreneurs Guarantee Scheme (WEGS). We will continue to support the development and nurturing of SMEs through more partnerships and collaborations with SME Bank and CGCC.

CONTINUED INVESTMENT TO FURTHER ENHANCE OUR SUPERIOR CUSTOMER EXPERIENCE AND TOUCHPOINT

As part of our M25+ strategy, we reviewed our channel distribution strategy to ensure that our branch network are strategically located to serve our target segments. Aligned to our intent to deliver excellent customer experience, in late 2022, we successfully relocated our existing Orussey Branch to Saen Sokh, to increase its visibility and accessibility to the community within this strategic location. With that, we have also added a Premier Wealth lounge to our new Maybank Saen Sokh Branch in order to fulfil the evolving needs of our Premier Wealth Clients.

As an international bank in Cambodia, Maybank cardholders are entitled to various regional benefits that go beyond just local offerings. Additionally, to enhance our value and product proposition to our customers, we will be introducing our first credit card in Cambodia soon.

Community Financial Services

KEY PERFORMANCE HIGHLIGHTS



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

- Healthy and steady profitability before tax with YoY growth of 50% compared to the previous year.
- Strong growth of mortgage loans at 14% YoY growth.
- Maintained and improved our asset quality amid deteriorating economic and operating environment post-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 cost management at more than 5% lower than previous year whilst achieving positive JAWS at 6.7%.



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

- Successfully relocated our existing Orussey
 Branch to Saen Sokh, incorporating a Premier
 Wealth Lounge that enable our customers to
 perform their banking transactions at a more
 vibrant, spacious, and convenient way.
- As an initiative to improve the look and feel of our branches, we have successfully refreshed two branches at Boeng Keng Kang Ti Muoy and Sihanoukville.
- In 2022, Maybank has officially signed an agreement with American Express (AMEX) to become the FIRST & ONLY bank in Cambodia authorized for AMEX Acquiring and Issuing. The agreement also enables Maybank to expand AMEX acquiring through partner banks beyond our existing 635 merchants that we currently have.



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

- Supported the launch of government-supported SME Co-Financing Scheme phase 1 and 2 through the SME Bank to stimulate economic recovery with a total loan disbursement of USD7.79 million to over 30 different SMEs.
- Participated in the Credit Guarantee Corporation of Cambodia's (CGCC) Business Recovery Guarantee Scheme (BRCG) 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; and Women Entrepreneurs Guarantee Scheme (WEGS) specially designed for businesswomen and women-run businesses. Under these two schemes, we have disbursed total loan of USD2.74 million to over 30 business owners.

OUTLOOK & PRIORITIES FOR 2023

Although Cambodia's economy is firmly on the path to recovery and propelling to its pre COVID-19 growth level, the uncertainties arising from global inflation tied to the Ukraine conflict and climate change remain a constraint to the country's development. To cope with these uncertainties, we will continue to strengthen our guard in protecting the Bank, customers, and our partners' interest whilst staying vigilant and resilient in our business operations. Our priorities for 2023 are:

- · Accelerate growth in key segments, leveraging on our strengths and success in recent years in order to maintain our leading position in the market.
- Continue to invest on enhancements of our Self-Service Terminals (ATM & SRMs) at all 21 branches and off-site locations.
- · Accelerate growth in Maybank's long-term sustainability by embedding sustainability actions and thinking across business operations, products, and services.
- Key initiatives to deliver enriching customer experience in every touch points whilst enhancing and expanding our Premier Wealth and Bancassurance proposition, leveraging on regional connectivity and rich experience across different markets.
- Re-evaluate and relocating a few of our branches to more strategic locations with vibrant economic and trading activities, high visibility and easy access.
- Intensify strategic collaborations with CGCC in supporting small & medium size enterprises (SMEs) in Cambodia with the goal of building long-term competitive advantages through the Building Capacity & Capability (BCC) programme to SMEs, as well as building and leveraging on business partnerships with selected Business Network Associations in Cambodia.





Healthy loan growth registered at 30.4% YoY growth which was mainly contributed from SME and Business Banking segments registering 48.6% and 18% growth respectively.



Favorable growth of total income at 13% mainly contributed from interest income and fee income at 14% and 7% respectively.



Despite liquidity challenges in the market, **total deposit grew USD20.8Mil** compared to the previous year, while maintaining healthy CASA ratio at 66.3%





Improvement of digital solutions, i.e. cross currency payment and 1st bank that offered Bakong payment to Corporate clients, which boosted the M2E growth and penetration. Number of clients grew 34% YoY and transaction volume increased around 32% or \$2.32 billion compared to the previous year.



Gross Impaired Loans (GIL) continued to reduce by 35bps from the previous year resulting from loan recovery and acquisition of new quality assets

KEY FOCUS AND INITIATIVES IN 2022

Partnering customers in navigating a challenging environment

In response to the COVID-19 pandemic, we continued to proactively engage with clients in order to assess the pandemic impact on their business. Additional financial support were extended to those affected by the COVID-19 pandemic, supported by careful analysis of the borrower's financial condition and then offering restructuring and rescheduling programs to ease their payment burden, and to help clients to continue to run their business sustainably.

Continue to prioritize SME Banking as Growth Backbone whilst Regaining Business Banking segment

We continued to recognize the need for growth amongst the Small and Medium Size Business clients to support their expansion transition journey into Commercial clients by being their trusted financial partner. Our SME Banking team has prioritized its focus on serving this untapped space, and will continue to build on the SME segment which had continued to be a key business driver in FY2023 that delivered strong and healthy growth despite the unfavorable market condition caused by the global pandemic. In addition, Business Banking is also a focus asset growth area in 2023 through offering solutions to top tiered clients in target industries.

Commercial and Transaction Banking

KEY FOCUS AND INITIATIVES IN 2022 (CONT'D)

Delivering integrated digital financial solutions enabling better access and control of M2E & M2U

The Maybank Cash Management digital platform (M2E) provides end-to-end solutions for Commercial and Corporate customers to effectively manage their company's cash flows. This solution is capable of improving and optimizing the Company's efficiency and business competitiveness amid the COVID-19 pandemic and global economic uncertainty. We promote connectivity between the consumer and corporate banking platforms "M2U & M2E Interbank Fund Transfer – Free of Charge" to encourage customers to perform online transactions instead of coming to branch to process over–the-counter (OTC). With the services and campaign rolled out in 2022, MCP Cash Management had positively contributed to increasing Current Account (CA) Balance, Interest Income, and Fee Income.

Toward better customer experience by further investment to build up our digital capability and scalability

In order to fulfill the ever-growing sophisticated needs of the Commercial and Corporate customers in their financial management with consistent experience across the region and all touchpoints, we are committed to deliver the full-suite of financial solutions, with further investment to enhance our M2E in tandem with our M2U to achieve our aspirations to be the digital bank of choice for both Consumer and Commercial clients. We are the first bank which offered real-time interbank payment via Bakong for our business clients. We will continue to improve our digital offering and aimed to be among the leading digital players in Cambodia.

BUSINESS PLAN AND STRATEGIC FOCUS IN 2023

- Establish good cooperation and collaboration with partners and business communities to increase new sources of credit growth, especially prioritizing Small & Medium Enterprises (SMEs) segment widely known as the backbone of economic growth.
- Encouraging sustainable CASA growth through disciplined account planning and data analytics, launch of API capabilities for Corporate clients to increase the customers' engagement and experience, and increase M2E customer activation through programs and feature enhancement to increase the transaction volume.
- Enhancement of our Cash Management Service (M2E) in order to accelerate the fulfillment of customer needs (Speed to Market). That will provide high efficiency, effectiveness, convenience and security for our Corporate and Commercial clients in managing their cash flow at their finger tips.
- Proactively manage loan portfolio to identify potential vulnerable accounts and taking early actions to mitigate any potential elevated credit loss. The Bank's credit distribution remains selective and prudent on focus sectors that has strong growth prospects.
- Driving sustainable growth agenda by incorporating Environmental and Social Governance (ESG) initiatives and roadmap in supporting customer's transition to sustainable practices.
- · Intensify regional connectivity to explore active financing opportunities through syndication and collaboration with Group's targeted network name clients.
- Expanding the team and set up new Provincial Business Centers to reach out and better serve our provincial clients.



KEY FOCUS AREAS IN 2022

Optimizing Bill Payment Partnerships and Boosting Customer Engagement

Through our vast network of partnerships with both public and private sectors, we have been able to significantly expand the range of billers available to our customers on Maybank2u. Our platform provides the ultimate convenience for the users, enabling them to effortlessly manage their day-to-day transactions in one place.

In 2022, we had accelerated our payment capabilities with over 200 billers through our Maybank2u app and web empowering our users to take greater control over their finances and make more informed financial decisions. We remain committed to expanding our partnerships and services in the future to better serve our customers and enhance their financial well-being.

The collaboration with the Phnom Penh Water Supply Authority (PPWSA) and Electricity De Cambodge (EDC) has allowed Maybank2u customers to conveniently pay their water and electricity bills. In 2022, this feature facilitated around 3,362 transactions, amounting to over USD 2 million in value. This marks an increase of 188% in the number of transactions from the previous year, bringing the total transaction value to over USD 2.2 million since its inception.

Maybank2u-Bakong Integration and Cross-border Funds Transfer Enhance Digital Payment Accessibility and Drive Cashless society with National Bank Agenda.

Maybank2u-Bakong integration has been a successful initiative in providing increased access to digital payments and promoting financial inclusion in Cambodia. With the ability to transfer funds in real-time to 48 financial institutions, this integration has recorded over 352,296 transactions totaling more than USD 303 million.

Maybank has taken a significant step towards enhancing digital payment accessibility between Malaysia and Cambodia with the implementation of the Maybank-Bakong Cross-border Funds Transfer. Through this initiative, customers can easily transfer funds in real-time between the two countries using Maybank's MAE App and the NBC Bakong e-wallet. The service has gained significant traction since its launch in 2021, with more than 4,000 transactions worth over USD 8.5 million recorded. As a result, the cross-border transfer service has played a crucial role in promoting financial inclusion and improving financial transactions' efficiency for customers in both countries.

Furthermore, Maybank has implemented Maybank QRPAY, which utilizes Bakong's KHQR, a standardized QR Code developed for retail payments and transfers among banks, financial institutions, and payment service providers in Cambodia. With this service, customers can make real-time payments, send, and receive money from any bank or financial institution in Cambodia. Maybank QRPAY is distinguished from its competitors by its superior security features, which include password protection, transaction limits, default account selection, user experience design, and fraud monitoring.

Maybank QRPAY has contributed to CASA collection for the bank, with over 34,000 transactions valued at USD 22 million processed in less than four months since its inception. Maybank has expanded its connections to onboard Maybank KHQR merchants to display Maybank QR stands at their shops to accept payments from any bank or financial institution in Cambodia, free of charge. Despite the service only being in place since mid-September 2022, around 1,000 merchants across the country have signed up, bringing a deposit of around USD 2 million to the bank.

Secure2u: Elevating Online Banking Security in Cambodia

As we navigate through the digital era, online banking has become an essential aspect of our daily lives. While we enjoy the convenience of conducting transactions from the comfort of our homes, we are also susceptible to numerous cyber threats that can jeopardize our financial information. In response to this issue, Maybank has taken a significant leap forward by launching Secure2u, its next-level security

Pervasively Digital

KEY FOCUS AREAS FOR 2022 (CONT'D.)

Secure2u: Elevating Online Banking Security in Cambodia (Cont'd.)

Secure2u offers an extra level of security by pairing a specific device with a Maybank2u account. With this feature, all transactions performed can only be authorized on a registered device, which means that even if a hacker attempts to transfer funds out of the account, the account owner will be immediately notified. This ensures that customers are protected from digital threats that are prevalent in today's global landscape.

What sets Secure2u apart from other security features is its ability to help customers stay safe from SMS fraud. Unlike the traditional One-Time Password authorization method used by many banks, Secure2u allows customers to verify their transactions twice before sending them out. This significantly reduces the risk of transferring funds to the wrong account, which could lead to potential legal disputes.

Moreover, Secure2u has been designed to offer an enhanced user experience while maintaining high-level protection. With just a tap, customers can easily perform their transactions, without having to go through the hassle of waiting for OTPs or entering multiple passwords. This feature provides a seamless and efficient banking experience, without compromising on security.

By introducing Secure2u, Maybank has taken a major step forward in elevating online banking security in Cambodia. With its cutting-edge features and easy-to-use interface, Secure2u has set a new benchmark for online banking security, ensuring that customers can carry out transactions safely and securely, without having to worry about digital threats.

Toward a better customer experience by further investment to build up our digital capability and scalability

Maybank Cash Management Digital Platform (M2E) provides end-to-end solutions for Commercial and Corporate customers to effectively manage their company's cash flows. This solution is capable of improving and optimizing the Company's efficiency and business competitiveness amid the COVID-19 pandemic and global economic uncertainty. We promote the connectivity between the consumer and corporate banking platforms "M2U & M2E Interbank Fund Transfer – Free of Charge" to encourage customers to perform online transactions instead of coming to branch to process over–the-counter (OTC). With the services and campaign roll out in 2022, MCP Cash Management positively contributes to increasing Current Account (CA) Balance, Interest Income, and Fee Income.

In order to fulfill the ever-growing sophisticated needs of Commercial and Corporate customers in their financial management with consistent experience across the region and all touchpoints, we are committed to deliver full-suite of financial solutions, further investment to enhance our M2E in tandem with our M2U to achieve our aspirations in being the digital bank of choice in both Consumer and Commercial clients. We are the first bank which offer real-time interbank payment via Bakong for our business clients. We continued to improve our digital offering and aimed to be among leading digital players in Cambodia.



OVERVIEW

Customer-centricity forms one of the five thrusts of our M25+ strategy, driving us to build on our customer-centric principles in order to attain the Bank's desired goals. As our customers' needs are evolving, we have redesigned our offerings and interaction processes to offer hyper-personalised solutions and integrated engagements to enhance every touchpoint of their journey. While assimilating even more technology for greater efficiency and accessibility, we are also conscious of retaining our human touch to continuously strengthen our emotional bonds with our customers. Ultimately, everything we do starts and ends with customers at heart, aligning with our mission of Humanising Financial Services.





Achieved **overall satisfaction score** for the External Customer Engagement Survey, indicating a stable delivery of seamless experience for our customers



Recognised as the **Best International Bank in Cambodia** by Asiamoney for third year running



Enhanced various digital experience whilst enabling a secured and worry-free banking environment that build best-inclass experiences through our services, products and platforms

KEY FOCUS AREAS FOR 2022

Providing a Seamless Customer Journey

- We seek to go beyond the provision of financial services to serve our customers holistically, meeting their needs throughout their life journeys. This has seen us connect with various partners to offer our customers enhanced banking solutions. For example, our M2E cash management solution was enhanced to offer corporate remittances services via Bakong, a first in Cambodia. We have also extended our bill payment capability via M2U to offer our customers payment of bills to over 200 billers across Cambodia. The seamless cross-business and functional collaboration improves customers' digital experience.
- The same customer experience (CX) approach is adopted at all touchpoints, including our physical branches. Pulse-checks are conducted regularly, for example via an electronic (QR code) external customer engagement survey, Mystery Calling and Branch Visitation Programme to evaluate our employees and branch readiness, advisory capabilities, customer engagement and communication skills. In FY2022, the overall result of the External Customer Engagement Survey received via QR code at the branches and Internal Mystery Calling exceeded the target set at 4.0, indicating a stable delivery of seamless experience for our customers.
- We have intensified our security measures to enable
 a worry-free banking environment. This year, we
 fully migrated our SMS one-time password (OTP)
 authentication method to Secure2u via M2U as well
 as rolled out Two Factor Authentication (2FA) for
 our M2E cash management tool for a faster and
 safer authorisation process.
- We have also streamlined the process of unlocking or deactivating/reactivating internet banking user and M2U inquiries by empowering our Contact Center to handle customer's enquires and requests in a timely manner, with 24/7 support. Customers are no longer required to visit Maybank branches for such requests and can avail to such support 24/7

Leveraging Advanced Data Analytics to Design Personalised Experience

 Insights gathered via our External Customer Engagement Survey (ECES) were utilised to enhance customer experience. In 2022, several CX improvement initiatives were implemented based on the feedback received. These included among others, SMS notification on failed transaction of funds transfers through M2U; WIFI-enabled our Branches to support our customers with their digital banking; enhanced M2U transaction history to display biller/sender/ receiver's name; and enhanced parameter setting to ease funds transfers with different bank through Bakong. Increased efforts to leverage and analyse data from multiple sources for improved personalized experience for our customers will continue to be pursued.

Embedding a Customer-Centric DNA

- In efforts to sustain a committed customer-centric DNA and champion relationship-building with customers, we are instilling a CX mindset among our workforce through various upskilling and advocacy programmes across the Bank. Key highlights include:
 - Providing CX Competency training to all frontliners. The initiative has contributed to a more positive CX, as evidenced by ECES which notes that two out of three Maybank customers have positive things to say about their experience with the Bank.
 - Embedding customer-centricity DNA across the Bank through the Train-The-Trainer (TTT) programme by appointing key CX leaders to cascade learning materials to team members. This is part of the efforts to develop a standardised experience for customers across the Bank.

