

ANNUAL REPORT 2024

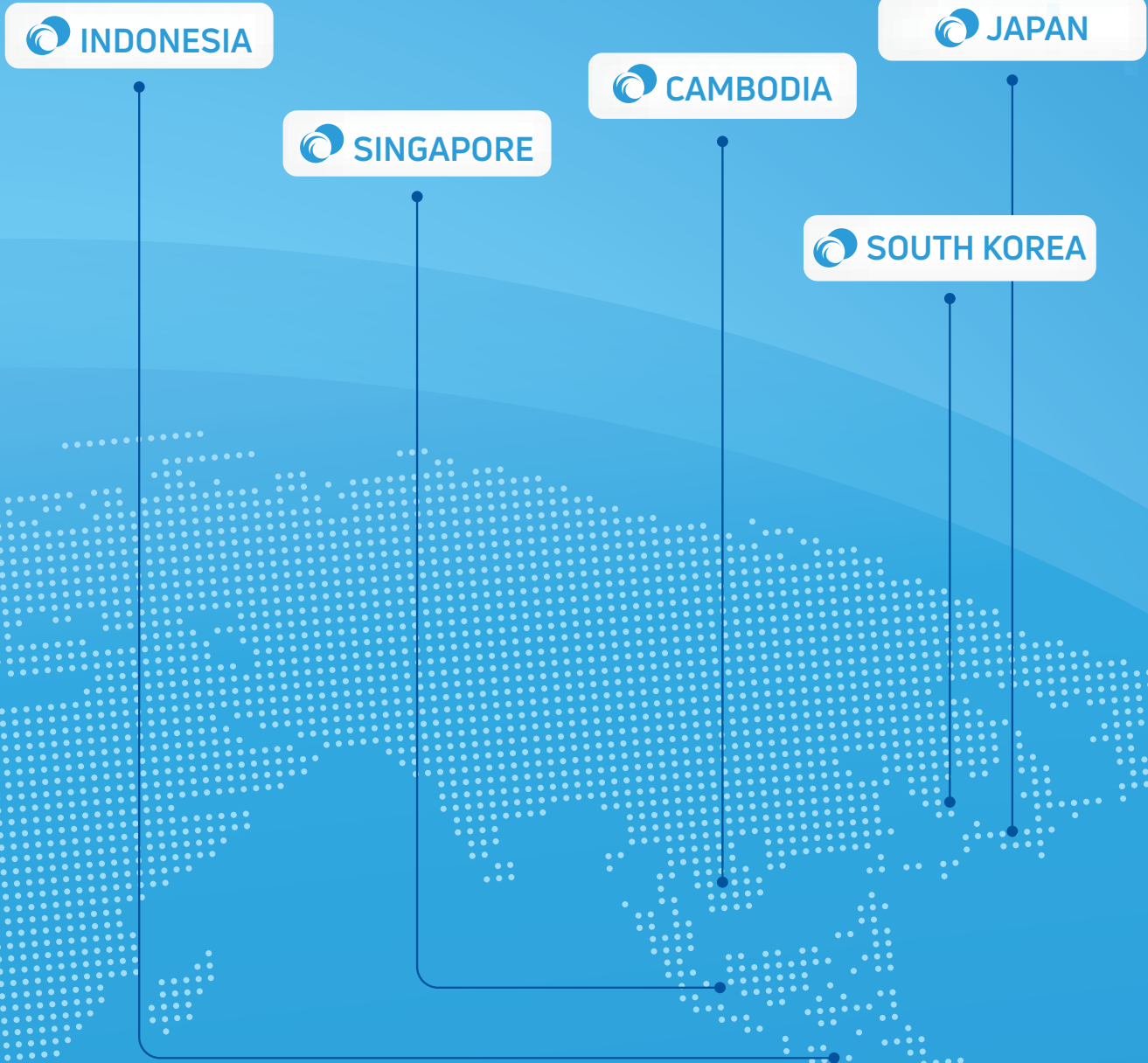


19
Years
in Building Trust
in Banking Sector

YOUR FINANCIAL FUTURE BUILT ON JAPANESE QUALITY AND TRUST

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J TRUST ROYAL AT A GLANCE



Net Profit for the Year

USD15.0

million

↑ +14.5%



Total Assets

USD1,547

million

↑ +10.1%



Total Equity

USD275

million

↑ +5.7%



Customer Deposits

USD988

million

↑ +5.7%



Gross Loans

USD1,026

million

↑ +2.50%



Return on Assets

1.0%



Return on Equity

5.4%



Total Employees

628



ATM Network

80+



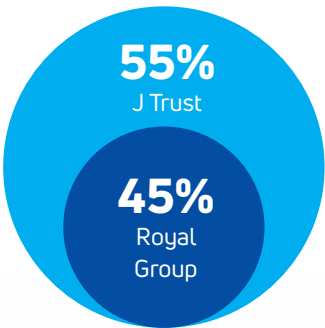
Employee Engagement

89%

J TRUST ROYAL BANK'S BACKGROUND



J TRUST ROYAL BANK



Commencing our operations in August 2019 under our new name, J Trust Royal Bank, we are formerly known as ANZ Royal Bank – one of the country’s largest foreign bank, deeply rooted in the Kingdom and has been serving Cambodians for more than 19 years.

J Trust Royal is a joint venture between J Trust Co., Ltd, a Japanese diversified financial holding company

listed on the Tokyo Stock Exchange, and the Royal Group of Companies, one of Cambodia’s largest conglomerates.

J Trust Royal is one of the Cambodia’s largest foreign banks with an ever-growing commitment to provide world-class financial services to Cambodian people and expatriates living in and working across the Kingdom.

ABOUT J TRUST

Headquartered in Tokyo, listed in Tokyo Stock Exchange, J Trust is a financial services group operating banking and financial businesses in Asia such as Japan, South Korea, Indonesia, and Cambodia.

J Trust has expanded rapidly in financial services through acquisitions of Japan domestic finance and credit card companies. In 2012 it launched a South Korean Savings bank business, leveraging the expertise it had developed in Japan. In 2014, it acquired a finance company and a commercial bank in Indonesia. In August 2019, it bought a commercial bank in Cambodia.

ABOUT ROYAL GROUP

The Royal Group is the premier investment and development company in Cambodia and holds a 45% share in J Trust Royal. The company is focused on bringing quality investment to Cambodia and providing investors with the platform to run successful and profitable operations. The Royal Group has been at the heart of Cambodia’s economic development for more than two decades, attracting international investors and building market leaders in a cross-section of industries.

The company is recognized as the country’s most dynamic and diversified business conglomerate. Established as a strategic investment holding company, it maintains interests in a wide range of industries including telecommunication, media, banking, insurance, resorts, education, property, trading and agriculture.

OUR VALUES

Our purpose is to help customers prosper. We live our purpose everyday through our values and behaviors, which are reflected on how we serve our customers, how we treat each other, and the results we achieve together as an organization.



AWARDS & RECOGNITION



J Trust Royal Bank is proud to attain an esteemed **Payment Card Industry Data Security Standard (PCI DSS) certification**. This recognition demonstrates the Bank's commitment to upholding the highest level of card data security and privacy for the benefit of customers. In everything we do, we seek to put our customers first.



At **J Trust Royal Bank**, customer experience, convenience, and flexibility in payment solutions have always been our top priorities. We continuously strive to enhance our products, services, and offerings, ensuring that we provide our customers with the best possible options and added value.

Through the launch of various card offerings and incentive programs, we have worked to deliver greater benefits and improve the overall customer experience.

Driven by our unwavering commitment to excellence and the continued support and trust of our customers, we are deeply honored to be recognized by VISA Cambodia with the prestigious award: Most Impactful Usage Campaign.

This recognition belongs to all of you—our valued customers and partners. We extend our heartfelt thanks and look forward to continuing to serve you with many more offerings.



CHAIRMAN'S MESSAGE

“ARUN represents our dedication to delivering exceptional service and tailored financial solutions, reinforcing our competitive edge in the market.

By empowering our people and supporting our community, we are not only fostering growth and development but also ensuring a brighter, more prosperous future for all. ”

NEAK OKNHA

KITH MENG
Chairman



Reflecting on a Year of Strategic Progress

As we conclude 2024, I want to begin by expressing my heartfelt gratitude to our shareholders, customers, partners, and employees. Your unwavering trust and support have been crucial in our journey through a year of significant strategic progress and future opportunities, upholding our brand promise by delivering financial solutions with “Simply Better Service” in Cambodia.

The resilience and adaptability of the #JTRBTeam have been essential in navigating the complexities of the global and domestic economic landscape. The stabilization of global interest rates and the recovery in key sectors of Cambodia’s economy have laid a solid foundation for our growth.

Strategic Vision and Financial Resilience

Our strategic vision has been instrumental in guiding our efforts to strengthen our market position and deliver unparalleled value to our stakeholders. We have remained highly focused on our purpose to “Help our Customers Prosper” by offering comprehensive financial solutions with “Simply Better Service,” dedicated to enriching the lives of our customers, people, and the community at large.

In 2024, J Trust Royal Bank has exemplified financial resilience and growth, achieving remarkable results despite prevailing challenges. This is evidenced by the continuous enhancement of our Net Profit to USD 15.0 million and an

elevated Return on Equity (ROE) of 5.4%. We also uphold a robust capital position with a Solvency Ratio of 18.8%, surpassing the regulatory requirement of 15%.

Our strategic investments and prudent risk management have enabled us to deliver strong financial performance. The improvement in our ROE and the growth of our total assets and net profit are testaments to our effective strategies and operational excellence.

Forging Deeper Connections with Excellence

Our unwavering commitment to excellence and customer-centricity has been pivotal in maintaining the trust and confidence of our customers and strategic partners. We have continued to enhance our digital platforms, introduce new products and services, and sign up more strategic alliances and partners, building a stronger foundation and ecosystem.

In celebration of our 19 years of service in Cambodia and 5th anniversary as J Trust Royal Bank, we proudly introduced our digital brand ambassador, ARUN. This unique mascot embodies our brand’s identity, creating a more personalized and customized connection with our customers and stakeholders.

By integrating ARUN into our brand, we aim to foster a deeper, more engaging relationship with our customers, ensuring that our commitment to excellence and customer-centricity remains at the forefront of our operations.

Empowering Our People and Community

Our people are the cornerstone of our success. We are dedicated to fostering a supportive and inclusive work environment that promotes professional growth and personal wellbeing. Our high employee engagement rate reflects our unwavering commitment to our employees, who are essential in driving our strategic initiatives and achieving our goals.

We also recognize our profound responsibility to the broader community. Through various corporate social responsibility initiatives, we strive to make a positive impact and contribute to the sustainable development of the communities we serve. Our Corporate Social Responsibility (CSR) agenda, with the mission of “Uplifting Literacy for the Growth of Cambodia,” is at the heart of these efforts.

In 2024, J Trust Royal Bank’s management and team have passionately advocated for and participated in numerous causes that align with our CSR mission. These include sponsoring the Financial Education Programme in schools and publication of Safe Finance Modules led by the National Bank of Cambodia (NBC) and the Ministry of Education, Youth and Sport (MoEYS). Our teams have also delivered several Financial Literacy Sharing sessions for students from various schools and universities and donated books and study materials to underprivileged students in provinces. We firmly believe that financial

education and awareness are crucial for Cambodia’s future, especially for the younger generation.

Looking Ahead

As we look ahead to 2025, we remain focused on leveraging our strengths and seizing new opportunities. The global economic environment presents both challenges and prospects, and we are well-positioned to navigate these with Agility, Consistency, and a steadfast commitment to Excellence. Our strategic priorities will include further enhancing our digital capabilities, deepening customer relationships, and investing in our people to ensure sustained growth and success.

Appreciation and Gratitude

On behalf of the Board of Directors, I extend our heartfelt gratitude to the management team and employees for their unwavering dedication and hard work. I also thank our customers, valued business partners, and suppliers for their continued trust and support. Last but not least, we express our gratitude to the relevant government authorities, especially the National Bank of Cambodia, for their confidence and continuous guidance to our team.

Together, we will continue to build on our achievements and drive forward with ACE (Agility, Consistency, and Excellence).



TORU MYOCHIN
CEO

“Our strategic initiatives have been pivotal in driving commendable performance. Guided by our brand tagline – Simply Better Service, we have steadfastly pursued strategic investments that fortify exemplary customer relationships while adeptly responding to the evolving needs of our target customers. This is evidenced by the improvement of our ROE to 5.4% from 5.0% in FY2023.”

Reflecting on a Year of Resilience and Perseverance

As we close the chapter on 2024, I am proud to reflect on a year marked by resilience and perseverance. Despite persistent challenges from geopolitical tensions and supply chain disruptions, the global economy has shown remarkable recovery. The stabilization of monetary policies and the gradual rebound in key sectors, including manufacturing, agriculture, and tourism, have been encouraging.

However, challenges persist, particularly in the banking and real estate sectors. Cambodian banks need more time to recover from COVID-19 impacts, with non-performing loans peaking at 7.9%, as reported by the National Bank of Cambodia. Nonetheless, this period could lead to structural improvements, such as slower lending growth, diversified loan books, and better provisioning, enhancing the risk-reward scenario for banks over time.

Financial Performance and Strategic Achievements

In 2024, J Trust Royal Bank demonstrated robust financial performance. We achieved a commendable Net Profit of USD 15.0 million, reflecting a strong year-on-year growth of 14.5%. Our Total Assets grew by 10.1% year-on-year to USD 1.55 billion, with Gross Loans and Advances of USD 1.03 billion. Customer Deposits also saw a healthy increase of 5.7% year-on-year to USD 988 million, with our Liquidity Coverage Ratio standing at 192%, well above regulatory requirements.

Simply Better Products and Services

“Simply Better Service” remains at the core of our deliveries. In 2024, we successfully launched several new products and enhanced our digital offerings. Key highlights include the Retail Merchant Deposit Account, Credit Card Installment, New Corporate Website, CSS Card & ATM Acceptance, JTR Pay with dynamic KHQR for Corporate Clients, and enhancements on Mobile App with Khmer Language, In-App Transaction Notifications, Mobile Phone Top Up, Real-Time Bill Payments, and Bakong Large Value Transfer. These achievements underscore our commitment to meeting the evolving needs of our clients and maintaining a competitive edge in the market.

Empowering Our People

Our people are our greatest asset. We have maintained a high employee engagement rate of 89% for four consecutive years post-transition, reflecting our unwavering commitment to our employees. We empower our team through continuous learning, skill development, and career growth opportunities, fostering a culture of continuous improvement to meet the evolving needs of our customers.

We are dedicated to creating a work environment that supports both professional growth and personal wellbeing. Through initiatives such as flexible work arrangements, comprehensive medical and insurance plans, and an employee assistance program, we strive

to ensure a balanced and fulfilling work-life experience. Engaged, motivated, and healthy employees are essential to navigating the dynamic and ever-evolving business landscape.

Looking Ahead to 2025

“Our focus for the coming year will be on further enhancing our digital platforms, introducing more seamless payment and fund transfer features while ensuring the highest levels of security and convenience for our customers.”

Looking ahead, we anticipate several challenges that will require strategic focus and agility. The global economic landscape remains uncertain, with potential volatility in financial markets and ongoing geopolitical tensions. Additionally, the rapid pace of technological advancements necessitates continuous innovation to stay competitive. To navigate these dynamics and remain dedicated to delivering comprehensive financial solutions and exceptional customer experiences, we will focus on:

- Digital Transformation: We will continue to enhance our digital platforms, providing more seamless payment and fund transfer features yet securing banking experience. Our focus will be on leveraging advanced technologies to improve operational efficiency and customer service.
- Customer-Centric Approach: We will deepen our understanding of customer needs through data analytics and personalized services. By offering

tailored financial solutions, we aim to enhance customer satisfaction and loyalty.

- Talent Development: Investing in our people will remain a top priority. We will continue to provide opportunities for professional growth and development, ensuring our team is equipped with the skills needed to navigate future challenges.
- Risk Management: Strengthening our risk management framework will be crucial in mitigating potential risks and ensuring the stability of our operations. We will adopt proactive measures to address emerging risks and maintain robust financial health.

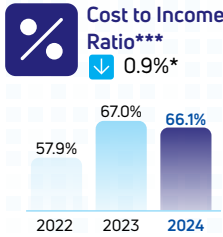
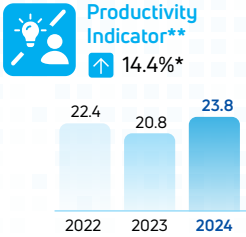
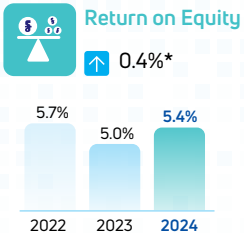
A Note of Appreciation

As we reflect on the achievements of 2024, I extend my heartfelt gratitude to our customers, partners, and stakeholders for their unwavering trust and support. I am also deeply thankful to our Board of Directors, Shareholders, and the National Bank of Cambodia (NBC) for their guidance and support throughout the year.

Finally, to all the employees of J Trust Royal Bank, thank you for your dedication and hard work. Your contributions have been instrumental in achieving our financial goals and upholding the values of our brand.

FINANCIAL PERFORMANCE HIGHLIGHT

2024 Key Performance Metrics

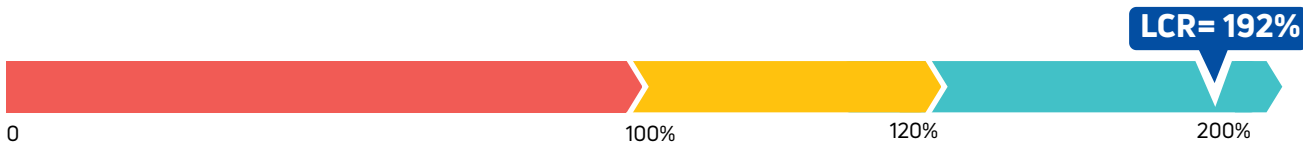


* Growth rate of 2024 vs 2023

** Productivity Indicator (figure presented in USD'k) = Net Profit / Number of Employees

*** Cost to Income Ratio = Total Operating Expenses / Total Revenues

Liquidity Coverage Ratio (LCR)



Regulatory Requirement = 100%, Internal Bank Threshold = 120%

“JTRB demonstrated vigilance by maintaining a robust Liquidity Coverage Ratio of 192%, significantly exceeding the regulatory requirement of 100% and showing an improvement from the 2023 ratio of 173%.”