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OVERVIEW

At Maybank, we aspire to develop a world-class workforce delivering world-class results. Our comprehensive efforts are geared towards holistically powering a bionic workforce as we elevate Maybankers into next-generation wholesome talents, aligned with our M25+ strategy. Our people strategy continues to be 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.

Workplace Futurisation by **Institutionalising New Ways of Working**

Workforce Futurisation by **Accelerating Development** and Productivity of Our Talent

FutureReady Infrastructure through Innovative Platforms, Processes and Tools

Alignment to M25+ Key Outcomes

Next-generation talent management and skills Innovative mindset and execution

Agile way of working New-generation Employer Value Proposition (EVP)

Digitalised Workplace





Mental health continued to be prioritised, with various mental well-being initiatives which include mental well-being first aiders program and a series of well-being byte that helped enhance the awareness of mental wellness among staff. Two staff were accredited as Mental Health First Aiders to support the internal needs of our employees.



Inculcating a strong customer-focused, enterprise thinking, inclusive leadership and sustainability mindset among more than 14 leaders across Maybank Cambodia through the M25 Unlimited Potential (M25UP) programme, to deliver our M25+ strategic plan.



Employee productivity continued to increase, with:

- income per employee growing from USD118,563 in 2021 to USD 138,995 in 2022, respectively while pre-provisioning operating profit per employee increased from USD73,258 in 2021 to USD88,054 in 2022 and
- Profit before tax per employee increasing from USD47,908 in 2021 to USD80,333 in 2022.

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 2022

Employee Engagement

- Maintaining open lines of communication remains a key priority in building trust
 and fostering collaboration within the organization. We redesigned our engagements
 to be more inclusive and accessible for both in-person and mobile Maybankers
 across Maybank Cambodia. Various initiatives were launched to maintain/
 encourage engagement such as SMC roadshows where our CEO and the Senior
 Managements members physically visit all the 21 branches. During the visit,
 staff were provided insights and visibility of the bank performance as well as
 the M25+ Strategies. To recognize outstanding performance, many tiger spot
 awards were presented to staff by our SMC members.
- To navigate through the obstacles posed by the pandemic and to ensure that Maybank Cambodia staff are well-engaged mentally and physically, the Annual Staff Party 2022 were conducted in 2 venues connected via Zoom. This initiatives were undertaken to provide the staff opportunity to celebrate their achievements and create team bonding amidst safety measures.

Employee Well-Being

- All that we do is designed to promote balanced work-life integration, enabling
 employees to thrive at work, at home and in their communities. 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 aspects of work.
- To date, 2 Maybankers have been certified as Mental Health First Aiders (MHFAs) through a collaboration with the Malaysian Mental Health Association. MHFAs are the first point of contact for employees seeking mental health assistance.
- To ensure a safe and thriving work environment, we unveiled a mobile work arrangement, as part of our business continuity management. We continue to remain vigilant and uphold best practices to safeguard our employees by imposing compulsory COVID-19 self-testing and vaccination requirements, as well as providing self-test kits, unrecorded leave for vaccinations and related assistance

Rewards & Remuneration

 Our Line Managers are equipped with Total Rewards Management skills via our Total Rewards Management workshops, enabling them to make the right rewards decisions and communicate these decisions effectively to employees.

Learning & Development

- We employ a customer-centric approach in designing lifelong learning and development opportunities which are easily accessible by Maybankers, encouraging them to grow their knowledge base independently and improve both their personal and professional skills. A total of USD 18,315 was invested in learning to accelerate our upskilling journey. All MCP staff had undergone numerous training through on the job learnings and internal and external virtual classrooms which recorded more than 14,000 training hours and 1,750 training man-days in 2022, equivalent to 33% growth compare to 2021.
- Various upskilling training programmes were deployed for employees to accelerate
 their career progression and to take on greater responsibilities. Of these, the
 sale & marketing training programme were conducted to respond to business
 need, to upscale the sale skills of our sale personnels and to encourage customer
 centric thinking to our staff. With the support from Group learning, we recognized
 133 of our salesforce for their completion of the programme.
- To unleash our leaders' potential, the M25 Unlimited Potential (M25UP) programme
 was rolled out to further nurturing enterprise thinking, inclusive leadership,
 customer-centricity and a sustainability mindset. We sent out 14 leaders to
 attend the programme during FY2022.
- A total of 95.5% of Maybank Cambodia Employees have enrolled in various Future Ready programmes, which focus on enhancing employees' digital skills.
 Among that, 11 were enrolled in the Digital Skill Development Program (DSD) including Power Business Intelligence programme, Basic excel, Power Pivot Basic and Power Query Basic.
- A total of 3,461 credit hours were recorded on MyCampus for E-learning report for MCP employees.
- In 2022, the bank sponsored 37 Maybankers for AICB papers, 69 Credit personnel for OMEGA and 38 for various professional certification through Institute of Banking & Finance (IBF).

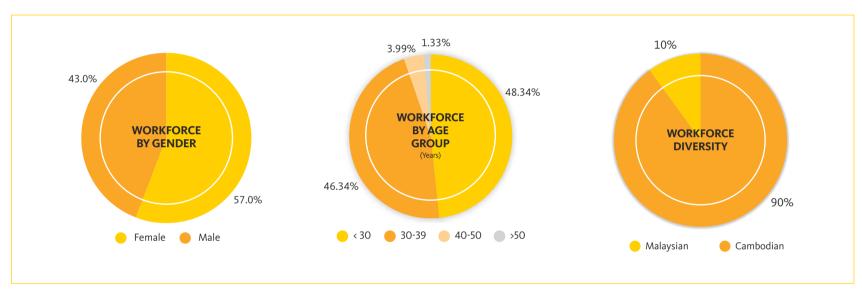
Human Capital

Nurturing Talent

- For us, nurturing talent is about knowing their abilities and enabling them to thrive through appropriate development and opportunities.
- As part of our talent development strategy, we actively design programmes to attract young talents. This includes the Business Relationship Executive Trainee Programme FY2022 where we recruited 23 talents to undergo an intensive 9-months training programe. Among that, 20 candidates were absorbed to be our permanent staff.
- In 2022, we launched our first ever Maybank Cambodia Scholarship Programme where we aim to support students in need of education support by sponsoring their tuition fee, providing monthly allowance and insurance, providing book allowance and a laptop to facilitate their learning journey. We selected 2 scholars for FY2022 who is currently doing their sophomore year at their respective Universities.
- To nurture our internal talents, on top of providing many training prgrammes, we sent out 9 of MCP young talents to attend the first ever GenM summits which aim to provide young Maybankers a space that connects and empowers them to recognize their potential and contribute their ideas. The month-long summit, filled with workshops and activities, saw the participation of 1,271 Maybankers.

Diversity, Equity & Inclusion (DEI)

Our DEI approach is firmly rooted in our Core Values, TIGER, together with our "GO Ahead" Employer Value Proposition. Collectively, they act as a call to action for all employees regardless of 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 DEI initiatives to date are:

- Women in Leadership Positions Maybank's commitment to women leadership continued to be recognized globally, we were recognised by Bloomberg in its 2022 Gender-Equality Index (GEI), a recognition we have been given since 2017. Continuous efforts to meet our M25+ target of increasing the percentage of Women in Senior Management from 39% currently to 45% by 2025.
- 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 87% for senior management positions.

Board of Directors



- 1 Anthony Brent Elam
 Independent Non-Executive Director (Chairman)
- 2 Shariffuddin Khalid Independent Non-Executive Director
- 3 Spencer Lee Tien Chye Independent Non-Executive Director
- 4 H.E. Dr. Sok Siphana
 Independent Non-Executive Director
- 5 Soon Su Long
 Non-Independent Non-Executive Director
- 6 Datuk Hamirullah Boorhan Non-Independent Non-Executive Director





Board of Directors

ANTHONY BRENT ELAM

Independent

Non-Executive Director (Chairman)

Date of Appointment:

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



Date of Appointment:

29 March 2019

Qualification(s):

Fellow Member of The Chartered Institute of Management Accountants, UK

Relevant Working Experience:

Over 35 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



Date of Appointment:

23 March 2012

Qualification(s):

- · Fellow member 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

H.E. DR. SOK SIPHANA

Independent

Non-Executive Director



Date of Appointment:

19 July 2022

Qualification(s):

- · Docteur en Droit, Université de Paris II Panthéon-Assas, Paris, France
- Doctor of Philosophy (Ph.D.), Bond University School of Law, Queensland, Australia
- Juris Doctor (J.D.), Widener University School of Law, Delaware, United States

Relevant Working Experience:

Held senior management positions as Founding Partner in SokSiphana&associates, Chairman of the Asian Vision Institute and Senior Advisor to the Royal Government of Cambodia.

SOON SU LONG

Non-Independent Non-Executive Director





Date of Appointment:

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.

DATUK HAMIRULLAH BOORHAN

Non-Independent Non-Executive Director



Date of Appointment:

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.

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.

Membership of Board Committees in Maybank:



Audit Committee



Risk Management Committee







Senior Management Committee (SMC)

- 1 Rath Sophoan
 Chief Executive Officer & Country Head
- Qazreen Chan Abdullah Chief Operating Officer
- 3 Krourch Sathya Head, Commercial & Transaction Banking
- 4 Hong Sreynuon Head, Global Markets
- 5 Ng Yok Chin Chief Risk Officer





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- Mohd Mughti Arief Bin Shamsudin Chief Financial Officer
- **Duk Sarak** Head, Community Financial Services
- **Sok Chandara** Head, Business Operations Support
- **Laing Moam** Chief Digital Officer
- 10 Huot Sunny Head, Human Capital





Senior Management Committee (SMC)

RATH SOPHOAN

Chief Executive Officer & Country Head

Date of Appointment: 1 July 2022

Qualification(s):

- 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.

Relevant Working Experience:

Over 15 years of experience in the financial industry covering both banking and life insurance, comprising of retail, business & corporate banking, operations & IT as well as risk and compliance. Previously held senior management roles in both consumer banking and banking operations. Serves as Vice Chairman of the Association of Banks in Cambodia, Board of Director of the Credit Bureau of Cambodia Holding and Institute of Banking & Finance Cambodia.

QAZREEN CHAN ABDULLAH

Chief Operating Officer

Date of Appointment: 1 July 2022

Qualification(s):

- 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.

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.

KROURCH SATHYA

Head, Commercial & Transaction Banking

Date of Appointment: : 1 December 2017

Qualification(s):

- Master of Business Administration (Finance), Charles Sturt University, Economics and Finance Institute (EFI), Cambodia.
- Bachelor of Business Administration, Accounting and Finance, National University of Management, Cambodia.

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.

HONG SREYNUON

Head, Global Markets

Date of Appointment: 1 January 2020

Qualification(s):

Master Degree of Accounting and Finance, University of Melbourne, Australia.

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

Declaration

The Senior Management 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.

Senior Management Committee (SMC)

NG YOK CHIN

Chief Risk Officer

Date of Appointment: 11 May 2018

Qualification(s):

• Bachelor Degree of Economics, University Malaya, Malaysia.

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.

MOHD MUGHTI ARIEF BIN SHAMSUDIN

Chief Financial Officer

Date of Appointment: 1 June 2022

Qualification(s):

- Bachelor in Accounting (Honours), Multimedia University, Malaysia.
- Chartered Accountant (FCCA) of the Chartered Certified Accountant.
- Chartered Banker of the Asian Institute of Chartered Bankers.

Relevant Working Experience:

More than 10 years of experience in various finance, accounting and reporting roles. Previously, held senior management roles as Head of Accounting within Maybank Group Finance and Chief Financial Officer Maybank Securities Singapore.

DUK SARAK

Head, Community Financial Services

Date of Appointment: 15 August 2022

Qualification(s):

- Master Degree of Finance, University of Management, Cambodia.
- Certified in Credit Skills Assessment by Moody's Analytics.
- Certificate in Retail Lending at the Institute of Banking & Finance, Cambodia and National Bank of Cambodia.

Relevant Working Experience:

More than 17 years of experience in branch management and credit skills with extensive business network in the market. Previously, served as Branch Manager, Stung Meanchey Branch and Head, Consumer Finance at Maybank Cambodia.

Declaration:

The Senior Management 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.

3/

Senior Management Committee (SMC)

SOK CHANDARA

Head, Business Operations Support

Date of Appointment: 12 March 2023

Qualification(s):

- Bachelor of Economics Development, Royal University of Law & Economics,
- Bachelor of Information Technology, Cambodian Mekong University, Cambodia.

Relevant Working Experience:

Previously held senior management role as Head, Internal Audit since 2018, in conducting audit, providing assurance to management and the board on the effectiveness of internal controls and risk management, and successfully delivered the annual audit plan approved by the board.

LAING MOAM

Chief Digital Officer

Date of Appointment: 1 July 2022

Qualification(s):

- Bachelor Degree in Informatics Economics, Royal University of Law & Economics, Cambodia.
- Master Degree in Science, Royal University of Phnom Penh, Cambodia.

Relevant Working Experience:

Previously served as Head of Virtual Banking & Payments at Maybank Cambodia and actively involved in social and voluntary work in the digital and tech start-up space as a mentor and guest speaker for programmes under the Techo Start-up Center and DG academy with a mission to build emerging tech startup.

HUOT SUNNY

Head, Human Capital

Date of Appointment: 19 December 2022

Qualification(s):

• Bachelor of Education, Build Bright University of Cambodia.

Relevant Working Experience:

With more than 20 years working experience in various leadership roles mainly within banking and insurance sector in Cambodia as well as Indochina market, leading and transforming human capital management and practices, building purposeled culture, helping the company to develop and execute talent and retention strategy, cultivate learning through sharing culture, took lead with different stakeholder to deliver strategic workforce planning and optimization for the business.

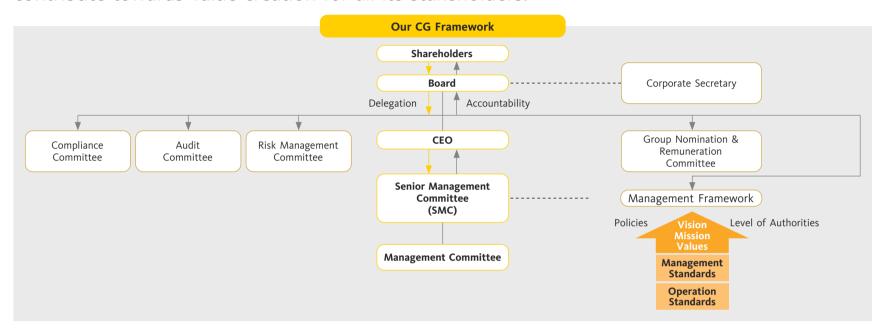
Declaration

The Senior Management 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.

Other Information

Corporate Governance Overview Statement

The Board of Directors of Maybank (Cambodia) Plc. (the Board) believes that good corporate governance (CG) enables 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.



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

To ensure a corporate culture which is both robust and effective, the Board reviews and enhances its internal governance processes and practices on a regular basis, taking into account the latest developments in the CG landscape. Testament to the Board's commitment in this space, Maybank, as a Group, was conferred CG excellence recognition from both the Minority Shareholders Watch Group (MSWG) and ASEAN Capital Markets Forum.



Summary of CG Practices

This CG Overview Statement summarises the Bank's CG practices during FY2022. Details on how our Maybank Group has applied best practices recommended by the Malaysian Code on Corporate Governance are set out in the CG Report which is available on Maybank Group's corporate website at www.maybank.com.

A. 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 its overall strategies and significant policies. The Board also establishes the Bank's core values and adopts proper standards to ensure that the Bank operates with integrity, in compliance 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 the Bank's corporate website at www.maybank2u.com.kh.

The Board believes that success of the Bank's strategy requires that it 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 are identified, assessed and managed effectively.

Further details on pages 42 to 47 of Statement on Risk Management and Internal Control.

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

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 the Bank's corporate website at www.maybank2u.com.kh.

Key Matters Deliberated by the Board

Some of the key focus areas of the Board during FY2022 are described below:

Launch of Maybank's M25+ Strategy

- Building on the foundation laid by the M25 Strategy, the Board deliberated on the Group's refined corporate strategy, M25+, for adoption and execution in Cambodia.
- M25+ is anchored on five key strategic thrusts and is supported by 12 Strategic Programmes, all of which are expected to be completed by 2025.

Board Succession Planning

- FY2022 saw changes in the boardroom with the appointment of a local Cambodian director on the Board. Dr. Sok Siphana, was appointed as a new Independent Non-Executive Director of Maybank (Cambodia) Plc., and has the required mix of skills of the Board particularly in the areas of Legal, Compliance, Corporate Governance, Commercial and Business Strategy as well as National and Civil Services. He has contributed towards broadening and enriching Board discussions vis-à-vis local context as well as the legal and institutional environment MCP operates. With this appointment, the Board has increased its size to 6 members.
- The Board is also aware that some of its current members have approached their nine-year tenures. In this regard, the Board, together with the Group Nomination and Remuneration Committee (NRC), has already begun searching for suitable talents to strengthen its talent pool, in line with its 'Must Have' skills matrix, to ensure a seamless transition of members expected to step down in the near future.

Appointment of NEW Chief Executive Officer

• Mr. Rath Sophoan (Sophoan) has been appointed as the new Chief Executive Officer, effective 1 July 2022. This appointment is a testament to the Bank's success in developing, building internal talent, and implementing the succession planning programme effectively. As a highly experienced executive and leader, Sophoan will countinue to lead the Bank to capture new growth opportunity, particulary in the areas of digital, sustainability, SME, wealth management with the goal of building long-term competitive strength as well as accelerating transformative momentum to achieve the Bank's M25+ Strategic Vision.

Other key areas/matters reviewed, deliberated and approved by the Board during FY2022 were as follows:

Strategy

- Approved the business strategy of various lines of businesses within the Bank
- Approved the Bank's Budget and Business Plan for FY2023
- Reviewed the Bank's business and financial performance updates
- Reviewed the Bank's sustainability progress and action plans
- Reviewed and approved the Bank's revised Business Ethics Charter
- Reviewed the Bank's Distribution & Branch Banking Strategy & Plans
- Reviewed the Bank's Customer Base & CASA Growth Strategy
- Reviewed the Bank's Card Business Strategy

Risk, Compliance & Oversight

- Reviewed the Chief Risk Officer's Risk Reports
- Reviewed the Bank's Risk Appetite Statement & Key Risk Indicators FY2022
- Reviewed and approved the adoption of the Environmental, Social and Governance Risk Management Framework
- Reviewed the C-Insight and Risk Profile reports
- Reviewed the Bank's Internal Capital Adequacy Assessment reports
- Reviewed the Annual Audit Plan FY2023
- Reviewed the Bank's Annual Compliance Plan
- Reviewed the Bank's Compliance Transformation Project Updates
- Reviewed the Anti-Money Laundering and Combating the Financing of Terrorism & Sanctions Enterprise Wide Risk Assessment Report
- Reviewed the revised Anti-Bribery and Corruption Policy & Procedures
- Approved the Implementation of Market Surveillance Project
- Reviewed the Assessment of Existing Associated Persons
- Reviewed the Bank's Anti-Money Laundering and Combating the Financing of Terrorism capabilities
- Reviewed the Bribery and Corruption Risk Assessment Report
- Reviewed the Bank's Sanction Screening Process
- Reviewed the Compliance Culture Assessment Results
- Reviewed the revision of the Bank's Complaint Management Framework

Governance

- Reviewed the Board Manual, Board Charter and Terms of Reference of the Board and Board Committees
- Reviewed the Board Effectiveness Evaluation Exercise and Actionable Improvement Programme for the year
- Reviewed and approved the Corporate Governance Disclosure in FY2021 Annual Report
- Reviewed the Succession Plan for Board and Senior Management
- Reviewed the Levels of Application of Malaysian Code on Corporate Governance 2021 by the Bank
- Approved the adoption of the Policy on Maybank Group Reserved Matters

Board Governance

The roles and responsibilities of the Chairman and the CEO are clearly 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 Board is assisted by two Corporate Secretaries who ensure that Board members receive appropriate and timely information including meeting materials and minutes. All Directors have access to the advice of the Corporate Secretaries and the Bank provides access, at its expense, to the services of independent professional advisers in order to facilitate the Directors in their role.

As depicted in the CG Framework, the Board is supported in its duties by two Board Committees, each of which has its own Terms of References (TORs) which clearly set out its remit and decision-making powers. The chair of each Board Committee meeting updates (to the Board) on salient matters discussed. The TORs of each Board Committee are also reviewed periodically, with the last review undertaken during FY2022. Amendments are made (where necessary) to ensure that the TORs of each committee are updated with the latest best practices, processes and/or procedures prescribed or recommended by the regulators and are of market standard. The Board Charter is published on the Bank's corporate website at www.maybank2u.com.kh

Board Committees

The key roles and focus areas of the Board Committees during FY2022 were as follows:



Key Roles:

- To assess the adequacy and effectiveness of the Bank's governance, risk management and internal control system through the Internal Audit (IA) function;
- To oversee IA's independence, scope of work and resources; and
- To determine the criteria for selecting, monitoring and assessing the external auditors, and to make recommendations to the Board.

Key Focus Areas:

Key focus areas and activities of the ACB during FY2022 can be found on pages 49 to 50 of this Report.

RMC
6
No. of meetings
Attendance

Key Roles:

- To review and approve risk management strategies, risk frameworks, risk policies, risk tolerance and risk appetite limits.
- To review and assess adequacy of risk management policies and frameworks in identifying, measuring, monitoring and controlling risks and the extent to which they operate effectively.
- To ensure infrastructure, resources and systems are in place for risk management
 i.e. ensuring that the staff responsible for implementing risk management
 systems perform those duties independently of the financial institutions' risk
 taking activities.
- To review management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

Key Focus Areas:

Key focus areas and activities of the RMC during FY2022 can be found on page 45 of this Report.

Key Maybank (Cambodia) Plc. Policies

The Board from time to time establishes internal policies and frameworks for Bank-wide application to sharpen the governance and oversight of its operations. The following are some of the key policies and frameworks:

Ethical Standards and Behaviour

- (a) Code of Ethics and Conduct Policy#
- (b) Policy on Fit and Proper Criteria For Appointment/Re-Appointment of Key Responsible Persons (FAP Policy)
- (c) Policy on Conflict of Interest for Directors

Strategy & Decision-Making

- (a) Policy on Reserved Matters (New)
- (b) Non-Credit Discretionary Powers (NCDP) and Operational Write-Off*
- (c) Policy on Environmental, Social and Governance (ESG)#
- (d) Sustainability Framework*

Legal & Compliance

- (a) Anti-Bribery and Corruption Policy & Procedures#
- (b) Anti-Money Laundering/Countering Financing of Terrorism Policy & Procedures#
- (c) Policy on Related Party Transactions#
- (d) Sanction Screening Process#
- (e) Whistleblowing Policy & Procedures*

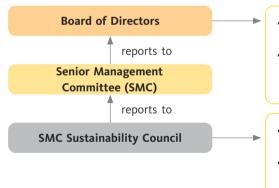
Note#: Reviewed and updated during FY2022

These policies are periodically reviewed to ensure that the Bank's CG Framework remains robust and is continually updated.

Sustainability

Sustainability is one of the key strategic thrusts of M25+, giving rise to a specific strategic programme, "To become the Sustainability Leader in Southeast Asia", to drive our sustainability agenda. Key initiatives to support the effective execution of this strategy are as follows:

Our commitment to driving Maybank's sustainability agenda from the top is reaffirmed with the establishment of a sustainability governance structure in 2022, as depicted in the diagram below. This has enabled us to drive engagement on sustainability issues among the Board and senior management team, to set the Bank's direction and monitor progress of the Bank's sustainability agendas as predicated on three key overarching pillars, namely: 1) Responsible Transition; 2) Enabling Our Communities; and 3) Our House is in Order & We Walk The Talk. Sustainability KPIs are also incorporated into the organisation's performance setting (scorecard) and adopted by all staff within the Bank.



- Chaired by the Chairman and includes other members of the Board and CEO.
- Oversees sustainability strategy, governance structure, priorities and targets, integration of sustainability considerations across the bank, among others.
- Chaired by the CEO and includes other SMC members and permanent invitees.
- Steers the sustainability strategy in line with the sustainability agenda, monitors and advises on sustainability-related action plans and issues, among others.

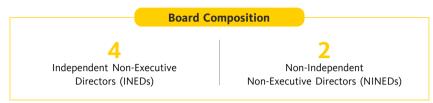
Implemented Bank-wide



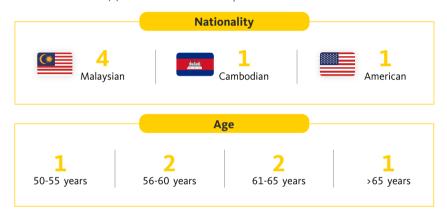
More details on the Bank's sustainability efforts can be found in the Sustainability Review of this Annual Report.

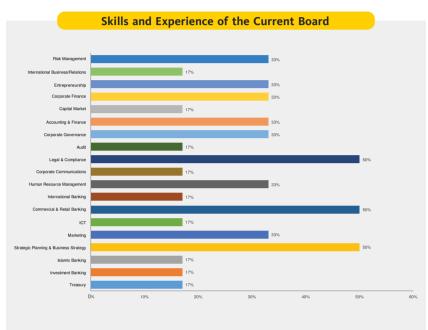
Board Size, Composition and Diversity

As at to-date, the Board consists of 6 members, out of which 67% are INEDs. The Board is committed to 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. As at 31 December 2022, the composition, diversity and skills and experience matrix of the Board are as set out below:



* The composition of the Board is in compliance with National Bank of Cambodia's regulation, with at least two (2) of its members are Independent Directors.





The Group Nomination and Remuneration Committee

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

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;
- 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.

Details of the above policies are provided in the CG Report of the Maybank Group.

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



Stage 2 – Engagement with candidates

Stage 3 – Deliberation by the Group NRC

Stage 4 - Recommendation to the Maybank Cambodia Board

Succession Planning

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 Group's and Bank's strategy.

As part of succession planning, the Group 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 Group NRC also reviews the Group's NED Talent Pool regularly (e.g. ICDM and Fide Forum), 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 Group's and 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 skills set of its Board members are well-suited to meet the demands of an ever-changing financial industry.

Fit and Proper

All Directors must have the necessary qualities, competencies and experience that will allow them to perform their duties and carry out the responsibilities required of the position in the most effective manner. To assist the Group NRC in assessing and determining the fitness and propriety of Directors, the Board has established a Fit and Proper Policy (the Bank's FAP Policy) which sets out the criteria for the FAP assessment and the process of re-election of Directors and selection of candidates for new appointment. The FAP assessment process covers the minimum fit and proper criteria as set out below:

(a) Probity, personal integrity and reputation

Values that can be demonstrated through personal qualities such as honesty, integrity, diligence, independence of mind and fairness.

(b) Competency and capability

Relevant skills, knowledge, experience and ability to understand the technical requirements of the business, the inherent risks and the management process required to perform the Director's role.

(c) Financial integrity

Ability to manage Director's own financial affairs properly and prudently.

Independence

In addition to the above FAP criteria, independence assessments are also conducted on each INED based on the independence criteria set out in the following regulations/guidelines:

Group Level

- (a) Policy on Corporate Governance issued by Bank Negara Malaysia (BNM CG Policy);
- (b) Malaysian Corporate Governance issued by the Securities Commission (MCCG) 2021; and
- (c) Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia).

MCP Level

- (a) Law on Banking and Financial Institutions; and
- (b) Law on Commercial Enterprise

To assist the Group NRC in evaluating the independence of INEDs, the Board has also established a Policy on Directors Independence (the Independence Policy) which sets out the Board's approach in determining directors' independence and assessing the independence of each INED.

Annual FAP and Independence Assessment

In line with FAP Guidelines as well as the Bank's FAP Policy, FAP and independence assessments on the Directors are conducted annually as well as during the nomination and selection process for the appointment of new Directors, via the following processes:

- (i) Execution of Director's Self Declaration Form by individual Directors which includes:
 - Declaration of non-disqualification of Director in accordance with Article 18 of the Law on Banking and Financial Institutions;
 - Declaration of compliance with FAP Criteria pursuant to National Bank of Cambodia and the Bank's FAP Policy;
 - Declaration of compliance with independence criteria for Independent Directors pursuant to the Bank's Policy on Directors Independence;
 - Declaration of directorships outside the Bank and Maybank Group; and
 - Declaration of business interest / transactions with the Bank and shareholding in the Bank
- (ii) Verification of Directors' financial standing via bankruptcy search and credit bureau report.

- (iii) Verification of other directorships as well as litigation cases filed against Directors (if any).
- (iv) Verification of no adverse reports in respect of ethical and professional conduct/ public exposure/legal suits based on checks conducted via the internet search engine as well as online legal report e.g. Law Journal and screening by an external background screening and verification company.
- (v) Review of findings of the annual BEE exercise

Based on the outcome of the above assessment conducted in FY2022, the Group NRC and the Board were satisfied that all Directors have met and fulfilled all the FAP and independence criteria set out in the Group's and Bank's FAP Policy. Additionally, all the INEDs had, during the Fit and Proper assessment, declared and affirmed their independence and ability to act in an independent and objective manner. Each INED also has an ongoing obligation to inform the Board of any circumstances which could impair directors' independence.

Board Effectiveness Evaluation (BEE)

The Group NRC assists the Board in reviewing its effectiveness, mix of skills and composition via the BEE exercise, which is conducted annually, and once every three (3) years with the assistance of an independent international firm of consultants. Findings from the BEE are used to establish the Board's Skills Matrix, which is referred to by the Board and the Group NRC to support the Board's succession planning activities, including strengthening of its talent pool with the right mix of skills and diversity in terms of gender and ethnicity.

Since the Board appointed an independent firm of consultants to conduct the BEE for FY2020, the BEE for FY2021 and FY2022 were conducted internally (with the assistance of Corporate & Legal Services (CLS)) via online questionnaires to evaluate the effectiveness of performance, personality and quality of individual directors as well as the independence of INEDs. Taking into consideration the M25+ and the updated Guidelines on the Conduct of Directors of Listed Corporations and their Subsidiaries issued by the SC 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 FY2022 were positive with all evaluated areas rated as either "strong" or "satisfactory" reflecting strong performance by the Board and Board Committees.

Key strengths identified included the following:-

- (i) **Positive Board Culture and Dynamics** There were robust discussions and healthy debates, Board members are open minded and willing to voice their own opinions and to raise concerns, where needed;
- (ii) **Focus on Business Strategies** The Board is visionary, understands the Bank's key risks and challenges, focused on strategic direction and change initiatives;
- (iii) **High Board Diversity** The Board has deep knowledge and broad understanding of the industry/ business/respective sectors and vast diverse experiences/ideas which leads to positive contribution;
- (iv) **Strong Board Commitment** The Board members work well together and demonstrated a high level of commitment to keep abreast of developments and activities.
- (v) Effective Oversight Over Management The Board is supportive of the management and provided sufficient guidance and challenge to the management's proposals. Strong oversight on improving the foundations and operational processes to further strengthen risk management practices.

Pursuant to the results of the BEE for FY2022, Directors believe that certain areas should be further enhanced in the future. These include:

- Placing greater focus on M25+ and prioritisation of the short-term and longterm execution strategies;
- (ii) Further enhancing the Board gender diversity;
- (iii) Further increasing engagements with Group and 2nd tier management on a regular schedule; and
- (iv) Curating trainings for Directors, to be in line with M25+ objectives, among others increased focus on ESG, corporate finance, cybersecurity, risk, etc.

Directors' Training

The Board acknowledges the importance of continuing education for 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 FY2022, all the Board members attended various training programmes and workshops on issues relevant to the Group and the Bank, among others on ESG/ Sustainability including a tailor-made Risk and Compliance workshop.

Based on feedback from Directors via BEE for FY2022, a more comprehensive training programme is being curated to enhance the Board's knowledge and skills which would assist them in overseeing the Group's execution of M25+. This curated training programme include the following topics:-

- (i) IT, cyber security, latest technological and digital developments;
- (ii) Sustainable financing; decarbonisation, carbon trading/exchange; and
- (iii) Risk management on topics and techniques.

Induction Programme

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

Dr. Sok Siphana participated in the induction programme physically prior to his official appointment on 19 July 2022.

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.

The Group NRC assists the Board in reviewing its remuneration framework via the conduct of a Board Remuneration Review (BRR). The BRR is conducted annually, and once every three (3) years with the assistance of an independent international firm of consultants. Since the Board appointed an independent firm of consultants to conduct the BRR for FY2020, the BRRs for FY2021 and FY2022 were conducted internally (with the assistance of CLS). The main objective of the internal BRR was to verify and refresh the data provided by the independent firm of consultants in FY2020, and to assess whether NEDs' remuneration is still competitive.

B. 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 processes and system of internal controls, 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. With increased adoption of technology capabilities and the concomitant risk of cyber threats, information security has been among the Bank's key focus areas. Technology infrastructure and security controls continue to be strengthened as guided by the Cyber and Technology Risk Management Frameworks, and National Bank of Cambodia's Technology Risk Management Guideline.

Premised on the guiding principles of ESG risk management which are embedded in the Bank's ESG Risk Management Framework, the Bank periodically reviews and enhances its ESG practices by working with 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.

The Bank's risk governance structure and risk management approach are further discussed on pages 42 to 47. Refer to pages 48-51 for further details on the Audit and Risk Committees' roles.

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Financial Capital

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Human Capital pg. 25-34

10

Statement on Risk Management and Internal Control

Financial year ended 31 December 2022

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 (NBC).

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 types and levels of risk that the Bank 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 the 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, respectively. 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 FY2022, 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.