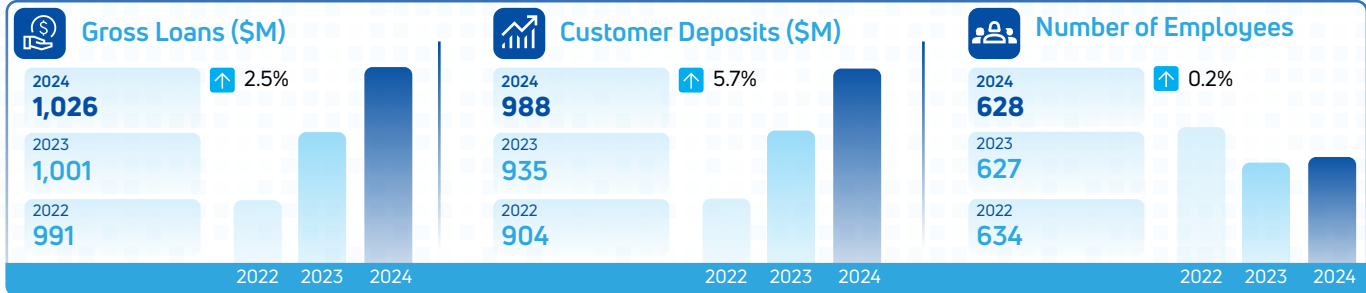
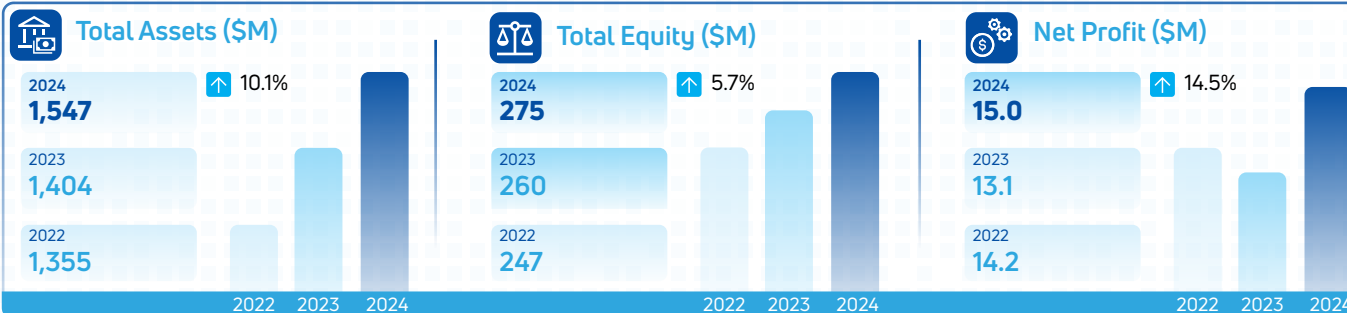
2024 Key Highlights

Challenges

- Persistent challenges from geopolitical tensions and supply chain disruption.
- Slower loan growth and rising NPL in Cambodia Banking Sector.
- NIM compression driven by lower lending yields and higher funding costs.
- A period marked by cautious consolidation and strategic navigation through economic uncertainties.

Positive Developments

- + Stabilization of global interest rates and a gradual recovery in key sectors.
- + Moderate growth in the balance sheet accompanied by favorable profitability.
- + Strategic investments in new products and enhanced digital offerings to maintain a competitive edge in the market.
- + Continued prudent management of asset quality.



Financial Performance (\$M)

	2024	2023	Movement %
Net interest income	47.4	45.6	4.0%
Other operating income	5.3	6.4	-16.4%
Operating income	52.8	52.0	1.5%
Operating expenses	(34.9)	(34.8)	0.2%
Operating profit before impairment	17.9	17.2	4.2%
Impairment losses on financial instruments	(0.9)	(1.6)	-45.4%
Profit before income tax	17.0	15.6	9.3%
Income tax expense	(2.1)	(2.5)	-18.0%
Net profit for the year	15.0	13.1	14.5%

↑ \$47.4 million (+4.0%)

Net Interest Income increased by \$1.8 million (+4.0%) driven by the marginal lending growth vis-à-vis better balance sheet optimization.

↓ \$5.3 million (-16.4%)

Other Operating Income declined by \$1.0 million (-16.4%), mainly from the income gap of foreign exchange, payment fees, and trade finance.

↑ \$34.9 million (+0.2%)

Operating Expenses saw a modest increase of \$0.1 million (+0.2%) as a result of ongoing efforts to achieve operational excellence. Throughout the year, the bank strategically invested in enhancing new products and services to improve customer experience while maintaining its competitive edge.

↑ \$15.0 million (+14.5%)

Net Profit After Tax bounced back to \$15.0 million, representing a year-on-year growth of \$1.9 million (+14.5%). This robust profitability, despite the ongoing challenges faced by the banking sector, underscores the bank's resilience and the effectiveness of its strategies.

OUR PEOPLE OUR STRENGTH

At the core of our achievements lies our dedicated and talented workforce. This year, we have prioritized the growth and wellbeing of our employees, fostering a culture of collaboration and continuous learning where every individual can thrive. By investing in our human capital, we are not only enhancing our capabilities but also ensuring a sustainable future.

Key Highlights for 2024

Nurturing Learning & Development

Our vision for the future is built on the foundation of our people. We are dedicated to empowering our team through continuous learning, skill development, and career growth opportunity.

- We offered many training programs for our employees ranging from technical skills, leadership program, to personal development series. In 2024, a total of more than 6,500 hours of classroom training have been delivered, which equals to approximately 11 learning hours per employees.
- Our team have also completed over 8,600 of online courses on LinkedIn Learning, meaning an average of 14 online courses per employee.
- Leadership remains our key focus. We have continued our partnership with the Institute of Banking and Finance to deliver a number of leadership programs for our leaders. These include Leadership Essential program, Situational Leadership program, Design Thinking and more.
- In addition, 10 employees are fully sponsored by the bank for both local and international certifications with the Institute of Banking and Finance.
- In total, we have invested more than USD 120,000 on our learning and development agenda for our people, for their growth is our success.



Fostering Employee Recognition, Engagement, and Wellbeing

We are committed to creating a work environment that promotes both professional growth and personal wellbeing. Through initiatives such as flexible work arrangements, flexi medical and insurance plans, and employee assistance program, we strive to support our employees in achieving a balanced and fulfilling work-life experience. We believe that engaged, motivated and healthy employees are ready to tackle any challenge in this dynamic and ever-evolving business landscape for our success.

- Partnering with our medical provider, we offered the Health Talk series on various topics including Dyspepsia, Influenza and Common Cold, Chest Pain, and Hemorrhoid disease.
- To ensure a clear and consistent communication on the bank strategic priorities and directions, we hosted a series of communication sessions targeting different audience naming Management Townhall, Senior Leadership Team Offsite, EXCO Roadshow, and Business Roadshow.
- We have been offering many reward and recognition programs to acknowledge the hard work and dedication of employees, which then help boost morale and encourage continued excellence. In 2024, we have revised the prize for our Annual Award program where our individual award winners will be awarded with a trip to Japan.
- As a result, our Employee Engagement score remains high at 89% for the last 4 years while

our attrition rate is less than 6% in 2024, a true reflection to our commitment to providing the best workplace for our people.

Embracing Diversity and Inclusion

We are also committed to creating a workplace where every individual feels valued, respected, and empowered to bring their unique perspectives and talents to the table. By embracing diversity in all forms—whether it be race, gender, age, ethnicity, sexual orientation, or background—we cultivate a culture of collaboration and mutual respect.

- Our core values, ICARE (Integrity, Collaboration, Accountability, Respect, Engagement), act as the guiding principles in everything we do for our customers, stakeholders and employees.
- Our female employees represent 56% of the total employees, and 46% in leadership within the bank.
- Our commitment to providing career growth and internal mobility for our internal talent is reflected with a total of 123 internal career movement of which 58% are women.

Moving forward, we remain committed to supporting our employees' development and wellbeing, recognizing that their contributions are integral to our continued success. Together, we are ensuring the long-term success and sustainability of our company, driven by the collective strength and passion of our exceptional team.

CORPORATE BANKING



Our Corporate Banking focuses on delivery of international banking solutions to business throughout Cambodia.

J Trust Royal Bank offers comprehensive product solutions, including Trade Finance, Foreign Exchange, Loan Products and International Cash Management capabilities, specializing in ERP (Enterprise Resource Planning) integration for digital payables and receivables management solution. We support a wide range of SME and local corporates across manufacturing, agriculture and international trade, as well as multinational companies (MNC) who bring their international expertise to the Cambodian market. By helping these businesses succeed, we are promoting trade and capital flows within the region and across the globe, and supporting a dynamic, sustainable, and growing economy.

J Trust Royal Bank believes in fostering lasting partnerships with our customers. This approach

requires an in-depth knowledge of the companies we serve and the industries in which they operate, so we are able to offer a well-structured solution customized for each business. Our best-in-class sector and industry-specific knowledge helps our customers understand global and local economy trends in international trade, shaping their strategy for future success.

Our SME and Corporate customers have dedicated relationship managers, and are supported by a team of product specialists with expertise and trust, earned from business, corporates and MNCs community. All of our bankers believe in going above and beyond to satisfy client expectations, with this service ethic being embedded in the DNA of Japanese culture.