Financial year ended 31 December 2022

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 developed the Maybank Enterprise Risk Management Framework to institutionalise vigilance and awareness of the most significant risks to the achievement of the Bank's mission, namely Humanising Financial Services, by putting customers and the wider community at the heart of everything that the Bank does. The framework is underpinned by a set of building blocks which serve as the foundation in driving a strong risk management culture, encompassing practices and processes:



Risk Culture

Risk culture is a vital component in strengthening risk governance and forms a fundamental principle of strong risk management.



Risk Coverage

The Bank must determine its business strategy and assess the risks to ensure the appropriate risk strategies are put in place to give a greater level of assurance on achieving its business strategy.



Risk Appetite

The risk appetite defines the types and levels of risk that the Bank is willing to accept within its risk capacity in pursuit of its business and strategic goals.



Risk Response

Selection of the appropriate risk response is imperative to align all risks with the Bank's risk tolerance and risk appetite.



Governance & Risk Oversight

There is a clear, effective and robust governance structure with well-defined, transparent and consistent lines of responsibility.



Risk Management Practices & Processes

Robust risk management processes are in place to actively identify, measure, control, monitor and report risks inherent in all products and activities undertaken by the Bank.



Stress Test

Stress testing is used to test the resilience of the Bank's exposure against future financial scenarios and gauge the resulting risk and adequacy of capital.



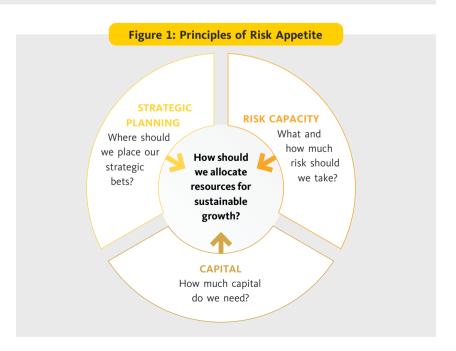
Resources & System Infrastructure

Ensure sufficient resources, infrastructure and techniques are in place to enable effective risk management.

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 translates our risk capacity 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 with 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.



Financial year ended 31 December 2022

Risk Governance & Oversight

The risk governance model adopted by the Bank provides a formalised, transparent and effective governance structure that promotes the active involvement of 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 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 in which 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 and Processes

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

IDENTIFICATION

- · Identify, understand and assess risks inherent in products, activities and business initiatives.
- Enable early detection of risk and ensure sound risk management practices are in place to manage and control product risk.
- · Adopt forward looking approach in identifying emerging risks to ensure appropriate steps are taken to minimise Bank's exposure.

MEASUREMENT

- Develop risk measurement techniques across different dimensions of risk factors to ensure continual reassessment and identification of risks.
- Measure aggregate exposure of the Bank, individual business and country, the risk types as well as the short and long-term impact of the exposures.

CONTROLS

- Establish quantitative and qualitative controls including risk limits, thresholds and triggers to oversee and manage the risk exposures identified.
- · Implement risk mitigation techniques aimed at minimising existing, or in some instances, preventing new or emerging risks from occurring.

MONITORING & REPORTING

- Monitor forward-looking key risk indicators and early warning signals to ensure that sufficient and timely action is in place to mitigate any potential risk to the Bank.
- Report the state of compliance to the Management level and Board level risk committees as well as to the Board on a regular basis.

Financial year ended 31 December 2022

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 all jurisdictions in understanding 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 they 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) risks to our business but more importantly, as well as to identify opportunities for our businesses and our customers to grow sustainably. Premised on the guiding principles embedded in the Maybank 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, covering both Business and Technology drivers, focusing on the key layers of People, Processes and Technology.

The Technology Risk Management Framework sets out the standards for identifying the risks and required controls in the Bank's technology related functionalities and for implementing the recommended risk remedial actions. It standardises the technology operations environment, and ensures service availability 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 effective 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 assessing 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 once in every two (2) months 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 Senior Management Committee (SMC), 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 Lost Protection to prevent data loss or theft.

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.

Financial year ended 31 December 2022

• 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 policies and procedures that reflect specific aspects of sustainability that are aligned to the Bank's core values. The Framework details the six key principles and four commitments which are entwined with Maybank's M25+ Strategy.

As one of the five strategic thrusts of the Bank, the sustainability strategy is underpinned by three key pillars: Responsible Transition; Enabling Our Communities; 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' expectations;
- (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 request for 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 of 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 Instructions (SPIs) and are updated from time to time in accordance 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 outlines the philosophy and principles for People Management and Development in line with the Bank's mission of Humanising Financial Services. It consists of a set of policies and guidelines that covers all aspects of human resources management, including safeguards against business human rights violations, the prevention of any form of harassment, talent acquisition and development, performance and consequence management, and code of conduct for the cessation of employment. A Disciplinary Policy has also been established to ensure disciplinary matters are dealt with fairly and consistently, according to prevailing labour laws and employment regulations.

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, supported by sound governance, to create awareness of and manage our reputational risk 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 a policy with roles and responsibilities of key stakeholders with regard to processes, to facilitate an effective reputational risk management and monitor the risk exposures within our risk appetite.

Whistleblowing

Maybank is committed to the highest standard of ethics and integrity in its conduct of business and operations. The Bank's whistleblowing policy encapsulates the governance and standards required to promote an ethical, responsible and secure whistleblowing practice in the Bank. The policy provides a proper and secured avenue for the employees and members of the public to report any knowledge of improper conduct without fear of any adverse consequences. The access to whistleblowing information is governed with strictest confidentiality under the oversight of a committee chaired by an Independent Non-Executive Director.

Anti-Bribery and Corruption

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 (IA)

The Board established the IA function to provide independent assurance on the adequacy and effectiveness of risk management, control, anti-corruption, whistleblowing and governance processes. The IA function is independent of the activities and operations of other operating units within 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, the 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 Audit Committee Report.

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Statement on Risk Management and Internal Control

Financial year ended 31 December 2022

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 operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Bank.

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 operating adequately and effectively to safeguard the interest of the Bank's shareholders and the assets. The Board is also satisfied that the Bank has put in place an ongoing 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 in these times of uncertainty and crisis. This process has been in place for the entire financial year under review up until the date of approval of the Statement for inclusion in the Annual Report.

For Financial Year 2022

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

- Meetings shall be held at once in every two (2) months, 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.
- 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 Chief Operating Officer 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.

For Financial Year 2022

B. DUTIES & RESPONSIBILITIES (CONT'D)

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 2022

ATTENDANCE OF MEETINGS

A total of six (6) meetings were held during FY2022 and the details of meeting attendance are set out as follows:

Name of Committee Member	Number of meetings held and attended during FY2022
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 Dr. Sok Siphana (Member)	
- Appointed on 19/7/2022	3/3
- 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	
- Non-Independent Non-Executive Director	3/3
Relinquished Membership from ACB wef on 19/7/2022	

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 FY2022, the ACB held four private sessions with auditors without the presence of Management i.e. (i) two with IA on 31.01.2022 and 08.12.2022; and (ii) two with the external auditors on 21.3.2022 and 08.12.2022.

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

INTERNAL AUDIT

- Reviewed and approved the revisions of AAP2022 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 FY2023 (AAP2023) 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 AAP2023 which was later tabled to the Board for approval together with the annual operating budget requirement for the entire Bank.
- 3. Assessed and approved FY2021 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 FY2022 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 AAP2022 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. Where necessary, control lapses and recommendations were escalated to the Senior Management Committee (SMC) for deliberation.
- 7. Updated the Board on pertinent concerns from the audits and investigations conducted by Audit via the ACB Chairman Report.
- Reviewed the 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.

For Financial Year 2022

C. ACTIVITIES OF ACB FOR FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

INTERNAL AUDIT (CONT'D)

- Reviewed for approval any Management's requests on audit finding rectification timeline extension, in consideration of the justifications provided.
- 10. 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.
- 11. Reviewed and approved the enhancement of internal audit's organization structure to set up 2 sub units, which include 1. Assurance & Advisory and 2. Assurance & Strategy, aim to establish dedicated focuses and expertise as well as expanding career development progress for the auditors.
- 12. Approved the appointment of an independent external reviewer to conduct a Quality Assurance Review (QAR) of Audit's conformance with the International Standards promulgated by The IIA. The QAR report was tabled to the ACB in December 2022, concluding that Internal Audit's current practices conformed with the IIA Standards.

ANNUAL REPORT

- 13. Reviewed and endorsed the Statement on Risk Management and Internal Control (SORMIC) for Board's approval for inclusion in the FY2021 Annual Report and submission to the National Bank of Cambodia (NBC).
- 14. Reviewed and approved the Audit Committee Report for inclusion in the FY2021 Annual Report and submission to NBC.

FINANCIAL REPORTING

15. 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

- 16. Reviewed with the external auditors:
 - a. The Audit Planning Memorandum (APM) focusing on the scope of work for the year which included new areas of audit emphasis arising from emerging events and recent developments in accounting standards, laws and regulations, planned audit procedures, multi-location audit scoping, audit timelines, statutory audit fees, areas that are key audit matters ("KAM") and other significant considerations;
 - The results of the audits, the significant audit and accounting matters identified and management letters together with Management responses or comments.
- 17. Confirmation by the external auditors of their independence in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA code) and ethical requirements in applicable jurisdictions.
- 18. 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.

 Assess the external auditor's knowledge, capacity, experience, performance and timeliness of service deliverables.

D. RELATED PARTY TRANSACTION (RPT)

20. Reviewed RPTs as disclosed in the financial statements and the adequacy of 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, anti-corruption, whistle- blowing and internal controls processes implemented by the Management. The function is independent of the activities audited and from the day-to-day internal control processes. 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 12 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 AAP2022 was approved by the ACB in December 2021. It defined the IA scope of work for the year, covering the business and operations of the Bank. 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 AAP also took into consideration the Bank's key business strategies and operations, and Management's feedback on their areas of concerns and potential risks. In addition, IA continues to provide independent and objective consultative reviews of the implementation of new initiatives and projects in the Bank during the year.

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. During the year, 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.

For Financial Year 2022

E. INTERNAL AUDIT FUNCTION (CONT'D)

RESPONSIBILITY, SCOPE & METHODOLOGY (CONT'D)

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 results are tabled to the ACB. For FY2022, an external Quality Assurance Review was performed by the appointed external reviewer. The appointed external reviewer, assessed, among others, IA's conformance with the IPPF as issued by The IIA and recommended enhancements to IA in line with industry's best practices by way of assessing the current operations and structure of IA. The QAR report was tabled to the ACB in December 2022, concluding that Internal Audit's current practices conformed with the IIA Standards.

RESOURCES

As of 31 December 2022, the IA function has a staff strength of 8 individuals from diverse backgrounds and qualifications. 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.

SUMMARY OF INTERNAL AUDIT ACTIVITIES IN FY2022

The key IA activities undertaken in FY2022 were as follows:

- Attended periodical meetings of various management level committees such as the Information Technology Steering Committee (ITSC), Project Steering Committee (PSC), Senior Management Committee (SMC), Staff Committee (SC), and Compliance Management Committee (CMC) on a consultative and advisory capacity to provide independent feedback on governance, risk management and internal control.
- Established a risk-based Annual Audit Plan for FY2022 (AAP2022) and updated the AAP in view of the latest developments surrounding the business operating environment and continued uncertainties posed by the ongoing pandemic as well as ad-hoc requests made by the ACB, Management and/or regulators.
- 3. Participated in a four-day onsite Group-wide audit plan challenge session to calibrate and integrate the audit approach across all IA functions in the Group Office and the region and coverage for 2023 prior to finalizing the AAP2023. This was to ensure consistent and comprehensive coverage of risk locations across the Group. The AAP2023 was tabled and approved by the ACB and later presented to the Board for information in December 2022.
- 4. Performed periodic internal control testing of business units, operations and processes across the Bank as identified in the AAP2022 to provide independent assessment and objective assurance of the units audited. Among the key risk areas assessed during the FY2022 were branch operations, cyber and technology security, risk functions, AML/CFT function,

- anti-bribery & corruption, digital banking, centralized operations, credit administration, trade finance operation, human capital services, and post implementation review of Bakong projects etc.
- Presented the Internal Control Health Check Report for FY2022 to the ACB which summarised the state of internal controls based on the audits conducted throughout FY2022. The report identified areas where improvements were noted and the factors contributing to areas requiring attention.
- 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.
- 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.
- 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 FY2021 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.
- 12. Presented IA's enhanced organization structure to seek for ACB's approval to set up 2 sub units, which include 1. Assurance & Advisory and 2. Assurance & Strategy, aim to establish dedicated focuses and expertise as well as expanding career development progress for the auditors.
- 13. Attended a 2-days Group Audit Conference 2022, attended by over 230 participants from Malaysia as well as the region.

LEADERSHIP FOR A SUSTAINABLE FUTURE

Moving into normalcy in 2022 has meant that we were able to raise the bar in our approach towards sustainability, and take leadership positions in several key areas. Specifically, we established key frameworks, policies and processes to manage ESG risks and promote the development of sustainable financing solutions. We also supported marginalised communities, underprivileged lower-income individuals, SMEs and microenterprises through the provision of financing, micro insurance, education and financial assistance programmes. In addition, we outlined Maybank's decarbonisation strategy while engaging actively with the industry on thought leadership, and our customers on their transition journey. Internally, we continuously upskilled our talents and built their capacity to strengthen our sustainability culture.

As a result of the significant progress made, our Group Board approved an upward revision for Commitments 1 and 2 in December 2022 to a target of RM80 billion in Sustainable Finance (from RM50 billion previously) and two million households across ASEAN by 2025 (from one million households previously), respectively.



SUSTAINABILITY GOVERNANCE

Cultivating a top down approach focused on accountability and agility, our Group Board of Directors (the Board), as the Group's highest governing body, is responsible for overseeing Board-level committees that have oversight of specific areas relating to sustainability. Supporting the Group Board in driving its sustainability agenda are the Board Sustainability Committee (BSC), the EXCO Sustainability Committee (ESC) and our Chief Sustainability Officer (CSO). At Maybank Cambodia, the Board takes on a similar oversight on the Bank's sustainability agenda, supported by a local Maybank Cambodia Sustainability Council represented by its Senior Management Committee members.



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Sustainability Review

Other Information

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Introduced Malaysia's first Sustainable Product Framework to align all facets of our businesses towards the development of sustainable finance solutions



Awarded the **ASEAN–Maybank Scholarship** to the first group of scholars



One of the first banks in ASEAN to establish our baseline Scope 3 financed emissions, which will help shape our future business portfolio in support of our net zero carbon equivalent ambition



Introduced Green Lab – a learning and engagement initiative for Maybankers to gain insights into sustainability and design new sustainability-related initiatives



Recognised at the UN Global Compact Network Malaysia & Brunei Sustainability Performance Awards 2022 for our partnerships geared towards achieving the UN SDGs and pioneering sustainable development

SUPPORTING SUSTAINABLE DEVELOPMENT OBJECTIVES

At Maybank, we are focused on driving sustainable long-term growth by way of strengthening our business performance, ensuring environmental preservation and holistically supporting our communities in the countries in which we operate. To this end, we have identified the Sustainable Development Goals (SDGs) and its specific targets to which we are best able to contribute towards.

The subsequent sections highlight the specific SDGs and Material Matters which are tied to the achievements of our Sustainability Commitments with specific highlights on achievements related to Maybank Cambodia, or collaboration between Maybank Group and Maybank Cambodia.

KEY FOCUS AREAS FOR 2022



SUPPORTING FINANCING RELATED TO GREEN, SOCIAL AND TRANSITION INITIATIVES

Driving Sustainable Finance











The Group established a Sustainable Product Framework (SPF) in September 2022 to define green, social, sustainable and transition products across our businesses. This will help to steer the development of financing solutions that meet the Group's sustainable standards throughout their life-cycle. The framework is aligned with the International Capital Markets Association's Climate Transition Finance Handbook and the decarbonisation pathway set by the Transition Pathway Initiative, among other local and international frameworks, and will be reviewed annually.

The SPF can be downloaded from https://www.maybank.com/iwov-resources/documents/pdf/annual report/2022/Maybank-Sustainable-Product-Framework.pdf

We support Bank Negara Malaysia's Low Carbon Transition Facility (LCTF) that helps fund Malaysian SMEs as they transform their business into low-carbon operations. This includes capital expenditure or working capital that is channelled to initiate or facilitate the transition to low-carbon and sustainable operations, such as procuring sustainable materials for production or improving the energy efficiency of buildings and appliances. LCTF financing that meets the eligibility criteria laid out in the Group's SPF is recognised as Sustainable Financing.

Business Recovery Guarantee Scheme & Women Entrepreneurs Guarantee Scheme

Maybank Cambodia collaborates with Credit Guarantee Corporation of Cambodia (CGCC) to offer a Business Recovery Guarantee Scheme (BRGS) & Women Entrepreneurs Guarantee Scheme (WEGS).

The BRGS aims to improve access to finance for small and medium enterprises in Cambodia with a credit guarantee scheme that acts as collateral to reduce asset demand of collateral to SME borrowers.

WEGS is specifically designed for women and women-owned businesses, aimed to narrow the gap between the supply and demand for financing among women entrepreneurs.