PRODUCTS AND SERVICES



Corporate/Business Banking Accounts

Business Check Account, Cash Management Account, Term Deposit Account, Escrow Account



Trade

Documentary Collection, Letter of Credit, Trade Finance Loan, Bank Guarantees, Standby Letter of Credit



Markets

Foreign Exchange (Value Same Day/ Tom/ Spot), Corporate Tax Payment, Forward Exchange Contract (USD/KHR)



Corporate/Business Banking Loans

Overdraft, Term Loan, Revolving Short Term Loan



Payments & Cash Management

JTR Pay (Dynamic KHQR integration Solution), Local and International Fund Transfers, Payroll Services, JTR Connect (Corporate Internet Banking Platform with full payment & notification capabilities, i.e. single & batch payment, cross currency), Host-2-Host Solution via Swift FileAct, sFTP and Swift FIN (MT101).



PERSONAL BANKING

In 2024, J Trust Royal Bank strengthened the momentum from 2023 by advancing our product offerings and investing in our people to consistently deliver exceptional customer experiences. We continued to improve our digital channels by including automated and instantaneous bill payments through our mobile application. On the lending side, we have improved our lending policy to make mortgages more accessible to those seeking to own their home. We have increased our network of Borei partnerships to give more choices to our customers. We launched car loan in 2023, but we saw limited success. We listened to your feedback and improved our processes, lending policies, and added more car dealerships to our partner list. We saw an increase of 500% of car loan disbursed compared to 2023 and enabled more Khmers to own brand new cars instead of buying used cars of uncertain quality. We introduced credit card installments. This is a brand-new product and not well known in the market but with huge potential as it enables customers to “buy now and pay later” with better interest rates than micro lending without the need for security. Finally, we have launched our new CSS ATM cards free of

charge, enabling our customers to use any banks’ ATMs across the CSS network.

Customer First

At J Trust Royal Bank, our unwavering focus has been on Customer Centricity. We put the customer at the very center of everything we do, and we remain committed to this journey. We recognize that meeting our clients’ needs is the very reason we exist. Customer centricity is not just a strategic initiative; it’s woven into our daily operations and has become part of our organizational DNA.

Operating in a highly competitive environment where numerous banks vie for clients, J Trust Royal Bank has carefully considered how to differentiate itself. Our goal was to embed a “Customer First” mindset across the entire bank. We aimed to ensure consistent, high-quality service for clients across all touchpoints—whether through branch visits, the Contact Center, or other channels. Friendly and professional interactions, efficient service, and a solution-oriented approach became our hallmarks.

J Trust Royal Bank continues to enhance its digital footprint and ecosystem to better serve our customers. Notably, in 2024, we observed a significant shift to our digital platforms. Since the launch of Bakong and KHQR on our mobile application, we have recorded nearly 2 million transactions. This is a huge amount and would have caused massive queues if those transactions were done at the branches.

Business Growth

In the fiscal year 2024, both the industry and J Trust Royal Bank faced significant challenges. Many businesses in Cambodia were struggling to generate profits. Businesses and their owners could no longer service their loans with the banks. Non-performing loans peaked at 7.9% across the financial sector compared to below 2% pre-Covid. J Trust Royal Bank managed to sustain loan growth and keep our non-performing loans at a reasonable rate. We are known for tight and demanding credit policies and this has

benefited us during such economic downturn by preserving the quality of our loan books.

At J Trust Royal Bank, a “Customer First” approach has always been central to our operations. We continually enhance customer experiences to earn their advocacy. Customer advocacy remains a key agenda for us, as we strive to capture a larger share of the market.

Most Trust Personal Bank in Cambodia

Our ongoing journey aims to establish J Trust Royal Bank as the most reliable personal bank in Cambodia. To achieve this, we must continue investing in learning and development. By maintaining our leadership in Customer Centricity, we can enhance our position within the industry. Additionally, we’ll persist in improving our products and services to meet market demands. Customer advocacy remains a central focus, as we strive to earn referrals from our satisfied clients.

**Our Personal Banking provides
trusted and personalized solutions for
every individual at every
stage of life.**



OUR ACTIVITIES IN THE COMMUNITY

At J Trust Royal Bank, we are deeply committed to being an active and responsible corporate citizen, understanding that our success is intrinsically tied to the wellbeing of the communities we serve. While we fulfill this responsibility primarily through our core banking services—helping customers achieve their financial goals—we also recognize the importance of going beyond traditional banking. We are dedicated to making a lasting, positive impact by engaging in initiatives that contribute to the broader development of our community and our country.



Since our founding in 2005, this commitment has been at the heart of our operations. Our staff have generously volunteered thousands of hours and raised substantial funds, with a clear focus on improving education and employment opportunities for marginalized and disadvantaged individuals. These efforts reflect our long-term dedication to social good and our belief that meaningful change comes from consistent, collective action.

J Trust Royal Bank is proud to continue our Corporate Social Responsibility (CSR) mission of “Uplifting Literacy for the Growth of Cambodia”.

This mission remains close to the hearts of our team and our customers, guiding our ongoing efforts to enhance literacy in various forms, including professional literacy, financial literacy, and reading literacy. Beyond education, we also actively support community development, livelihood improvement, and disaster relief efforts, ensuring that our contributions foster sustainable growth and resilience in the communities where we operate. Our commitment is not just a part of what we do—it is central to our identity, and we remain steadfast in our dedication to giving back and creating a better future for all.



HIGHLIGHT OF 2024 COMMUNITY ACTIVITIES

J Trust Royal Bank supported the “Financial Education Programme in Schools” initiative



01 February 2024

As part of our ongoing commitment to Corporate Social Responsibility under the theme “Uplifting Literacy for the Growth of Cambodia”, J Trust Royal Bank proudly supported the **“Financial Education Programme in Schools”** workshop hosted by the National Bank of Cambodia in partnership with the Ministry of Education, Youth and Sport. The workshop, marking the third phase of the project’s implementation, was chaired by H.E. Dr. Chea Serey, Governor of the National Bank of Cambodia, and H.E. Kim Sethany, Secretary of State of the Ministry of Education, Youth and Sport.

Our involvement reflects our belief in the importance of financial education and awareness—especially among the younger generation—as a foundation for Cambodia’s long-term growth and development.

Together for Better Habit through a donation to students at Tromoung Chhrum Primary and Secondary School

23 February 2024

J Trust Royal Bank donated study materials, backpacks, bookshelves and reading books to the 163 vulnerable students at Tromoung Chhrum Primary and Secondary School located in Kampong Chhnang Province.

This initiative is part of our Corporate Social Responsibility commitment to “Uplifting Literacy for the Growth of Cambodia”. The donated materials support both curricular and extracurricular learning, providing essential tools to enhance the students’ educational experience.

The contributions, made by both the Bank and its employees, reflect our shared belief in the power of education and the importance of equal access to learning resources. This meaningful support is expected to positively impact students’ academic journeys and contribute to the overall development of the school community.



Blood Donations 2024



30-31 May 2024

J Trust Royal Bank continued **“Be A Hero: Show Your Care, Share Your Love, Donate Your Blood”** initiative where total of 44 staff expressed their kind support to the children in needs by donating their blood. The two-day campaign was to celebrate International Children’s Day and World Blood Donation Day - took place at Kantha Bopha Children’s Hospital in Phnom Penh and Battambang Blood Transfusion Center.

J Trust Royal Bank sponsored the publication of Safe Finance Modules for the Strengthening Safe Finance in Community Project

9 October 2024

J Trust Royal Bank was honored to sponsor the printing and participate in the workshop on **“Safe Finance Modules for the Strengthening Safe Finance in Community Project”**, an initiative led by the National Bank of Cambodia.

The workshop took place at the Center of Banking Studies (CBS) with the honorable presence of H.E. Yim Leat, Deputy Governor of the National Bank of Cambodia (NBC).

Our sponsorship reflects our strong belief in the importance of financial education and awareness, particularly for the younger generation. This sponsorship aligns with our Corporate Social Responsibility of “Uplifting Literacy for the Growth of Cambodia”, reinforcing our dedication to building a more financially informed and empowered society.



Financial Literacy Sharing session for students from three organizations



27 October 03 & 30 November 2024

J Trust Royal Bank hosted two Financial Literacy Sharing sessions at JTRB Head Office for total of 40 female university students from Education First Cambodia (EFC), a non-governmental organization provides a Women Scholars Program aimed at supporting the female university students who would otherwise be unable to pursue a degree. The session was completed fruitfully with high engagement and participation from the students.

On 30 November, our volunteer staff shared same session to two different group of beneficiary from Community

Education Development Organization (32 students) and This Life Cambodia (46 students) in Siem Reap province.

All sessions covered essential financial literacy topics that resonate to their life and the sharing session was completed fruitfully with high engagement and participation from the students covering different topics including Budgeting, Personal financial planning: Setting short & long-term financial plans, Tips for effective savings & debt management.

Through this participation, students will not only foster robust financial management skills for their future but also empower them to spread this valuable knowledge to their family members and the wider community.



Donation of study materials to 300 students in Siem Reap province

30 November 2024

J Trust Royal Bank donated study materials to students in need at Korksrok Elementary School, Prasat Bakong District, Siem Reap Province. This initiative aligns with J Trust Royal Bank’s Community Social Responsibility of “Uplifting Literacy for the growth of Cambodia”.

The donation which included study materials, backpacks, tumblers and reading books benefited a total of 300 students and the school community. These essential items will support both curricular and extracurricular activities, providing invaluable resources to enhance the learning experience and contribute to their academic success.



Participation in the 29th Angkor Wat International Half Marathon

01 December 2024

128 runners from J Trust Royal Bank participated in the 29th Angkor Wat International Half Marathon. This event underscores the bank’s commitment in promoting the health, wellbeing and athletic spirit of the employees.