Sustainable Finance Mobilised across the Group



USD4.7 billion

(RM20.69 billion)

FY2021 >USD3.09 billion (RM13.6 billion)

FY2025 Target: USD18.2 billion* (RM80 billion)

* Revised target from USD 11.3 billion (RM50 billion)



35 Loan applications under guarantee schemes



Total amount of Loan applications of USD2.7million

KEY FOCUS AREAS FOR 2022 (CONT'D.)



EMPOWERING BUSINESSES AND COMMUNITIES BY DRIVING FINANCIAL INCLUSION, PROMOTING FINANCIAL LITERACY AND ENHANCING SOCIAL WELL-BEING

Credit Guarantee Scheme and Building Capacity & Capability Programme to SME (BCC)

- Maybank and CGCC joint force to strengthen capacity and capability of SMEs
 on top of their continuous efforts to support small and medium businesses
 to access to financing assistance.
- Almost 100 SMEs and financial advisors were exposed to various topics including business registration in Cambodia, the importance of financial discipline, branding and digital marketing, as well as the aspects of managing human resources, presented by subject-matter-experts and professionals from law firm, business consulting, advertising agency and financial institution.

Community Empowerment

In 2022, 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.

Maybank Cashville Kidz Financial Literacy

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 8,824 Students via Online Platform

Impacted 30 Schools in Phnom Penh and other 4 Provinces in Cambodia

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 40 Students at People Improvement Organisation

Over 400 Employees volunteered in Engagement Sessions with sponsored children

Rebuilding PIO Shelter

Rebuilding the People Improvement Organization (PIO) Shelter to allow PIO to assist more children with an opportunity to pursue education as a way out of poverty.

The Construction to be completed in 3rd Quarter of 2023

Household Lives Improved



FY2021 502,759 households

FY2025 Target: Two million households*

* Revised target from one million households

Maybank Women Eco-Weavers

Empowering women weavers from poor and marginalised communities with training and capacity-building 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 108 Farmers

Over 5,700 Mulberry Trees Planted

Maybank Cambodia Scholarship & MStar

The Maybank Scholarship programme is one of the Maybank Group CR initiative that commenced since 1972 with the main objective to offer opportunities for youth from low-income families to excel academically.

Appointment of 2 Scholars with a fully-funded Scholarship

Beyond this, Maybank Group rolled-out 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.

KEY FOCUS AREAS FOR 2022 (CONT'D.)



MANAGING DIRECT AND INDIRECT EMISSIONS FROM OUR OPERATIONS AND BUSINESS ACTIVITIES

Managing Scope 1 & 2 Emissions







We have reduced 41% (equivalent to 53,771 tCO₂e) of our Scope 1 and 2 emissions against our 2019 baseline of 131,291 tCO₂e, with the acquisition of the Malaysia Renewable Energy Certificates and roll-out of various energy efficiency programmes, including:



Retrofitted LED lighting across 423 premises in Malaysia and 60 branches in Singapore, Cambodia, Philippines and Indonesia



Retrofitted our branch signages with LED lighting across 50 premises in Malaysia and nine branches in Singapore



Installed AC inverters at 35 locations in Malaysia and 30 premises across Singapore, Cambodia, Philippines and Indonesia



Upgraded the chiller system at Maybank Tower, Singapore

Carbon Neutral Position





Reduced 41% of our Scope 1 and 2 emissions (against 2019 baseline*)

FY2025 Target: Carbon neutral position of our own emissions by 2030 and Net Zero Carbon equivalent position by 2050.

* 2019 baseline will be externally validated

Managing Scope 3 Emissions









Accounting and Reporting Standard for the Financial Industry by Partnership for Carbon Accounting Financials. This exercise has enabled us to identify and focus our transition strategy on geographies, sectors and clients that contribute significantly to the Group's financed emissions. We have started to engage with clients and related stakeholders to develop an appropriate transition strategy, and are working on integrating climate scenario analysis with the data to identify the relevant climate-related transition risks. This will help us to set emission reduction targets and exposure limits.

- We are also in the midst of developing a Group Climate Risk Policy to identify, assess and manage climate-related risks, guided by the Task Force on Climate-Related Financial Disclosures (TCFD) and key regulatory requirements. The policy will set out methodologies and procedures to address climate-related disclosures, and is expected to be implemented in FY2023.
- We have broadened our position paper on Palm Oil to Agriculture and refined our position papers for Oil & Gas and Forestry & Logging.
- Our position on these and other sectors are published on www.maybank.com/sustainability
- As part of ongoing efforts to educate our staff and manage their emissions from travel, we have started reimbursing employees for EV-related expenses. We have also enhanced our staff travel policy to encourage virtual meetings and discussions in lieu of travel as well as to leverage the most efficient methods of travel.

Managing Our Supply Chain







- Our Supplier Code of Conduct was enhanced in July 2022 to incorporate requirements and standards on environment, health & safety, labour, human rights as well as other compliance and regulatory obligations.
- We have also embedded ESG assessment questions into our procurement onboarding and renewal process across our operating markets to raise awareness of ESG and its importance among existing and potential suppliers. The outcome of the assessment will form the basis of ESG criteria used when selecting suppliers in the future.
- @ Our Supplier Code of Conduct is published on https://www.maybank.com/en/about-us/ corporate-governance/procurement.page

KEY FOCUS AREAS FOR 2022 (CONT'D.)



STRENGTHENING STAKEHOLDER RELATIONSHIPS, SUSTAINABILITY MINDSET AND GOVERNANCE



Sustainability Hours Achieved

Maybank Cambodia

FY2022 **1,400** hours

FY2021 2.300 hours

Maybank Group FY2022 1,563,720 hours

FY2021 1,636,652 hours

FY2025 Target: One million sustainability hours p.a.









- An Annual Board Risk Workshop is held for the Board of Directors, senior management and business leads to discuss current and future risk trends. This year, several new key ESG-related areas were brought to the table, including the need for greater oversight and awareness of sustainability and climate change. Some of the action items included the need for clearly aligned deliverables and risk appetite for our investment time horizons; as well as employing agile tactical solutions to meet customer and business needs while staying the course on our strategy execution.
- 10 ESG risk-related programmes involving more than 1,000 employees across all levels in the Bank were organised in 2022 as part of Group Risk's continued efforts to embed ESG risk management into daily business operations, in line with the ESG Risk Management Framework.
- As part of the Group's efforts to inculcate sustainability among staff, two key initiatives were introduced. The Sustainability Circle was established as an informal network consisting of representatives from various sectors and countries who act as internal advocates facilitating the exchange of opinions and driving the adoption of sustainability within their respective units. To drive sustainability action, a Sustainability Capability Building programme for employees called Green Lab was curated to provide foundational knowledge on sustainability and encourage sustainability best practices. As at year end, 1,082 sustainability advocates had been trained and more than 200 sustainability initiatives had been logged in the internal sustainability knowledge sharing platform, MaybankCares.

- In ensuring that our people uphold confidentiality and security of all personal data handled, this year all customer-facing employees were required to complete mandatory e-Learning modules related to privacy, covering the management of data privacy and breaches, regulatory compliance and data protection measures.
- For more risk initiatives and culture-building, refer to Principal Risks and Statement on Risk Management and Internal Control on pages 42 and 48. For more on employees' learning & development, refer to Human Capital on page 26

Transparency and Governance









- In fostering a culture of fairness and transparency across all our dealings throughout the Group and operating in an ethical and just manner, we conducted 23 business ethics and human rights awareness sessions in 2022 for 370 employees across the Group.
- To ensure that the Group has proper guidance on the overall approach towards stakeholder engagement on sustainability matters, a Stakeholder Engagement Strategy was developed in 2022 which helps to identify key stakeholder groups through a set of predefined criteria.
- For more on our governance efforts and initiatives, refer to Corporate Governance Overview Statement, Statement on Risk Management and Internal Control and Audit Committee Report on pages 35, 42 and 48

Diversity, Equity and Inclusion (DEI)









- We developed an internal online publication, "Thriving in Diversity", as part of continued efforts to raise DEI awareness.
- To maintain DEI awareness in the forefront, numerous programmes and webinars were curated and implemented throughout the year, including an International Women's Day event; Maybank's first youth summit launch - the GenM summit to provide young Maybankers a space that connects and empowers them to recognise their potential and voice their ideas; customised Mental Well-being Outreach sessions; facilitator-led support groups with solutions-focused CARE Circle sharing sessions; as well as Let's Talk It Out (LTIO) Webinars.
- For more on our DEI initiatives, refer to Human Capital page 27





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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 2022 and for the year then ended

Human Capital

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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 2022 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 in recognizing allowance for expected credit 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 respect.

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 respect.

VALUATION METHODS

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

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 year which secures the liabilities of any other person; and
- No contingent liability in respect of the Bank that has arisen since the end of the 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 adjustment 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
Sok Siphana (appointed on 19 July 2022)
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 2022 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 2022, 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;

Report of The Board Of Directors

STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS (CONT'D.)

- 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.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Bank as at 31 December 2022, and its financial performance and 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

20 March 2023

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 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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.

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Independent Auditor's Report

To The Shareholder of Maybank (Cambodia) Plc.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd.)

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

We communicate with 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

20 March 2023

Statements of Financial Position

Financial Statements pg. 57-111

as at 31 December 2022

		31 Decem	ber 2022	31 Decem	ber 2021	
	Notes		KHR'000		KHR'000	
		US\$	equivalent	US\$	equivalent	
			(Note 2.1.4)		(Note 2.1.4)	
ASSETS						
Cash on hand	4	47,377,424	195,052,855	47,646,703	194,112,668	
Balances with the National Bank of Cambodia	4	203,059,728	835,996,900	223,945,363	912,353,409	
Balances with other banks	5	99,949,607	411,492,532	178,998,478	729,239,799	
Due from parent company	6	84,941	349,700	43,070	175,467	
Balances with affiliates	7	484,565	1,994,954	763,472	3,110,385	
Loans and advances	8	1,012,093,562	4,166,789,195	847,119,738	3,451,165,813	
Property and equipment	9	4,422,204	18,206,214	4,505,512	18,355,456	
Software costs	10	2,041,183	8,403,550	1,797,220	7,321,874	
Investment security at amortized cost	12	486,259	2,001,928	-	-	
Right-of-use assets	11	18,121,509	74,606,253	16,806,608	68,470,121	
Deferred tax assets	15.2	1,965,037	8,090,058	1,935,501	7,885,231	
Other assets	13	3,597,759	14,811,976	2,202,248	8,971,958	
TOTAL ASSETS		1,393,683,778	5,737,796,115	1,325,763,913	5,401,162,181	
LIABILITIES AND SHAREHOLDER'S EQUITY						
LIABILITIES						
Deposits from customers	14	944,718,759	3,889,407,131	990,772,435	4,036,406,900	
Deposits from other financial institutions	14	132,822,263	546,829,257	63,147,905	257,264,565	
Borrowings	18	8,932,796	36,776,321	1,480,816	6,032,844	
Due to parent company	6	4,311,954	17,752,315	3,223,120	13,130,991	
Subordinated debt	6	45,000,000	185,265,000	45,000,000	183,330,000	
Income tax payable	15.1	7,235,727	29,789,488	3,642,443	14,839,313	
Lease liabilities	16	20,359,374	83,819,543	19,182,496	78,149,489	
Other liabilities	17	16,845,014	69,350,923	14,012,198	57,085,689	
Total liabilities		1,180,225,887	4,858,989,978	1,140,461,413	4,646,239,791	
SHAREHOLDER'S EQUITY						
Share capital	20	75,000,000	300,000,000	75,000,000	300,000,000	
Non-distributable reserve		30,000,000	120,000,000	10,000,000	40,000,000	
Regulatory reserve	20	11,494,226	46,658,489	9,486,943	38,454,723	
Retained earnings	20	96,963,665	395,241,224	90,815,557	368,373,905	
Cumulative exchange differences on translation	-	-	16,906,424	-	8,093,762	
Total shareholder's equity		213,457,891	878,806,137	185,302,500	754,922,390	
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		1,393,683,778	5,737,796,115	1,325,763,913	5,401,162,181	

Statement Of Comprehensive Income

for the year ended 31 December 2022

		202))	2021		
	Notes	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)	
Interest income Interest expense	21 22	75,615,849 (24,222,624)	309,041,975 (98,997,864)	63,368,505 (21,765,142)	257,783,077 (88,540,598)	
Net interest income		51,393,225	210,044,111	41,603,363	169,242,479	
Fee and commission income Fee and commission expense	23 24	9,044,360 (2,367,900)	36,964,299 (9,677,607)	8,491,075 (1,648,564)	34,541,693 (6,706,358)	
Net fee and commission income		6,676,460	27,286,692	6,842,511	27,835,335	
Other income	25	4,617,075	18,869,986	3,484,789	14,176,122	
Net operating income Finance cost General and administrative expenses Provision for expected credit losses	26 27	62,686,760 (785,128) (22,189,189) (3,482,369)	256,200,789 (3,208,818) (90,687,215) (14,232,442)	51,930,663 (815,557) (19,028,248) (11,103,053)	211,253,936 (3,317,686) (77,406,912) (45,167,219)	
Income before income tax Income tax expense	15	36,230,074 (8,074,683)	148,072,314 (33,001,229)	20,983,805 (4,278,132)	85,362,119 (17,403,442)	
Net income for the year Exchange differences on translation		28,155,391	115,071,085 8,812,662	16,705,673	67,958,677 4,989,547	
Total comprehensive income for the year		28,155,391	123,883,747	16,705,673	72,948,224	

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Statement of Changes in Equity for the year ended 31 December 2022

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	Paid up	o capital		istributable eserve Regulatory reserve		Retained	earnings	Cumulative exchange difference 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 2022	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
Total comprehensive income for the year	-	-	-	-	-	-	28,155,391	115,071,085	8,812,662	28,155,391	123,883,747
Transfer to regulatory reserve	-	-	-	-	2,007,283	8,203,766	(2,007,283)	(8,203,766)	-	-	-
Transfer to non-distributable reserve (Note 20)	-	-	20,000,000	80,000,000	-	-	(20,000,000)	(80,000,000)	-	-	-
Balance as at 31 December 2022	75,000,000	300,000,000	30,000,000	120,000,000	11,494,226	46,658,489	96,963,665	395,241,224	16,906,424	213,457,891	878,806,137
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 for the year	-	-	-	-	-	-	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

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Statement of Cash Flows

for the year ended 31 December 2022

		20	22	2021		
	Notes	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)	
OPERATING ACTIVITIES Net cash used in operating activities	28	(66,389,179)	(271,084,973)	(107,470,864)	(437,191,472)	
INVESTING ACTIVITIES Acquisitions of: Property and equipment Software costs Purchase of investment security at amortized cost	9 10 12	(1,151,828) (862,076) (486,259)	(4,707,521) (3,523,305) (2,001,928)	(1,280,631) (824,972)	(5,209,607) (3,355,986)	
Net cash used in investing activities		(2,500,163)	(10,232,754)	(2,105,603)	(8,565,593)	
FINANCING ACTIVITIES Proceeds from: Borrowings Payments of: Borrowings Principal portion of lease liabilities	18	7,779,869 (327,889) (2,529,369)	32,029,722 (1,349,920) (10,337,531)	1,480,816 (2,472,188) (2,299,541)	6,032,843 (10,056,861) (9,354,533)	
Net cash provided by / (used in) financing activities		4,922,611	20,342,271	(3,290,913)	(13,378,551)	
Net decrease in cash and cash equivalents Cash and cash equivalents at beginning of year Exchange difference on translation		(63,966,731) 311,731,766	(260,975,456) 1,269,995,215 11,028,889	(112,867,380) 424,599,146	(459,135,616) 1,717,503,545 11,627,286	
Cash and cash equivalents at end of year	4	247,765,035	1,020,048,648	311,731,766	1,269,995,215	
Additional information on operational cash flows from interest						
Interest received		75,527,280	308,679,994	62,619,290	254,735,272	
Interest paid		23,618,409	96,528,436	23,084,701	93,908,564	

as at 31 December 2022 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 2022 is : 75,000,000 or KHR 300 billion (2021: 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
Sok Siphana Independent non-executive director

(appointed on 19 July 2022)

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 2022, 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 2022, the Bank has a total of 451 employees (2021: 438 employees).

Approval of the financial statements

The financial statements were authorized for issue by the Board of Directors on 20 March 2023.

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 ("CIFRSs"), 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.

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 Accounting and Auditing Regulator.

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:

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

as at 31 December 2022 and for the year then ended

2. ACCOUNTING POLICIES (CONT'D.)

2.2 New and amended accounting standards and interpretations

The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year, except for the adoption, where applicable, of the following amendments to CIFRSs which became effective beginning on or after 1 January 2022. The Bank has not early adopted other standard or amendments that has been issued but is not yet effective.

Adoption of below amendments did not have any significant impact on the Bank's financial position and performance.