J Trust Royal Bank co-organized the Entrepreneurship Program Initiative of CGCC (EPIC) 3rd series 2024

06 December 2024

J Trust Royal Bank and Credit Guarantee Corporation of Cambodia (CGCC) co-organized the Entrepreneurship Program Initiative of CGCC (EPIC) 3rd series of 2024. In the session, we shared about "Loan Assessment and Financial Solution for Small and Medium Enterprise" to around 50 trainees from the Micro, Small, and Medium (MESMEs) Entrepreneurs, which approximately 65% is the women entrepreneurs, and around 10 students from the AMT scholarship-Alumni Association.



J Trust Royal Bank was a Gold Sponsor of the 11th Cambodia Book Fair: A Reader, A Life-Long Learner

19-22 December 2024

J Trust Royal Bank proudly sponsored the 11th Cambodia Book Fair, held at Koh Pich City Hall under the theme **"A Reader, A Life-Long Learner."** This sponsorship aligns with our Corporate Social Responsibility initiative "Uplifting Literacy for the Growth of Cambodia."

During the four-day event, our Read Play Learn Corner was a vibrant hub, engaging attendees of all ages with a variety of interactive activities. Participants had the opportunity to win prizes, including books, while enjoying enriching experiences

that encouraged lifelong learning. Additionally, we provided free financial consultations and offered recommendations on banking products and services, further supporting our commitment to financial literacy and empowerment for all.



J TRUST ROYAL BANK IN THE COMMUNITY - Photo Collection



RISK MANAGEMENT

The success of J Trust Royal Bank's strategy is underpinned by the sound management of its risks. As J Trust Royal Bank progresses on its strategic path to becoming the customer's trusted financial partner in Cambodia, the risks faced by J Trust Royal Bank will evolve. The success of J Trust Royal Bank's strategy is dependent on its ability to manage the broad range of interrelated risks it is exposed to across our expanding business.



J Trust Royal Bank's risk management is viewed as a core competency and to ensure that risks are identified, assessed, and managed in an accurate and timely manner, J Trust Royal Bank has:

- An independent risk management function together with embedded risk managers within the businesses.
- Developed frameworks to provide structured and disciplined processes for managing key risks. These frameworks include articulation of the appetite for these risks, portfolio direction, policies, structures, limits and discretions.

- J Trust Royal Bank Board meeting is regularly to discuss the major initiatives and identify and assess potential strategic risks.
- In assessment of strategic risks, a framework is in place to ensure that these initiatives are prioritized appropriately, and that the associated risks are well managed and reported on a consistent basis; and
- The Board will consider impacts, such as pricing and products; the systems and processes we need to deliver on the proposed strategy; and capital implications.

Risk Appetite Statement

J Trust Royal Bank's Risk Appetite Statement (RAS) is set out by the J Trust Royal Bank Board to define risk appetite for J Trust Royal Bank's strategic objectives and priorities. The RAS takes a holistic view of risks and seeks to understand the costs and benefits of particular risk choices.

Risk Management is integral to all aspects of the Bank's activities and is the responsibility of all staff. Managers have a particular responsibility to evaluate their risk environment, to put in place appropriate controls and to monitor the effectiveness of those controls. The risk management culture emphasizes careful analysis and management of risks in all business processes.



The RAS framework provides an enforceable risk statement on the amount of risk J Trust Royal Bank is willing to accept and it supports strategic and core business activities and customer relationships with the objective of ensuring that:

- J Trust Royal Bank only engages in permitted activities;
- The scale of permitted activities, and subsequent risk profile, does not lead to potential losses or earnings volatility that exceeds J Trust Royal Bank approved risk appetite;
- Risk is expressed quantitatively via limits and tolerances;
- Management focus is required to discuss key and emerging risk issues and their mitigation actions; and
- Risk is linked to the business by informing, guiding, and empowering the business in executing strategy.

Key Material Risks

All J Trust Royal Bank activities involve, to varying degrees, the analysis, evaluation, acceptance and management of risks or combinations of risks. The material risks facing J Trust Royal Bank and its approach to the management of those risks are described as follows:



Strategic Risk

Strategic Risks are risks that affect or are created by the bank's business strategy and strategic objectives. J Trust Royal Bank aspires to be among Cambodia's leading banks, measured by customer outcomes, operational effectiveness, and returns to shareholders. This requires ongoing development and innovation in its operations through strategic initiatives which lead to an increase in Key Material Risks (e.g., Credit Risk, Market Risk, Operational Risk). J Trust Royal Bank has a low appetite for threats to the effective and efficient delivery of these initiatives. It recognizes that the actual or perceived inability to deliver strategic initiatives could have a significant impact on its ability to achieve its objectives as well as its reputation. However, risk management strategies associated with these risks form the primary controls.





Credit Risk

Credit risk is the risk of default associated with a financial transaction resulting from a counterparty failing to fulfil its debt payments. J Trust Royal Bank has a robust risk management framework to manage credit risk based on:

- J Trust Royal Bank's defined credit principles that direct our behavior when managing credit risk to ethically achieve the best outcomes for our customers and shareholders.
- Risk Management Manual that monitors our credit activities in line with agreed business strategy, RAS and the NBC regulations.



Market Risk

Market Risk stems from J Trust Royal Bank's trading and balance sheet activities and is the risk to J Trust Royal Bank's earnings arising from changes in interest rates, foreign exchange rates, credit spreads and volatility in other markets.

- The bank has a low risk appetite for Interest Rate Risk. J Trust Royal Bank's objective is to match its assets and liabilities within an acceptable tolerance.
- The bank has a medium risk appetite for FX Risk. The Bank is willing to accept moderate open positions especially in local currency KHR, with limits determined by ALCO for each currency (relative to USD).
- The bank has a low risk appetite for liquidity risk. J Trust Royal Bank's objective is to ensure that an adequate liquidity position is maintained to satisfy bank's obligations at all times.



Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes legal risk and the risk of reputation loss, or damage arising from inadequate or failed internal processes, people and systems, but excludes strategic risk. The objective of operational risk management is to ensure that risks are identified, assessed, measured, evaluated, treated, monitored and reported in a structured environment with appropriate governance oversight. J Trust Royal Bank does not expect to eliminate all operational risks, but to ensure that the residual risk exposure is managed as low as reasonably practical – the benefit of the risk control measures exceeds the cost of these measures.

- **Information Technology:** J Trust Royal Bank has a low appetite for IT system-related incidents which are generated by poor change management practices.
- **Internal Fraud:** J Trust Royal Bank has no appetite for any fraud or corruption perpetrated by its staff. J Trust Royal Bank takes all allegations of suspected fraud or corruption very seriously and responds fully and fairly as set out in the Code of Conduct.
- **External Fraud:** J Trust Royal Bank has a very low appetite for External Fraud. This includes lending, card, internet, or any other forms of external-based fraud. The Bank implements current industry base technologies and controls to mitigate fraud attempts.
- **Information Management:** J Trust Royal Bank is committed to ensuring that its information is relevant, accurate, timely, and properly conserved and managed in accordance with legislative and business requirements. It has a very low appetite for the compromise of processes governing the use of information, its management and publication. J Trust Royal Bank has no appetite for the deliberate misuse of its information.



Compliance Risk

Compliance risk is the probability and impact of an event that results in a failure to act in accordance with laws, regulations, industry standards and codes, internal policies and procedures and principles of good governance as applicable to J Trust Royal Bank's businesses.

- **Regulatory Risk:** J Trust Royal Bank recognizes that failure to maintain no appetite position for Regulatory Risk may result in outcomes which may create systemic risk and catastrophic outcomes. The Bank is committed to a high level of compliance with relevant legislation, regulation, industry codes and standards as well as internal policies and sound corporate governance principles. Identified breaches of compliance will be remedied as soon as practicable. The Bank has no appetite for deliberate or purposeful violations of legislative or regulatory requirements.
- **Governance Risk:** J Trust Royal Bank recognizes that failure to maintain a no appetite position for Governance Risk may result in behaviors which risk the J Trust Royal Bank reputation and stability, along with regulatory action.
- J Trust Royal Bank has a strong governance framework, policies, procedures, systems and effective audit to mitigate risk in relation to the oversight and management of prudential standards and laws affecting J Trust Royal Bank.
- J Trust Royal Bank has an appropriately qualified Board with key committees supporting their oversight. J Trust Royal Bank has a code of conduct, a fit and proper process, disclosure process, charters, and organizational values with compliance assurance.



People Risk

People Risk refers to the costs that may arise as a consequence of events associated with J Trust Royal Bank staff. J Trust Royal Bank's significant people and culture-related risks include:

- **Caliber of People** – J Trust Royal Bank relies on motivated, diverse and high-quality staff to perform its functions. It aims to create an environment where staff are empowered to the full extent of their abilities.
- **Conduct of People** – J Trust Royal Bank expects staff to conduct themselves with a high degree of integrity, to respectfully strive for excellence in the work they perform and the outcomes they achieve, and to promote the public interest. The appetite for behaviors which do not meet these standards is very low. J Trust Royal Bank takes any breach of its Code of Conduct very seriously.
- **Work Health & Safety (WHS)** – J Trust Royal Bank commits to create a safe working environment for all staff, where people are protected from physical or psychological harm. It has a very low appetite for practices or behaviors that could be expected to lead to staff being harmed while at work.