- Onerous Contract Costs of Fulfilling a Contract Amendments to CIAS 37
- Reference to Conceptual Framework Amendments to CIFRS 3
- Property, Plant and Equipment; Proceeds before Intended Use Amendments to CIAS 16 Leases
- CIFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter
- CIFRS 9 Financial Instruments Fees in the '10 per cent' test for derecognition of financial liabilities
- CIAS 41 Agriculture Taxation in fair value measurements

Standard and interpretations issued but not yet effective

The standard and amendments that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. These standards and interpretations to CIFRSs issued but not yet effective are not expected to have any significant impact on the financial position or performance of the Company.

Effective beginning on or after 1 January 2023

- CIFRS 17, Insurance Contracts
- Amendments to CIAS 1: Classification of Liabilities as Current or Non-current
- Definition of Accounting Estimates Amendments to CIAS 8
- Disclosure of Accounting Policies Amendments to CIAS 1 and CIFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to CIAS 12
- Lease Liability in a Sale and Leaseback Amendments to CIFRS 16

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:

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

Financial assets at amortized cost

The Bank measures financial assets at amortized 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 amortization 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.

as at 31 December 2022 and for the year then ended

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.)

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
- 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.

This accounting policy relates to the statement of financial position captions 'Balances with the NBC', 'Balances with other banks', Due from parent company', 'Balances with affiliates', 'Loans and advances', and 'Investment security at amortized cost..

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 amortized

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-fortrading 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-byinstrument 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 amortized cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective interest rate.

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.

as at 31 December 2022 and for the year then ended

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

2.3.1 Financial assets (cont'd.)

c. Derecognition due to substantial modification of terms and conditions (cont'd.)

The newly-recognized loans are classified as Stage 1 for ECLs 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 impairmentloss has not already been recorded.

d. Impairment of financial assets

The CIFRS 9 impairment requirements are based on an expected credit loss ("ECLs") model which applies to financial assets measured at amortized 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 ECLs model also applies to contract assets under CIFRS 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 ECLs and one that is based on lifetime ECLs. 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	Stage 1	Stage 2	Stage 3
approach	Performing	Under- performing	Non- performing
ECLs approach	12-month ECLs	Lifetime ECLs	Lifetime ECLs
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) ECLs measurement

There are three main components to measure ECLs 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 amortized 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

ECLs 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 ECLs calculation; taking into account the impact of multiple probability-weighted future forecast economic scenarios.

Embedded in ECLs 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

as at 31 December 2022 and for the year then ended

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.)

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

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.

(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 recognized 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 derecognized and ECLs 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 31 December 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.

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.

as at 31 December 2022 and for the year then ended

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

2.3.2 Financial liabilities (cont'd.)

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

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

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) Financial liabilities at amortized cost

Issued financial instruments or their components, which are designated at FVTPL, are classified as liabilities under 'Deposit from customers', 'Deposits from other financial institutions', 'Borrowings', 'Due to parent company', and 'Subordinated debt' or other appropriate financial liability accounts, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After the initial measurement, these financial liabilities are subsequently measured at amortized cost using the IER method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

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 amortized over the life of the financial guarantee. The guarantee liability (the notional amount) is subsequently recognized at the higher of this amortized amount and the present value of any expected payments (when a payment under guarantee has become probable). The unamortized 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.

as at 31 December 2022 and for the year then ended

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

2.3.5 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. Constructionin-progress is not depreciated until such time as the relevant assets are ready for use.

2.3.6 Software costs

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

2.3.7 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.

2.3.8 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

as at 31 December 2022 and for the year then ended

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

2.3.8 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 amortized 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.

2.3.9 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.

2.3.10 Other liabilities

Other liabilities are stated at cost.

2.3.11 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.

2.3.12 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.

2.3.13 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.

(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.

as at 31 December 2022 and for the year then ended

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

2.3.13 Income tax (cont'd.)

(ii) Deferred income tax (cont'd.)

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.

2.3.14 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) Non-distributable and regulatory reserves

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

(iii) General and regulatory reserves

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	1) 3%
	30 days to 89 days (long-term))
Sub-standard	31 days to 60 days (short-term	1) 20%
	90 days to 179 days (long-terr	m)
Doubtful	61 days to 90 days (short-term	1) 50%
	180 days to 359 days (long-te	rm)
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"

2.3.15 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 amortized cost of the financial liability.

as at 31 December 2022 and for the year then ended

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

2.3.15 Recognition of interest income and expense (cont'd.)

Effective interest rate (cont'd.)

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 ECLs. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECLs. 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.

Amortized cost and gross carrying amount

The amortized 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 amortization 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 amortized 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 amortized 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 amortization 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 amortized 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 amortized 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 amortized cost.

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

2.3.16 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.

2.3.17 Interest expense

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

2.3.18 Fee and commission expense

Fee and commission expense are recognized as incurred.

2.3.19 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.

2.3.20 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 Rank

2.3.21 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 recognized 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.

2.3.22 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 recognized 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.

as at 31 December 2022 and for the year then ended

2. ACCOUNTING POLICIES (CONT'D.)

2.3 Summary of significant accounting policies (cont'd.)

2.3.23 Presentation and rounding of amounts

Certain corresponding figures in the financial statements have been reclassified to conform with current year's presentation. 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 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).

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 ECLs 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

as at 31 December 2022 and for the year then ended

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D.)

3.2 Estimates (cont'd.)

3.2.1 Expected credit losses on financial assets (cont'd.)

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

- Segmentation of the portfolio, where the appropriate model or ECLs 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 ECLs basis and the qualitative assessment
- Segmentation of debt financial assets when their ECLs is assessed on a collective basis
- Development of ECLs 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 ECLs 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.

as at 31 December 2022 and for the year then ended

4. BALANCES WITH THE NATIONAL BANK OF CAMBODIA

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Current accounts				
US\$	89,653,179	369,102,138	92,117,505	375,286,716
KHR	17,184,640	70,749,163	34,563,941	140,813,496
Term deposits in US\$	13,500,000	55,579,500	6,500,000	26,481,000
Statutory deposits				
Reserve requirement	75,221,909	309,688,599	83,263,917	339,217,197
Capital guarantee	7,500,000	30,877,500	7,500,000	30,555,000
	203,059,728	835,996,900	223,945,363	912,353,409

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 1.19% and 0.65% per annum for the first and second semesters, respectively (2021: 0.06% and 0.04%)

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

	2022		20	21
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Cash on hand	47,377,424	195,052,855	47,646,703	194,112,668
Balances with the NBC				
Current accounts	106,837,819	439,851,301	126,681,446	516,100,212
Settlement accounts with other banks	87,980,286	362,214,838	34,597,075	140,948,483
Term deposits				
Parent company	5,000,000	20,585,000	77,000,000	313,698,000
Other banks	-	-	25,000,000	101,850,000
Settlement accounts				
Parent company	84,941	349,700	43,070	175,467
Affiliates	484,565	1,994,954	763,472	3,110,385
Total cash and cash equivalents	247,765,035	1,020,048,648	311,731,766	1,269,995,215

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

During the year, interest earned from balances with NBC amounted to US\$ 27,551 or KHR'000 112,601 (2021:US\$ 3,744 or KHR'000 15,231) (see Note 21).

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5. BALANCES WITH OTHER BANKS

	2022		202	1
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Settlement accounts Overseas banks Local bank	87,600,117 380,169	360,649,682 1,565,156	33,795,255 801,820	137,681,868 3,266,615
Term deposits with banks	12,000,000	49,404,000	144,609,229	589,137,999
Allowance for ECLs	99,980,286 (30,679)	411,618,838 (126,306)	179,206,304 (207,826)	730,086,482 (846,683)
Net	99,949,607	411,492,532	178,998,478	729,239,799

Settlement accounts with overseas banks earn interest at 0.01% per annum (2021: 0.01% per annum) while the account with a local bank does not earn interest. Annual interest rates on term deposits range from 4.00% to 5.00% (2021: 0.75% to 5.00% per annum).

During the year, interest earned from balances with other banks amounted to US\$ 3,589,207 or KHR'00014,669,089 (2021: US\$ 2,148,386 or KHR'000 8,739,634) (see Note 21).

Movements of allowance for ECLs

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Balance as at 1 January Reversal of provision for ECLs Translation adjustment	207,826 (177,147)	846,683 (729,314) 8,937	128,362 79,464 -	519,224 323,736 3,723
Balance as at 31 December	30,679	126,306	207,826	846,683

as at 31 December 2022 and for the year then ended

6. BALANCES WITH PARENT COMPANY

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Due from parent company Settlement accounts	84,941	349,700	43,070	175,467
Due to parent company Settlement accounts	4,311,954	17,752,315	3,223,120	13,130,991
Subordinated debt Principal amount	45,000,000	185,265,000	45,000,000	183,330,000

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 on subordinated debt amounted to US\$ 3,577,499 or KHR'000 14,621,238 (2021: US\$ 3,577,661 or KHR'000 14,553,925) (see Note 22).

7. BALANCES WITH AFFILIATES

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

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Maybank London Branch	327,719	1,349,219	638,751	2,602,272
Maybank Singapore Branch	132,916	547,215	87,896	358,088
Maybank Hong Kong Branch	16,868	69,446	26,166	106,600
Maybank Shanghai Branch	5,432	22,364	8,858	36,087
Maybank Vietnam, Hanoi Branch	1,630	6,710	1,801	7,338
	484,565	1,994,954	763,472	3,110,385

as at 31 December 2022 and for the year then ended

8. LOANS AND ADVANCES

	2022		202	21
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Commercial lending Term loans Overdraft	108,886,118 42,835,167	448,284,148 176,352,383	83,263,022 31,388,890	339,213,552 127,878,338
Trade financing	51,279,553 203,000,838	211,117,920 835,754,451	39,392,399 154,044,311	160,484,634 627,576,524
Consumer lending Term loans Residential mortgages Overdraft Staff related loans Trade financing	323,137,860 302,178,219 159,880,238 17,580,003 14,970,412	1,330,358,569 1,244,067,728 658,226,940 72,376,872 61,633,186	293,370,566 2 63,601,101 124,176,073 15,272,460 10,410,980	1,195,191,686 1,073,910,885 505,893,321 62,220,002 42,414,333
	817,746,732	3,366,663,295	706,831,180	2,879,630,227
Loans and advances, gross Accrued interest receivable	1,020,747,570 6,734,175	4,202,417,746 27,724,598	860,875,491 6,580,157	3,507,206,751 26,807,559
Total Allowance for ECLs	1,027,481,745 (15,388,183)	4,230,142,344 (63,353,149)	867,455,648 (20,335,910)	3,534,014,310 (82,848,497)
Loans and advances, net	1,012,093,562	4,166,789,195	847,119,738	3,451,165,813

Movements of allowance for ECLs are as follows:

		2022			
	Stag	Stage 1 Stage		Stage 2 Stage 3	Total
		US\$	US\$	US\$	US\$
Balance as at 1 January	6,308,	700 3,9	63,983	10,063,227	20,335,910
Newly-originated assets	1,112,	253	-	-	1,112,253
Payments and assets derecognized	(452,2	.05)	(9,981)	(448,323)	(910,409)
Transfers to Stage 1	960,	638 (4)	61,765)	(498,873)	-
Transfers to Stage 2	(15,0	089) 4	27,581	(412,492)	-
Transfers to Stage 3	(2,7	⁷ 61) (5)	27,524)	530,285	-
Impact on ECLs of exposures transferred between stages	(3,356,7	766) 5	56,624	2,310,938	(489,204)
Write-off		-	-	(4,660,367)	(4,660,367)
Allowance for ECLs	4,554,	870 3,9	48,918	6,884,395	15,388,183
KHR'000 equivalent (Note 2.1.4)	18,752,	400 16,2	57,695	28,343,054	63,353,149

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as at 31 December 2022 and for the year then ended

8. LOANS AND ADVANCES (CONT'D.)

		2021			
	Stage 1	Stage 2	ige 2 Stage 3	Total	
	US\$	US\$	US\$	US\$	
Balance as at 1 January	3,316,856	3,851,796	6,305,286	13,473,938	
Newly-originated assets	4,376,776	-	-	4,376,776	
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	(513,271)	(337,731)	851,002	-	
Impact on ECLs of exposures transferred between stages	(966,411)	1,204,119	5,647,900	5,885,608	
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	

There are direct write-offs during the year amounting to US\$ 3,830,909 or KHR'000 15,656,925 (2021: US\$ 1,722,753 or KHR'000 7,008,159).

Further analyses of loans and advances are follows:

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

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Stage 1	977,011,806	4,022,357,605	800,389,251	3,260,785,809
Stage 2	24,532,743	101,001,303	39,781,651	162,070,446
Stage 3	25,937,196	106,783,436	27,284,746	111,158,055
Total	1,027,481,745	4,230,142,344	867,455,648	3,534,014,310

Refer to Note 31.2 (d) and (e) on Credit quality.

(ii) By industrial sector

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Wholesale/retail	465,787,671	1,917,647,841	395,236,044	1,610,191,643
Consumers	326,240,750	1,343,133,168	285,179,753	1,161,822,314
Financial services	93,056,392	383,113,166	69,597,664	283,540,883
Construction	48,060,547	197,865,272	37,252,689	151,767,455
Manufacturing	40,990,899	168,759,531	37,995,494	154,793,643
Health & others	19,226,042	79,153,615	14,693,641	59,861,893
Import/export	12,926,187	53,217,112	13,084,071	53,304,505
Energy	10,197,060	41,981,296	1,603,292	6,531,812
Education	6,120,594	25,198,485	8,801,718	35,858,199
Agriculture	4,875,603	20,072,858	4,011,282	16,341,963
	1,027,481,745	4,230,142,344	867,455,648	3,534,014,310

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as at 31 December 2022 and for the year then ended

8. LOANS AND ADVANCES (CONT'D.)

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

	20	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)	
esidency esidents on-residents	1,027,481,745	4,230,142,344	867,455,648	3,534,014,310	
	1,027,481,745	4,230,142,344	867,455,648	3,534,014,310	
cionship ded parties related parties	1,355,929 1,026,125,816	5,582,360 4,224,559,984	1,076,160 866,379,488	4,384,276 3,529,630,034	
	1,027,481,745	4,230,142,344	867,455,648	3,534,014,310	

202	22	2021	
US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
1,027,481,745	4,230,142,344	867,455,648	3,534,014,310

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:

	2022	2021
Overdraft	5.50% - 15.00%	5.50% - 15.00%
Term loans	4.91% - 12.50%	4.00% - 12.25%
Trust receipts	6.00% - 8.50%	6.25% - 8.50%
Staff loans	3.50% - 6.50%	3.50% - 7.88%

During the year, interest earned on loans and advances amounted to US\$ 71,999,091 or KHR'000 294,260,285 (2021 US\$ 61,216,375 or KHR'000 249,028,212) (see Note 21).

(iv) By maturity

Refer to Note 19 on Maturity profile.

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9. PROPERTY AND EQUIPMENT

			202	2		
	Construction in-Progress US\$	Leasehold Improvement US\$	Office Equipment US\$	Furniture and Fitting US\$	Motor Vehicles US\$	Total US\$
Cost						
As at 1 January	170,363	10,189,578	8,890,810	1,012,020	373,600	20,636,371
Additions	87,483	454,535	545,635	64,175	-	1,151,828
Transfers	(167,041)	167,041	-	-	-	-
Write off	-	-	(339,584)	-	-	(339,584)
As at 31 December	90,805	10,811,154	9,096,861	1,076,195	373,600	21,448,615
Less accumulated depreciation						
As at 1 January	-	8,400,591	6,461,776	894,894	373,598	16,130,859
Charge for the year	-	389,961	787,509	53,683	2	1,231,155
Write off	-	-	(335,603)	-	-	(335,603)
As at 31 December	-	8,790,552	6,913,682	948,577	373,600	17,026,411
Net book value						
As at 31 December	90,805	2,020,602	2,183,179	127,618	-	4,422,204
KHR'000 equivalent (Note 2.1.4)	373,844	8,318,819	8,988,148	525,403	-	18,206,214

	2021					
	Construction in-Progress US\$	Leasehold Improvement US\$	Office Equipment US\$	Furniture and Fitting 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

In 2022, the Company has written-off certain property and equipment with net book value amounting to US\$ 3,981 or KHR'000 16,270 (2021: nil) and recognized the loss in 'Others' under 'General and administrative expenses' in the statement of comprehensive income .

as at 31 December 2022 and for the year then ended

9. PROPERTY AND EQUIPMENT (CONT'D.)

The details of depreciation and amortization recognized in the statement of comprehensive income under "General and administrative expenses" follow (see Note 27):

	For the ye		For the year ended 31 December 2021	
	US\$	KHR'000 equivalent (Note 2.1.4)		KHR'000 equivalent (Note 2.1.4)
Depreciation of right-of-use assets (Note 11) Depreciation of property and equipment	2,632,462	10,758,872	2,489,867	10,128,779
	1,231,155	5,031,730	1,255,855	5,108,818
Amortization of software cost (Note 10)	618,113	2,526,228	561,515	2,284,243
	4,481,730	18,316,830	4,307,237	17,521,840

10. SOFTWARE COSTS

	2022	2021
	US\$	US\$
Cost		
As at 1 January	4,599,330	3,774,358
Additions	862,076	824,972
As at 31 December	5,461,406	4,599,330
Less accumulated amortization		
As at 1 January	2,802,110	2,240,595
Charge for the year	618,113	561,515
As at 31 December	3,420,223	2,802,110
Net book value		
As at 31 December	2,041,183	1,797,220
KHR'000 equivalent (Note 2.1.4)	8,403,550	7,321,874

as at 31 December 2022 and for the year then ended

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.