MEMBERS OF THE BOARD OF DIRECTORS



NEAK OKNHA KITH MENG
CHAIRMAN

Neak Oknha Kith Meng is the Chairman and Chief Executive Officer of the Royal Group of Companies. Neak Oknha has been the driving force behind bringing international business and investors into Cambodia. Through alliances with leading global players, he has brought international quality service to the telecoms, media, education, finance, banking, insurance, logistics, power generation and hospitality industries. He is a passionate entrepreneur who is committed to the development of Cambodian economy through foreign direct investment.

Neak Oknha Kith Meng holds numerous significant roles in Cambodia, including President of the Cambodian Chamber of Commerce, the Phnom Penh Chamber of Commerce and holds the Cambodian seat at the ASEAN Business Advisory Council.



MR. WILLIAM MARK HANNA
DIRECTOR

Mr. Mark Hanna is an experienced international senior finance and operations executive. Mr. Hanna joined the Royal Group in July 2007 and is responsible for the financial management and performance of the Group's diverse business interests. Prior to joining the Royal Group, Mr. Hanna held several CEO & CFO roles throughout Asia in the telecoms and manufacturing industries.

Mr. Hanna has a bachelor's degree in accounting and is a member of the Chartered Institute of Management Accountants.



MR. SIMON JOHN PERKINS
DIRECTOR

Mr. Simon Perkins served as an Independent Director of the Bank since 2015 and was approved to be a shareholder appointed Director in early 2022 after he took on his current position as the Chief Executive Officer (CEO) of Cellcard.

Mr. Perkins has a long history with Cambodia, firstly as Head of Indochina Region for Millicom International Cellular and later as the CEO of Hello Axiata Company Limited at Axiata Group Berhad.

He has worked in Asia for over 25 years, with several stints as the CEO for major telecommunication network operators in the region including three years in Australia with Silk Telekom before returning to Indochina. Mr. Perkins holds a Master of Business Administration (MBA) from Warwick University in the UK and a Bachelor of Science (BSc) First Class Honours from Loughborough University of Technology, UK. He is a Chartered Engineer of the UK Engineering Council and the Chartered Professional Engineers Australia. He is a Fellow Member of the Australian Institute of Company Directors.



MR. TORU MYOCHIN

DIRECTOR

Mr. Toru Myochin joined J Trust in June 2015 as Managing Director in charge of domestic finance businesses, holding companies, and Group management operations. Concurrently, he was appointed as the President and Representative Director of the entertainment company and systems company within the Group.

In addition, he has had more than 15 years of experience in wholesale banking at Mizuho Bank, while at Shinsei Bank he had been in charge of the following departments as the Managing Executive Officer: domestic sales, real estate sales, healthcare finance, corporate reconstruction and structured finance.

Mr. Myochin has more than 20 years of banking experience and a wide range of knowledge in the business world. He holds a bachelor's degree in Mechanical Engineering from Sophia University in Tokyo, Japan.



MR. MAKOTO KUROKAWA

DIRECTOR

Mr. Makoto Kurokawa has over 40 years of experience in banking and corporate governance. After joining J Trust Co., Ltd. in 2011, he served the firm as Director, Executive Officer, Corporate Planning Department General Manager and Treasury Department General Manager.

Previously, he held leadership positions internationally at Salomon Brothers Asia, UBS, RBC and Japan's largest bank MUFG. He holds a bachelor's degree from the University of Tokyo.

Mr. Kurokawa visited Cambodia for the first time in 2005 as part of the Support for Children program. He has since visited the Kingdom more than 30 times.

The dynamic transformation taking place in Cambodia continues to dazzle him and makes him yearn to be of assistance to the Kingdom's further growth and development.



MR. RYUICHI ATSUTA

DIRECTOR

Mr. Ryuichi Atsuta is an experienced senior finance executive. He has experience of working in banking industry for over 30 years and held various important management positions at global financial institutions. His leadership quality and management expertise can bring exceptional value to board of directors of J Trust Royal Bank and guide further development of our organization.

Mr. Atsuta currently holds numerous significant roles in J Trust Group, including Senior Managing Director, Executive Officer, in charge of Finance, HR & General Affairs Department.



MR. KATSUYUKI ODA

DIRECTOR

Mr. Katsuyuki Oda is an experienced accounting and finance executive and has a wide range of experience in accounting, financial planning and analysis across the sector. Previously, he held various leadership roles internationally in banking and other industries for over 20 years. He currently serves as Director, Executive Officer, General Manager of Accounting Department of J Trust Co., Ltd.

Mr. Katsuyuki Oda holds a Master of Business Administration (MBA) from the University of Cambridge Judge Business School and a Bachelor degree of Economics from Waseda University.



MS. SEKA HEP

INDEPENDENT DIRECTOR

With 16 years of experiences as lawyer, Ms. Seka is a partner, deputy managing director of DFDL Cambodia Office, lawyer licensed by BAKC, arbitrator of NCAC and accredited mediator from CEDR.

She has extensive experience in corporate and commercial matters including real estate and construction, EIM and project finance. Her expertise specializes in major property projects and has acted on numerous significant commercial, industrial and residential developments in Cambodia.

Ms. Seka holds a Master 2 of Business Comparative Law (LL.M.) from the University Lumière Lyon 2, France which included participation in an exchange program with the University of Montreal, Canada. She speaks French and English and Khmer as mother tongue language.



MR. PAUL CAREY CLEMENTS

INDEPENDENT DIRECTOR

Mr. Paul Clements is an Australian and has lived in Asia since 2008 covering Cambodia, China, and Indonesia. He has over 30 years of banking experiences involving Relationship Banking, Investment Banking, Risk, Operations, and Transformation and Executive Management.

Most of his career was in Australia with Westpac Banking Corporation, ANZ Bank, and JP Morgan. In Cambodia he has been previously involved with ANZ Royal Bank, Cambodia Mekong Bank Public Limited, WorldBridge Outsourcing Solutions Co., Ltd and HCC Group Co., Ltd (EnviroCam).

Currently Mr. Clements is Chairperson of the International Business Chamber of Cambodia (IBC), and is involving in consulting across a number of sectors.

Mr. Clements has a Bachelor of Business (Majoring in Banking and Finance) and a Postgraduate Degree (Majoring in Accounting).



J TRUST ROYAL BANK

YOUR TRUSTED FINANCIAL PARTNER

EXECUTIVE COMMITTEE

Sitting from left to right:

- 1 MS. PHEAKDEY POK
- 2 MS. BOREN KORK
- 3 MR. TORU MYOCHIN
- 4 MR. SALY LOR
- 5 MR. HORNPISETH SIV

Standing from left to right:

- 6 MR. SOPHINA KHIEV
- 7 MS. NARITA HANG CHUON
- 8 MS. YUKO MIYAZAKI
- 9 MR. VIC SISOWATH
- 10 MR. SOPHY KEO
- 11 MR. GLENN MILLER





MR. TORU MYOCHIN
CEO

Toru Myochin joined J Trust in June 2015 as Managing Director in charge of domestic finance businesses, holding companies, and Group management operations. Concurrently, he was appointed as the President and Representative Director of the entertainment company and systems company within the Group.

In addition, he has had more than 15 years of experience in wholesale banking at Mizuho Bank, while at Shinsei Bank he had been in charge of the following departments as the Managing Executive Officer: domestic sales, real estate sales, healthcare finance, corporate reconstruction and structured finance.

Myochin has more than 20 years of banking experience and a wide range of knowledge in the business world. He holds a Bachelor's Degree in Mechanical Engineering from Sophia University in Tokyo, Japan.



MR. MAKOTO KUROKAWA
DEPUTY CEO

Makoto Kurokawa has over 40 years of experience in banking and corporate governance. After joining J Trust Co., Ltd. in 2011, he served the firm as Director, Executive Officer, Corporate Planning Department General Manager and Treasury Department General Manager.

Previously, he held leadership positions internationally at Salomon Brothers Asia, UBS, RBC and Japan's largest bank MUFG.

He holds a Bachelor's Degree from the University of Tokyo.

Makoto visited Cambodia for the first time in 2005 as part of the Support for Children program. He has since visited the Kingdom more than 30 times. The dynamic transformation taking place in Cambodia continues to dazzle him and makes him yearn to be of assistance to the Kingdom's further growth and development.



MS. YUKO MIYAZAKI
CHIEF RISK OFFICER

Yuko Miyazaki joined J Trust Royal Bank as Chief Risk Officer in September 2019 bringing in over 25 years of extensive international banking experiences from Japan and the United States, primarily in Credit and Risk Management roles and in Business Development. Currently, she is leading a team of Risk professionals specializing in Credit Risk including approving credit proposals and managing portfolio and Lending Services functions as well as Operational Risk. In her capacity as the Chairwoman of Risk Management Committee (RMC), she has a leading role in the supervision and oversight of the credit, market, and operational risks to ensure the alignment of business strategy with risk appetite statements. Yuko is also a member of the company's executive management team.

Yuko holds a Master of Science in Finance from George Washington University, a Bachelor of Arts in Economics from Michigan State University, USA. She has held a number of senior roles in Tokyo Star Bank, Moody's Analytics, Aozara Bank, Bear Stearns, and Freddie Mac.



MS. BOREN KORK
CHIEF LEGAL & COMPLIANCE OFFICER

Boren leads Legal and Compliance team to manage legal risks and to ensure compliance with regulatory requirements, anti-money laundering (AML), counter-terrorist finance (CTF), and economic/trade sanctions frameworks, and also acts as the Company Secretary, coordinating corporate affairs in interaction with the Board of Directors of the Bank.

Under Boren's leadership, JTRB Legal and Compliance team was selected and listed in the Legal 500 GC Powerlist: Southeast Asia Teams 2023, highlighting the best in-house legal and compliance departments working in various industries across the region; whilst Boren herself was also listed in the Legal 500's GC Powerlist 2024 as one of the most influential and innovative in-house lawyers in Southeast Asia.

Boren's career flourished in the bank. First joining in June 2012 as a Manager of Commercial and Institutional Client Administration, Boren took on the other key management roles before being appointed to lead the Legal and Compliance Department in November 2018. Before joining J Trust Royal Bank, Boren gained extensive experience in the fields of law and education.

Boren holds Doctor of Law and Master of Law degrees from Nagoya University (Japan), and Bachelor of Law degrees from the Royal University of Law and Economics (Cambodia), and Lumière Lyon II University (France).



MS. PHEAKDEY POK
CHIEF FINANCIAL OFFICER

Pheakdey serves as the Chief Financial Officer of J Trust Royal Bank, with an extended role in supporting Business Strategy. She plays a crucial role in Finance and Strategy, ensuring business alignment, driving growth initiatives, managing financial performance, and upholding governance in compliance with local and international regulations, including those of Cambodia and the Group.

With over two decades of experience in Banking, Auditing, and Fast-Moving Consumer Goods (FMCG), Pheakdey has spent more than 17 years in the banking industry. Since June 2022, she has also been a Non-Executive Board Director of Phnom Penh Autonomous Port.

She holds a Bachelor's Degree in Accounting and Finance from the National University of Management and is an Associate Member of CPA Australia and Institute of Public Accountants Australia (IPA). Additionally, she is a member of the Australian Institute of Company Directors (AICD) and has held a trust license from the Cambodia Trust Regulator since August 2023.



MR. SOPHINA KHIEV
HEAD OF MARKETS

Sophina joined the Bank since 2005 when it commenced its operation under the name of ANZ Royal Bank and currently leads Markets & FI to support bank's FI relationship & treasury function as well as FX services providing to Retail, Business and Corporate Banking clients.

With his 19 years of career with the bank that started with few roles within Retail Banking as priority banking manager, Branch Manager, Senior Manager of Mortgage and then moved to Corporate Banking and Markets & FI, Sophina brings with him a wealth of knowledge and experience of banking and financial market. He joined executive management team of J Trust Royal Bank on day 1 after the transition in Aug 2019.

Fluent in English, Mandarin Chinese and Khmer, Sophina studied economics and finance at Guangxi University in China under Chinese Government Scholarship Program.



MR. VIC SISOWATH
CHIEF PERSONAL BANKING OFFICER

Vic Sisowath joined ANZ Royal Bank in 2007 and stayed with the Bank when it transitioned to J Trust Royal Bank in 2019. He currently leads Personal Banking covering 17 branches, Premier banking segment, secured and unsecured lending businesses, Bancassurance, Analytic and Branch Assurance and 24/7 Customer Care Centre.

With 17 years of Personal Banking experience including roles as Premier Banking Manager, Branch Manager, Regional Manager, Head of Affluent Banking, and a secondment in Singapore Personal Banking, Vic joined the executive management team in February 2017 as the Chief Personal Banking Officer. After more than 17 years in the Cambodian retail space, Vic has intimate knowledge of sales and services, and an understanding of our customers' financial needs.

Fluent in French, English and Khmer, Vic studied economics at the University of California Berkeley and has been overseas for many years. Through the bank training programs, he has become an accredited facilitator for sales and sales management.



MR. SALY LOR
CHIEF OPERATING OFFICER

Saly joined the Bank since May 2005 and has held several senior management roles including Senior Business Development, Branch Manager, Regional Manager, Head of Mortgages, Head of Retail Operations, Acting Chief Operating Officer and Chief Operating Officer.

In August 2019, he was appointed as Chief Operating Officer. As Chief Operating Officer, Saly oversees the Bank's operations, which encompasses a diverse range of functions inclusive of Retail Operations, Institutional & Commercial Operations, Projects & Transformation, Property, Administration and Procurement.

Prior to joining the bank, Saly held a management role in the hospitality field and was a lecturer of a private university.

Saly was an AusAID scholarship winner and holds a Master of Education and Training from Victoria University, Australia.



MS. NARITA HANG CHUON

CHIEF CORPORATE BANKING OFFICER

Narita Hang Chuon, Chief Corporate Banking Officer, she is responsible for the growth and profitability, as well as the good credit quality of the Corporate Banking Segment, which combines of Small and Medium Enterprise Portfolio, Local Corporate Portfolio, and Multinational Companies Portfolio.

Narita joined the Bank in September 2005, throughout more than 19 years of service with the Bank, she has well rounded experiences from Operations to Middle Office, and to Frontline Department. Prior that, Narita worked with World Vision International Organization, Credit Agricole Indosuez Bank, and Nestle Dairy Cambodia Co., Ltd.

Narita holds a Master of Business Administration, majoring in Finance from Charles Sturt University back in 2006. And in 2022, she was just awarded a Master of Global Trade from RMIT. She has a Bachelor degree, major in Finance & Banking from the National Institute of Management.

On top of her role with J Trust Royal Bank, Narita actively involves in various business associations and associations, to support Girls and Women, and Women in Business.



MR. SOPHY KEO

HEAD OF BUSINESS BANKING

Sophy joined the bank since 2006 and was appointed as Head of Business Banking in 2019. This is a specialized lending unit within J Trust Royal Bank; with a key objective to work more closely with our selected lending clients. Sophy leads the Business Banking Relationship Teams who actively work with our clients to meet their needs on banking solutions of both loans and deposits.

Since joining the bank in 2006, Sophy is one of our experienced bankers in the area of Lending & Payments Operations; Workflow & Automation; as well as major Project Management & Execution. He has also worked and trained in countries such as Singapore, India, Myanmar, and Laos; as part of the bank's international assignment. And prior to joining the bank, Sophy was leading the Training & Testing Department (including Special Projects) at the Australian Centre for Education (ACE).

Sophy holds a Master of Business Administration (MBA), a Bachelor of Accounting; and Bachelor of Education (TEFL).



MR. GLENN MILLER

CHIEF INFORMATION OFFICER

Glenn, originally from Melbourne Australia, joined J Trust Royal Bank in August 2019 as the Chief Information Officer. Glenn leads an enthusiastic and customer focused team of technologists and is responsible for managing all Information Technology aspects for J Trust Royal. In addition to this Glenn is also the Vice-Chair of AusCham Cambodia.

Glenn has been working as a technologist in Banking, Payments and Telecommunications for more than 30 years. Glenn has been based in Cambodia for over 18 years and has worked for 5 different companies in Cambodia in the fields of Banking, Payments processing and Telecoms.

Prior to relocating to Cambodia Glenn worked in a variety of roles across 20 years at ANZ Bank Australia and the Asia Pacific regions.



MR. SIV HORNPISETH

CHIEF HUMAN RESOURCES OFFICER

Piseth has been appointed as the Executive Committee member of J Trust Royal Bank since April 2022, bringing over 15 years of extensive experience in Human Resources Management within the banking and insurance sector. As the Chief Human Resources Officer, he is responsible for leading the Bank's HR strategy and ensuring that it aligns with the overall business objectives.

Under his leadership, the HR department has implemented numerous initiatives aimed at enhancing employee engagement and collaboration, fostering a culture of continuous learning, and driving organizational excellence. Piseth oversees a wide range of functions, including talent acquisition and development, performance management, rewards and recognition, workforce planning, and employee relations.

Piseth holds Master of Business Administration from the Norton University, and Master of Human Resources Management from the Monash University (Australia) under the Australia Awards scholarship program. He is also a certified HR professional in Human Resource Management and Industrial Relation from The Association for Overseas Technical Cooperation and Sustainable Partnership "AOTS", Japan.