	2022			
	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 Additions Expiration Exchange difference on translation	30,024,045 4,029,377 (574,350)	375,071 133,867 (93,035)	30,399,116 4,163,244 (667,385)	123,845,999 17,015,178 (2,727,602) 1,412,037
As at 31 December	33,479,072	415,903	33,894,975	139,545,612
Less accumulated amortization As at 1 January Depreciation Expiration Exchange difference on translation	13,402,328 2,504,889 (365,051)	190,180 127,573 (86,453)	13,592,508 2,632,462 (451,504)	55,375,878 10,758,872 (1,845,296) 649,905
As at 31 December	15,542,166	231,300	15,773,466	64,939,359
Net book value As at 31 December	17,936,906	184,603	18,121,509	74,606,253

		2021			
	Office Space	ATM Space	Tota	al	
	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	
Expiration	(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 amortization					
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	
Expiration	(152,318)	(176,060)	(328,378)	(1,335,842)	
Exchange difference on translation	<u>-</u>	-	-	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	

as at 31 December 2022 and for the year then ended

11. RIGHT-OF-USE ASSETS (CONT'D.)

Information about right-of-use assets in which the Bank subleases as an intermediate lessor is presented below.

	20.	22	2021	
	US\$	KHR'000 equivalent (Note 2.1.4)		KHR'000 equivalent (Note 2.1.4)
Not subject to operating leases Subject to operating leases	13,645,826 4,475,683	56,179,866 18,426,387	11,782,882 5,023,726	48,003,461 20,466,660
	18,121,509	74,606,253	16,806,608	68,470,121

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The rental income from subleases recognized the statement comprehensive income amounting to US\$ 638,221 or KHR'000 2,608,409 (2021: US\$ 592,810 or KHR'000 2,441,551) (see Note 25).

The following are the amounts recognized in the statement of comprehensive income:

	202	22	2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Depreciation expense Finance cost	10,758,872 762,189	43,971,510 3,115,066	10,128,779 794,600	41,203,873 3,237,200
	11,521,061	47,086,576	10,923,379	44,441,073

12. INVESTEMENT SECURITY AT AMORTIZED COST

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Investment security at amortized cost	486,259	2,001,928	-	-

On 16 December 2022, the Bank purchased investment in government bond issued by the Ministry of Economy and Finance. This government bond has maturity term of 1 year and earn interest at 2.20% per annum.

13. OTHER ASSETS

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Refundable deposits	1,740,624	7,166,149	1,551,550	6,321,015
Card-related receivables	1,192,270	4,908,576	298,095	1,214,439
Prepayments	324,510	1,336,008	132,368	539,267
Deposits to suppliers	35,994	148,187	74,596	303,904
Interest receivable from balances with the NBC and other banks	32,683	134,556	65,450	266,643
Others	271,678	1,118,450	80,189	326,690
	3,597,759	14,811,926	2,202,248	8,971,958

Others include mainly card and ATM settlement account and sundry items.

as at 31 December 2022 and for the year then ended

14. DEPOSITS FROM CUSTOMERS AND OTHER FINANCIAL INSTITUTIONS

14.1 Deposits from customers

Deposits from customers consist of:

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Current accounts	401,110,153	1,651,370,500	513,746,042	2,093,001,375
Term deposits	459,444,676	1,891,533,731	354,257,338	1,443,244,395
Savings accounts	83,107,905	342,155,245	121,437,854	494,737,817
Margin deposits	1,056,025	4,347,655	1,331,201	5,423,313
	944,718,759	3,889,407,131	990,772,435	4,036,406,900

Deposits from customers consist of:

Further analyses of deposits from customers are as follows:

(i) By type of customers

	2022		2022 2021		21
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)	
Individuals Domestic Corporations	554,634,972 390,083,787	2,283,432,180 1,605,974,951	610,063,035 380,709,400	2,485,396,805 1,551,010,095	
	944,718,759	3,889,407,131	990,772,435	4,036,406,900	

(ii) By currency

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
US\$	757,479,743	3,118,544,102	866,859,734	3,531,586,556
KHR	114,944,328	473,225,799	122,709,312	499,917,737
Others	72,294,688	297,637,230	1,203,389	4,902,607
	944,718,759	3,889,407,131	990,772,435	4,036,406,900

(iii) Annual interest rates

	2022	2021
Current accounts	0.00% - 3.00%	0.00% - 3.00%
Savings accounts	0.00% - 3.00%	0.00% - 3.00%
Term deposits	0.75% - 6.90%	0.75% - 5.00%
Margin	Nil	Nil

During the year, interest expense on deposits from customers amounted to US\$ 19,324,323 or KHR'000 78,978,508 (2021: US\$ 16,307,718 or KHR'000 66,339,797) (see Note 22).

(iv) By maturity analysis

Refer to Note 19 on Maturity profile.

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

14.2 Deposits from other financial institutions

Deposits from other financial institutions consist of:

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Current accounts Term deposits	10,758,412 122,063,851	44,292,382 502,536,875	31,161,464 31,986,441	126,951,804 130,312,761
	132,822,263	546,829,257	63,147,905	257,264,565

Further analyses of other financial institutions are as follows

(i) By currency

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
US\$	103,592,260	426,489,334	43,126,158	175,695,968
KHR	29,120,675	119,889,819	19,611,972	79,899,174
Others	109,328	450,104	409,775	1,669,423
	132,822,263	546,829,257	63,147,905	257,264,565

(ii) Annual interest rates

Current accounts and term deposits bear interest at rates ranging from 0.00% to 1.00% and from 0.75% to 7.65%, respectively (2021: 0.00% to 1.00% and from 0.20% to 4.00%, respectively).

During the year, interest expense on deposits from other financial institutions amounted to US\$ 1,140,185 or KHR'000 4,659,936 (2021: US\$ 1,872,859 or KHR'000 7,168,790) Note 22.

(iii) By maturity analysis

Refer to Note 19 on Maturity profile.

as at 31 December 2022 and for the year then ended

15 INCOME TAX

Components of income tax expense are as follows:

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Current Deferred	8,045,147 29,536	32,880,516 120,713	4,369,154 (91,022)	17,773,719 (370,277)
Income tax expense	8,074,683	33,001,229	4,278,132	17,403,442

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:

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Income before income tax	36,230,074	148,072,314	20,983,805	85,362,119
Income tax based on statutory tax rate Non-deductible expenses	7,246,015 828,668	29,614,463 3,386,766	4,196,761 81,371	17,072,423 331,019
Income tax expense	8,074,683	33,001,229	4,278,132	17,403,442

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.

15.1 Current corporate income tax ("CIT")

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

	2022 US\$	2021 US\$
As at 1 January	3,642,443	4,576,501
Current income tax	8,045,147	4,369,154
Income tax paid	(4,451,863)	(5,303,212)
As at 31 December	7,235,727	3,642,443
KHR'000 equivalent (Note 2.1.4)	29,789,488	14,839,313

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as at 31 December 2022 and for the year then ended

15 INCOME TAX (CONT'D.)

15.2 Deferred tax assets

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

	31 December 2022		31 Decem	ber 2021
	US\$	KHR'000 (Note 2.1.4)	US\$	KHR'000 (Note 2.1.4)
Deferred tax asset on:				
Lease liabilities	4,071,875	16,763,909	3,369,003	13,476,011
Unamortized processing fees	873,693	3,596,994	901,969	3,674,622
Accumulated depreciation and amortization	548,765	2,259,266	557,035	2,269,361
Unearned fee income	52,139	214,656	70,274	286,296
Provision for employee benefits	40,939	168,546	16,818	68,517
Allowance for ECLs	9,962	41,014	394,877	1,608,729
	5,597,373	23,044,385	5,309,976	21,383,536
Deferred tax liability on:				
Right-of-use assets	3,624,302	14,921,251	3,369,003	13,476,011
Unrealized foreign exchange gains	8,034	33,076	5,472	22,294
	3,632,336	14,954,327	3,374,475	13,498,305
Deferred tax assets - net	1,965,037	8,090,058	1,935,501	7,885,231

as at 31 December 2022 and for the year then ended

16. LEASE LIABILITIES

	2022		2021	
	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	3,308,899	13,622,737	3,089,119	12,585,071
One to five years	13,054,486	53,745,319	10,093,861	41,122,390
More than five years	8,297,602	34,161,227	9,671,673	39,402,396
	24,660,987	101,529,283	22,854,653	93,109,857
Present value of lease liabilities				
Within one year	2,495,089	10,272,281	2,381,416	9,701,889
Beyond one year	17,864,285	73,547,262	16,801,080	68,447,600
	20,359,374	83,819,543	19,182,496	78,149,489

Amounts recognized in the statement of comprehensive income comprise:

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Depreciation of right-of-use assets (Note 11) Accretion of interest on lease liabilities (Note 26)	2,632,462 762,189	10,758,872 3,115,066	2,489,867 794,600	10,128,779 3,232,433
	3,394,651	13,873,938	3,284,467	13,361,212

Amount recognized in statement of cash flows comprise:

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)		KHR'000 equivalent (Note 2.1.4)
ment of principal portion of lease liabilities	2,529,369	10,337,531	2,299,541	9,354,533

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

	2022 US\$	
As at 1 January	19,182,496	21,090,297
Additions	3,961,285	391,740
Expiration	(255,038) -
Accretion of interest	762,198	794,600
Payments	(3,291,567) (3,094,141)
As at 31 December	20,359,374	19,182,496
KHR'000 equivalent (Note 2.1.4)	83,819,543	78,149,489

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Notes to the Financial Statements

as at 31 December 2022 and for the year then ended

17. OTHER LIABILITIES

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Interest payable	9,960,752	41,008,416	7,342,497	29,913,333
Accrued expenses	4,438,459	18,273,135	3,683,888	15,008,160
Allowance for ECLs on off-balance sheet commitments	829,661	3,415,714	893,647	3,640,718
Card-related liabilities	653,289	2,689,591	123,271	502,206
Payable to suppliers	262,097	1,079,053	143,209	583,433
Clearing account	204,561	842,178	740,152	3,015,379
Bankers' cheques	120,120	494,534	735,039	2,994,549
Others	376,075	1,548,302	350,495	1,427,911
	16,845,014	69,350,923	14,012,198	57,085,689

Others mainly include ATM settlement, withholding tax payable, sundry creditor, rental deposit and unclaimed balances.

18. BORROWINGS

Chip Mong Commercial Bank Plc.

On 22 September 2022, the Bank entered term loan agreement with Chip Mong Commercial Bank Plc., ("Bank" or "Lender") amounting to US\$ 7,180,228 or KHR'000 29,560,999 bearing annual interest rates of 7.00% maturing on 22 September 2023. During the year, the bank incurred interest expense amounting to US\$ 140,725 or KHR'000 575,143 (see Note 22).

Small and Medium Enterprise Bank of Cambodia

In 2022, the Bank entered term loan agreement with Small and Medium Enterprise Bank of Cambodia. ("Bank" or "Lender") to support liquidity amounting to US\$ 599,641 or KHR'000 2,468,723 (2021: US\$ 1,480,816 or KHR'000 6,032,843) bearing interest annual interest rates from 2.00% to 3.00% (2021: 2.00% to 3.00%). During the year, the bank incurred interest expense amounting to US\$ 39,892 or KHR'000 163,039 (2021: US\$ 6,904 or KHR'000 28,085) (see Note 22).

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)		KHR'000 equivalent (Note 2.1.4)
As at 1 January	1,480,816	6,032,844	2,472,188	10,000,000
Additions	7,779,869	32,029,722	1,480,816	6,032,843
Payments	(327,889)	(1,349,920)	(2,472,188)	(10,056,861)
Exchange differences on translation	-	63,675	-	56,862
As at 31 December	8,932,796	36,776,321	1,480,816	6,032,844

as at 31 December 2022 and for the year then ended

19. MATURITY PROFILE OF ASSETS AND LIABILITIES

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

		2022	
	Within 12 Months US\$	Over 12 Months US\$	Total US\$
Financial assets			
Cash on hand	47,377,424	-	47,377,424
Balances with the NBC	120,337,819	-	120,337,819
Balances with other banks	99,980,286	-	99,980,286
Due from parent company	84,941	-	84,941
Balances with affiliates	484,565	-	484,565
Loans and advances	300,324,357	727,157,388	1,027,481,745
Investment security at amortized cost		486,259	486,259
Other assets	143,459	1,597,165	1,740,624
Non-financial assets			
Balances with the NBC	-	82,721,909	82,721,909
Property and equipment	-	21,448,615	21,448,615
Software costs	-	5,461,406	5,461,406
Right-of-use assets	-	33,894,975	33,894,975
Deferred tax assets	1 057 105	1,965,037	1,965,037
Other assets	1,857,135	-	1,857,135
Total	570,589,986	874,732,754	1,445,322,740
KHR'000 equivalent (Note 2.1.4)	2,349,118,973	3,601,274,747	5,950,393,720
Allowance for ECLs on:			
Balances with other banks			(30,679)
Loans and advances			(15,388,183)
Accumulated depreciation and amortization of:			
Property and equipment			(17,026,411)
Software costs			(3,420,223)
Right-of-use assets			(15,773,466)
Net			1,393,683,778
KHR'000 equivalent (Note 2.1.4)			5,737,796,115
Financial liabilities			
Deposits from customers	940,806,215	3,912,544	944,718,759
Deposit from other financial institutions	132,822,263	-	132,822,263
Borrowing	7,180,228	1,752,568	8,932,796
Due to parent company	4,311,954	-	4,311,954
Subordinated debt	-	45,000,000	45,000,000
Lease liabilities	2,495,089	17,864,285	20,359,374
Other liabilities	10,241,002	604,430	10,845,432
Non-financial liabilities			
Income tax payable	7,235,727	-	7,235,727
Other liabilities	5,999,582	-	5,999,582
Total	1,111,092,060	69,133,828	1,180,225,887

as at 31 December 2022 and for the year then ended

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

		2021	
	Within 12 Months US\$	Over 12 Months US\$	Total US\$
Financial assets			
Cash on hand	47,646,703	-	47,646,703
Balances with the NBC	133,181,446	-	133,181,446
Balances with other banks	179,206,304	-	179,206,304
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			
Balances 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	573,492,784	805,340,342	1,378,833,126
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 amortization of:			
Property and equipment			(16,130,859)
Software costs			(2,802,110)
Right-of-use assets			(13,592,508)
Net			1,325,763,913
KHR'000 equivalent (Note 2.1.4)			5,401,162,181
Financial liabilities			
Deposits from customers	63,147,905	3,542,293	66,690,198
Deposit from other financial institutions	987,230,142	-	987,230,142
Borrowing	-	1,480,816	1,480,816
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	4,973,048	-	4,973,048
Total	1,073,273,631	67,187,782	1,140,461,413

as at 31 December 2022 and for the year then ended

20. SHARE CAPITAL AND REGULATORY RESERVE

Share capital

	2022		2021	
	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

Non-distributable reserve

The non-distributable reserve is set up and retained to strengthen the Bank's capital management to ensure that it complies with externally imposed capital requirements from the NBC and it maintains strong financial position and healthy capital ratios. Appropriation from retained earnings to non-distributable reserve amounting to US\$20 million in 2022 was approved by Board of Directors and NBC on 2 December 2021 and 5 April 2022, respectively (2021: nil).

21. INTEREST INCOME

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Loans and advances (Note 8)	71,999,091	294,260,285	61,216,375	249,028,212
Balances with other banks (Note 5)	3,589,207	14,669,089	2,148,386	8,739,634
alances with NBC (Note 4)	27,551	112,601	3,744	15,231
	75,615,849	309,041,975	63,368,505	257,783,077

22. INTEREST EXPENSE

	20	2022		21
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Deposits from customers and other financial institutions (Note 14)				
Term deposits	15,722,822	64,259,174	13,353,346	54,321,412
Current accounts	3,990,390	16,308,724	4,040,551	16,436,961
Savings accounts	751,296	3,070,546	786,680	3,200,215
Subordinated debt (Note 6)	3,577,499	14,621,238	3,577,661	14,553,925
Borrowing (Note 18)	180,617	738,182	6,904	28,085
	24,222,624	98,997,864	21,765,142	88,540,598

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23. FEE AND COMMISSION INCOME

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Swift charges	3,377,699	13,804,656	3,371,909	13,716,926
Debit card fees	1,433,854	5,860,161	699,861	2,847,035
Commission earned from trade finance	1,276,412	5,216,696	1,175,765	4,783,012
Service charges	774,488	3,165,332	906,704	3,688,472
Commitment fees	694,135	2,836,930	635,791	2,586,398
Bankers' cheques	31,816	130,032	414,574	1,686,487
Miscellaneous loan fee and service charge	1,455,956	5,950,492	1,286,471	5,233,363
	9,044,360	36,964,299	8,491,075	34,541,693

24. FEE AND COMMISSION EXPENSE

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Commission fee on service charge	1,686,861	6,894,201	1,168,226	4,752,343
Swift charge	420,901	1,720,222	308,244	1,253,937
Card fee	232,404	949,835	169,809	690,783
Others	27,734	113,349	2,285	9,295
	2,367,900	9,677,607	1,648,564	6,706,358

25. OTHER INCOME

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Foreign exchange gains	2,394,010	9,784,319	2,273,915	9,250,286
Bad debt recovery	753,833	3,080,916	84,352	343,650
Rental income (Note 30.4)	638,221	2,608,409	592,810	2,411,551
Insurance referral fee	438,954	1,794,005	184,109	748,955
Accretion of interest on refundable deposit	62,741	256,422	58,844	239,377
Gain on lease termination	30,291	123,800	-	-
Others	299,025	1,222,115	290,759	1,182,303
	4,617,075	18,869,986	3,484,789	14,176,122

Others include mainly electricity income from tenants and referral fee income.