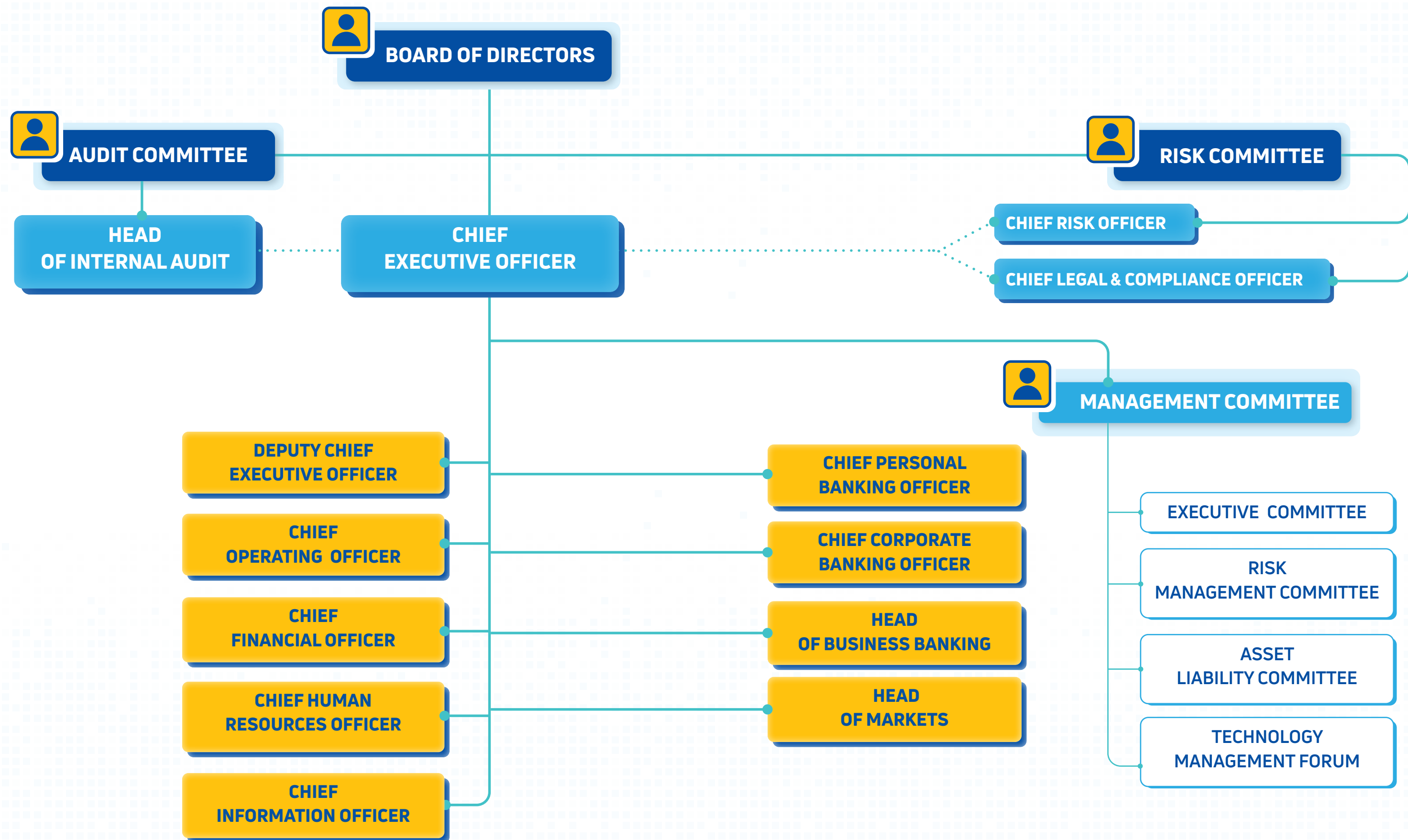
Piseth's contributions have been instrumental in shaping the HR landscape at J Trust Royal Bank. His forward-thinking approach and commitment to excellence continue to drive the bank's success and ensure that it remains an employer of choice in the industry.

J TRUST ROYAL BANK

**OFFERS QUALITY SERVICE AND
TRUST FOR ITS CUSTOMERS**



ORGANIZATIONAL CHART



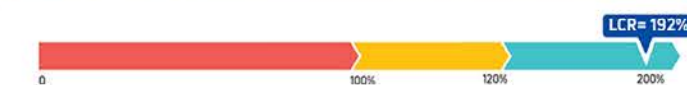
FINANCIAL PERFORMANCE HIGHLIGHT

2024 Key Performance Metrics



* Growth rate of 2024 vs 2023
 ** Productivity Indicator (figure presented in USD%) = Net Profit / Number of Employees
 *** Cost to Income Ratio = Total Operating Expenses / Total Revenues

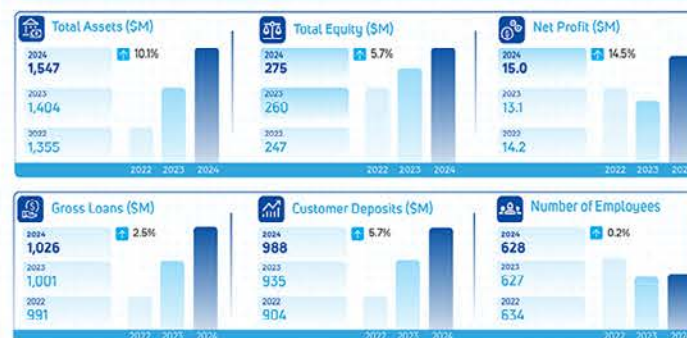
Liquidity Coverage Ratio (LCR)



"JTRB demonstrated vigilance by maintaining a robust Liquidity Coverage Ratio of 192%, significantly exceeding the regulatory requirement of 100% and showing an improvement from the 2023 ratio of 173%."

2024 Key Highlights

- Challenges**
 - Persistent challenges from geopolitical tensions and supply chain disruption.
 - Slower loan growth and rising NPL in Cambodia Banking Sector.
 - NIM compression driven by lower lending yields and higher funding costs.
 - A period marked by cautious consolidation and strategic navigation through economic uncertainties.
- Positive Developments**
 - + Stabilization of global interest rates and a gradual recovery in key sectors.
 - + Moderate growth in the balance sheet accompanied by favorable profitability.
 - + Strategic investments in new products and enhanced digital offerings to maintain a competitive edge in the market.
 - + Continued prudent management of asset quality.



Financial Performance (\$M)	2024	2023	Movement %
Net interest income	47.4	45.6	4.0%
Other operating income	5.3	6.4	-16.4%
Operating income	52.8	52.0	1.5%
Operating expenses	(34.9)	(34.8)	0.2%
Operating profit before impairment	17.9	17.2	4.2%
Impairment losses on financial instruments	(0.9)	(1.6)	-45.4%
Profit before income tax	17.0	15.6	9.3%
Income tax expense	(2.1)	(2.5)	-18.0%
Net profit for the year	15.0	13.1	14.5%

J TRUST ROYAL BANK
PRESENTS

FINANCIAL STATEMENTS

FOR THE YEAR 2024



FOR THE YEAR ENDED **31 DECEMBER 2024**
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CORPORATE INFORMATION

Bank	J Trust Royal Bank Plc.																											
Registration No.	00015704																											
Registered office	Royal Railway Building No. 10, Russian Blvd, Sangkat Srah Chak, Khan Doun Penh, Phnom Penh, Kingdom of Cambodia																											
Shareholders	J Trust Co., Ltd. Royal Group Finance Co., Ltd.																											
Board of Directors	<table><tr><td>Neak Oknha Kith Meng</td><td>Chairman</td></tr><tr><td>Mr. William Mark Hanna</td><td>Director</td></tr><tr><td>Mr. Toru Myochin</td><td>Director</td></tr><tr><td>Mr. Ryuichi Atsuta</td><td>Director</td></tr><tr><td>Mr. Simon John Perkins</td><td>Director</td></tr><tr><td>Mr. Katsuyuki Oda</td><td>Director (Appointed on 28 June 2024)</td></tr><tr><td>Mr. Akihiko Kisaka</td><td>Director (Appointed on 14 January 2025)</td></tr><tr><td>Mr. Toru Hatomoto</td><td>Director (Resigned on 31 March 2024)</td></tr><tr><td>Mr. Makoto Kurokawa</td><td>Director (Resigned on 31 December 2024)</td></tr><tr><td>Ms. Seka Hep</td><td>Independent Director</td></tr><tr><td>Mr. Paul Carey Clements</td><td>Independent Director</td></tr></table>		Neak Oknha Kith Meng	Chairman	Mr. William Mark Hanna	Director	Mr. Toru Myochin	Director	Mr. Ryuichi Atsuta	Director	Mr. Simon John Perkins	Director	Mr. Katsuyuki Oda	Director (Appointed on 28 June 2024)	Mr. Akihiko Kisaka	Director (Appointed on 14 January 2025)	Mr. Toru Hatomoto	Director (Resigned on 31 March 2024)	Mr. Makoto Kurokawa	Director (Resigned on 31 December 2024)	Ms. Seka Hep	Independent Director	Mr. Paul Carey Clements	Independent Director				
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Ms. Seka Hep	Independent Director																											
Mr. Paul Carey Clements	Independent Director																											
Management team	<table><tr><td>Mr. Toru Myochin</td><td>Chief Executive Officer</td></tr><tr><td>Ms. Makoto Kurokawa</td><td>Deputy Chief Executive Officer (Resigned on 31 December 2024)</td></tr><tr><td>Mr. Akihiko Kisaka</td><td>Deputy Chief Executive Officer (Appointed on 14 January 2025)</td></tr><tr><td>Ms. Pok Pheakdey</td><td>Chief Financial Officer</td></tr><tr><td>Ms. Kork Boren</td><td>Chief Legal & Compliance Officer</td></tr><tr><td>Mr. Sisowath Veakchiravuddh</td><td>Chief Personal Banking Officer</td></tr><tr><td>Ms. Hang Chuon Narita</td><td>Chief Corporate Banking Officer</td></tr><tr><td>Mr. Siv Hornpiseth</td><td>Chief Human Resources Officer</td></tr><tr><td>Mr. Khiev Sophina</td><td>Head of Markets</td></tr><tr><td>Mr. Keo Sophy</td><td>Head of Business Banking</td></tr><tr><td>Mr. Lor Saly</td><td>Chief Operating Officer</td></tr><tr><td>Mr. Glenn Miller</td><td>Chief Information Officer</td></tr><tr><td>Ms. Yuko Miyazaki</td><td>Chief Risk Officer</td></tr></table>		Mr. Toru Myochin	Chief Executive Officer	Ms. Makoto Kurokawa	Deputy Chief Executive Officer (Resigned on 31 December 2024)	Mr. Akihiko Kisaka	Deputy Chief Executive Officer (Appointed on 14 January 2025)	Ms. Pok Pheakdey	Chief Financial Officer	Ms. Kork Boren	Chief Legal & Compliance Officer	Mr. Sisowath Veakchiravuddh	Chief