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26. FINANCE COST

Finance cost comprises accretion of interest on:

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Lease liabilities (Note 16) Restoration provision	762,189 22,939	3,115,066 93,752	794,600 20,957	3,232,433 85,253
	785,128	3,208,818	815,557	3,317,686

27 GENERAL AND ADMINISTRATIVE EXPENSES

	2022		202	21
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Salaries and fringe benefits	10,931,446	44,676,820	9,500,177	38,646,719
Depreciation and amortization (Note 9)	4,481,730	18,316,830	4,307,237	17,521,840
Acquirer fees	1,089,334	4,452,108	374,663	1,524,129
Taxes and licenses	971,413	3,970,165	772,075	3,140,801
Repairs and maintenance	892,137	3,646,164	771,490	3,138,421
Utilities	617,795	2,524,928	593,780	2,415,497
Management service fees	612,804	2,504,530	548,751	2,232,319
Building securities	543,364	2,220,729	514,395	2,092,559
Communication	361,149	1,476,016	275,724	1,121,645
Directors' fees and meetings' allowance	265,067	1,083,329	232,900	947,437
Professional fees	253,038	1,034,166	274,389	1,116,214
Stationeries and supplies	200,786	820,612	200,654	816,260
Advertising	182,757	746,928	110,479	449,429
Insurance	134,741	550,686	128,715	523,613
Transportation	102,835	420,287	62,429	253,962
Others	548,793	2,242,917	360,390	1,466,067
	22,189,189	90,687,215	19,028,248	77,406,912

Others include mainly charitable donations, entertainment, accommodation and realized exchange loss.

as at 31 December 2022 and for the year then ended

28. NET CASH PROVIDED BY USED IN OPERATING ACTIVITIES

		20.	22	20.)21	
	Notes	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)	
OPERATING ACTIVITIES						
Income before income tax Adjustments for:		36,230,074	148,072,314	20,983,805	85,362,119	
Provision for ECLs	5, 8	3,482,369	14,232,442	11,103,053	45,167,220	
Depreciation and amortization	9, 27	4,481,730	18,316,830	4,307,237	17,521,840	
Accretion of interest on refundable deposit	25	(62,741)	(256,422)	(58,844)	(239,377)	
Gain on lease termination	25	(30,291)	123,800	-	-	
Write off of property and equipment	9	3,981	16,270	-	-	
Net cash generated from operations before changes in net operating assets and liabilities		44,105,122	180,505,234	36,335,251	147,811,802	
Decrease / (increase) in operating assets:						
Balances with the NBC		772,111	3,155,621	(7,421,024)	(30,188,726)	
Balances with other banks		35,609,228	145,534,914	(27,610,256)	(112,318,521)	
Loans and advances		(168,697,325)	(689,465,967)	(93,840,388)	(381,742,698)	
Other assets		(1,332,770)	(5,447,031)	864,297	3,515,960	
Increase / (decrease) in operating liabilities:						
Deposits from customers and other financial institutions		23,620,682	96,537,727	(9,719,354)	(39,538,332)	
Due to parent company		1,088,834	4,450,065	949,708	3,863,412	
Other liabilities		2,896,802	11,839,229	(1,725,886)	(7,020,903)	
Net cash used in operations		(61,937,316)	(252,890,208)	(102,167,652)	(415,618,006)	
Income tax paid	15.1	(4,451,863)	(18,194,765)	(5,303,212)	(21,573,466)	
Net cash used in operating activities		(66,389,179)	(271,084,973)	(107,470,864)	(437,191,472)	

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29. 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:

		202	22	2021		
Related party Nature of transactions / balances		US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)	
Malayan Banking Berhad ("MayBank")	Settlement accounts - nostro	84,941	347,154	43,071	175,213	
	Placements with parent company	5,000,000	20,435,000	112,000,000	455,616,000	
	Settlement accounts - vostro	4,311,954	17,622,956	3,223,120	13,111,652	
	Subordinated debt	45,000,000	183,915,000	45,000,000	183,060,000	
	Interest payable	1,405,090	5,742,603	1,457,976	5,931,046	
	Interest expense	3,745,958	15,309,730	3,579,717	14,562,289	
	Interest income	1,354,044	5,533,978	294,578	1,198,343	
	Interest receivable	10,556	43,142	14,203	57,778	
	Insurance expense	21,597	88,267	21,288	86,600	
Maybank Shared Service	Management service fees	1,242,889	5,079,687	761,792	3,098,970	
	Management service fees payable	155,298	634,703	134,508	547,179	
Maybank London	Settlement accounts	327,719	1,339,388	638,752	2,598,443	
Maybank Singapore	Settlement accounts	132,916	543,228	87,896	357,561	
Maybank Hong Kong	Settlement accounts	16,868	68,940	26,166	106,443	
Maybank Vietnam, Hanoi Branch	Settlement accounts	1,630	6,662	1,801	7,326	
Maybank Shanghai	Settlement accounts	5,432	22,201	8,858	36,034	
Maybank International Labuan Branch	Loan arrangement fee	30,811	125,925	187,204	761,546	
Etiqa Life Insurance (Cambodia) Plc.	Fixed deposit	8,905,829	36,398,123	7,337,555	29,849,174	
	Interest payable	386,937	1,581,412	100,243	407,789	
	Interest expense	286,519	1,171,003	307,357	1,250,328	
	Rental Income	144,623	591,074	63,143	256,866	
	Referral fee income	188,122	768,855	89,936	365,860	
	Access fee income	90,676	370,593	90,676	368,870	
	Receivable income on Upfront					
	Access Fee	260,693	1,065,452	351,369	2,038,500	
	Bonus for insurance referral	139,142	568,673	-	-	
Etiqa General Insurance (Cambodia) Plc.	Fixed deposit	7,844,899	32,062,102	7,398,359	30,096,524	
	Referral fee income	109,997	449,558	65,412	266,096	
	Rental income	61,785	252,515	37,483	152,481	
	Interest payable	183,167	748,604	71,956	292,717	
	Interest expense	217,931	890,684	271,618	1,104,942	

(ii) Key management personnel compensation:

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
emuneration of key management personnel	2,452,182	10,022,068	2,205,111	8,970,393
utstanding balance as at 31 December	262,666	1,081,396	222,704	907,295

Key management personnel include the directors and executive management.

as at 31 December 2022 and for the year then ended

30. COMMITMENTS, CONTINGENCIES AND LEASING ARRANGEMENTS

30.1 Lending commitments

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

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Unutilized portion of overdraft	63,584,923	261,779,128	62,315,061	253,871,559
Letters of credit	48,821,172	200,996,765	50,362,639	205,177,391
Guarantees	29,478,532	121,363,116	31,550,825	128,538,061
Undrawn balance of term loans	11,040,160	45,452,339	6,948,393	28,307,753
	152,924,787	629,591,348	151,176,918	615,894,764

30.2 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.

30.3 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.

30.4 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 recognized by the Bank during the year amounted to US\$ 638,221 or KHR'000 2,608,409 (2021: US\$592,810 or KHR'000 2,411,551) (see Note 25).

Future minimum lease under non-cancellable operating leases as at 31 December were as follows:

	2022		2021	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
ar to five years	710,761 2,442,896	2,926,203 10,057,403	542,844 2,511,151	2,211,546 10,230,429
	3,153,657	12,983,606	3,053,995	12,441,975

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31. 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.

31.1 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.

31.2 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 bythe 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 31.2 (c).

The credit exposure arising from off-balance sheet activities i.e. commitments and contingencies is disclosed in Note 30.

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31. FINANCIAL RISK MANAGEMENT (CONT'D.)

31.2 Credit risk (Cont'd.)

(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.

Risk concentration by industry is as follows:

	2022					
	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	120,337,819	99,980,286	569,506	93,056,392	1,740,624	315,684,627
Consumers	-	-	-	326,240,750	-	326,240,750
Wholesale/retail	-	-	-	465,787,671	-	465,787,671
Construction	-	-	-	48,060,547	-	48,060,547
Manufacturing	-	-	-	40,990,899	-	40,990,899
Import/export	-	-	-	12,926,187	-	12,926,187
Energy	-	-	-	10,197,060	-	10,197,060
Agriculture	-	-	-	4,875,603	-	4,875,603
Education, health and others	-	-	-	25,346,636	-	25,346,636
Total	120,337,819	99,980,286	569,506	1,027,481,745	1,740,624	1,250,109,980
Allowance for ECLs	-	(30,679)	-	(15,388,183)	-	(15,418,862)
Net	120,337,819	99,949,607	569,506	1,012,093,562	1,740,624	1,234,691,118
KHR'000 equivalent (Note 2.1.4)	495,430,801	411,492,532	2,344,656	4,166,789,195	7,166,149	5,083,223,333

^{*}This excludes statutory deposits amounting to US\$ 92,721,909 or KHR'000 340,556,099.

^{**}This excludes prepayments, deposits to suppliers and other non-financial assets amounting to US\$ 632,182 or KHR'000 2,602,693.

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31. FINANCIAL RISK MANAGEMENT (CONT'D.)

31.2 Credit risk (cont'd.)

(c) Concentration of risks of financial assets with credit risk exposure (cont'd.)

		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	
Wholesale/retail	-	-	-	395,236,044	-	395,236,044	
Consumers	-	-	-	285,179,753	-	285,179,753	
Manufacturing	-	-	-	37,995,494	-	37,995,494	
Construction	-	-	-	37,252,689	-	37,252,689	
Import/export	-	-	-	13,084,071	-	13,084,071	
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.

(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.

	2022			
	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
Balances with the NBC*	120,337,819	-	-	120,337,819
Balances with other banks	99,980,286	-	-	99,980,286
Due from parent company and balances with affiliates	569,506	-	-	569,506
Loans and advances – gross	975,078,317	26,338,140	26,065,288	1,027,481,745
Other assets**	1,740,624	-	-	1,740,624
Total	1,197,706,552	26,338,140	26,065,288	1,250,109,980
Allowance for ECLs	(4,585,549)	(3,948,918)	(6,884,395)	(15,418,862)
Net	1,193,121,003	26,338,140	26,065,288	1,234,691,118
KHR'000 equivalent (Note 2.1.4)	4,912,079,169	92,176,427	78,967,736	5,083,223,333

^{*}This excludes statutory deposits amounting to US\$ 92,721,909 or KHR'000 340,556,099.

^{**}This excludes prepayments, deposits to suppliers and other non-financial assets amounting to US\$ 287,484 or KHR'000 1,171,209.

^{**}This excludes prepayments, deposits to suppliers and other non-financial assets amounting to US\$ 632,182 or KHR'000 2,602,693.

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31. FINANCIAL RISK MANAGEMENT (CONT'D.)

31.2 Credit risk (cont'd.)

(d) Credit quality by class of financial assets (cont'd.)

		2021					
	Stage 1	Stage 2	Stage 3	Total			
	US\$	US\$	US\$	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.

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(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 ECLs - 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 ECLs associated with the probability of default events occurring within next 12 months will be recognized.

(ii) Stage 2: Lifetime ECLs - 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 ECLs will be recognized.

(iii) Stage 3: Lifetime ECLs - 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 ECLs will be recognized.

Stage	Credit risk status	Default indicator
1	12-month ECLs – not credit-impaired	0 to 29 days past due ("DPD")
2	Lifetime ECLs – not credit-impaired	30 to 89 DPD
3	Lifetime ECLs – 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.

^{**}This excludes prepayments, deposits to suppliers and other non-financial assets amounting to US\$ 287,484 or KHR'000 1,171,209.

as at 31 December 2022 and for the year then ended

31. FINANCIAL RISK MANAGEMENT (CONT'D.)

31.2 Credit risk (cont'd.)

(e) Credit quality (cont'd.)

(iii) Stage 3: Lifetime ECLs - credit-impaired (cont'd.)

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 ECLs.

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.

31.3 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.

31.3.1 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.

31.3.2 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.

as at 31 December 2022 and for the year then ended

31. FINANCIAL RISK MANAGEMENT (CONT'D.)

31.4 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:

	2022						
	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	47,377,424	-	-	-	-	-	47,377,424
Balances with the NBC	106,837,819	-	13,500,000	-	-	-	120,337,819
Balances with other banks	87,980,286	5,000,000	-	7,000,000	-	-	99,980,286
Balances with parent company	84,941	-	-	-	-	-	84,941
Investment security at amortized cost	-	-		-	486,259	-	486,259
Balances with affiliates	484,565	-	-	-	-	-	484,565
Loans and advances - gross	269,048,271	15,429,513	118,944	15,727,629	162,604,951	564,552,437	1,027,481,745
Other assets	-	-	19,680	123,779	290,487	1,306,678	1,740,624
Total financial assets	511,813,306	20,429,513	13,638,624	22,851,408	163,381,697	565,859,115	1,297,973,663
Financial liabilities							
Deposits from customers and other financial institutions	496,032,495	109,062,237	181,203,801	287,329,945	3,912,544	-	1,077,541,022
Balances with parent company	4,311,954	-	-	-	-	-	4,311,954
Subordinated debt	-	-	-	-	-	45,000,000	45,000,000
Lease liabilities	-	-	-	2,495,089	8,426,778	9,437,507	20,359,374
Borrowings	-	-	-	7,180,228	216,978	1,535,590	8,932,796
Other liabilities	-	2,284,472	3,577,189	4,379,340	228,355	376,075	10,845,431
Total financial liabilities	500,344,449	111,346,709	184,780,990	301,384,602	12,784,655	56,349,172	1,166,990,577
Net liquidity surplus (gap)	11,468,857	(90,917,196)	(171,142,366)	(278,533,194)	150,597,042	509,509,943	130,983,086
KHR'000 equivalent (Note 2.1.4)	47,217,284	(374,306,096)	(704,593,121)	(1,146,721,160)	620,008,022	2,097,652,435	539,257,365

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31. FINANCIAL RISK MANAGEMENT (CONT'D.)

31.4 Liquidity risk (cont'd.)

	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	126,681,446		6,500,000	-	-	-	133,181,446
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	366,934,030	123,260,742	62,211,791	20,798,737	125,355,621	531,650,486	1,230,211,407
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
Borrowings	-	-	-	-	234,325	1,246,491	1,480,816
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	11,585,205	55,602,577	1,131,845,922
Net liquidity surplus (gap)	(303,965,651)	24,942,465	(27,120,752)	(185,308,902)	113,770,416	476,047,909	98,365,485
KHR'000 equivalent (Note 2.1.4)	(1,238,356,062)	101,615,602	(110,489,944)	(754,948,467)	463,500,675	1,939,419,181	400,740,986

31.5 Capital management

31.5.1 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.

31.5.2 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.

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32. 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, other banks and Investment security at amortized cost

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.

Right-of-use asset with subleases classified as operating lease

Carrying value approximates fair value considering that there were no significant changes in the rental rates of similar properties and IBR during the lease terms.

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 13 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.

	20	22	2021	
	Carrying amount US\$	Fair value Level 3 US\$	Carrying amount US\$	Fair alue Level 3 US\$
	1,012,093,562	1,012,098,096	847,119,738	847,128,678
)	4,166,789,195	4,166,807,860	3,451,165,813	3,451,202,233

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33. SUBSEQUENT EVENTS

Other than as disclosed elsewhere in these financial statements, at the date of this report, there were no other events which occurred subsequent to 31 December 2022 that had significant impact on the statement of financial position of the Company as at 31 December 2022, and its financial performance for the year then ended.

Corporate Information

BOARD OF DIRECTORS

ANTHONY BRENT ELAM

Independent Non-Executive Director (Chairman)

SHAIFFUDDIN KHALID

Independent Non-Executive Director

SPENCER LEE

Independent Non-Executive Director

H.E DR. SOK SIPHANA

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

REGISTERED OFFICE

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 $Website \quad : www.maybank2u.com.kh$

Email : contactus.mcp@maybank.com

EXTERNAL AUDITORS

Ernst & Young PLT (AF:0039)

Certified Public Accountants Registered Auditors

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Tel : (855) 23 860 450 /451 Fax : (855) 23 217 805

FINANCIAL YEAR END

31 December

www.maybank2u.com.kh

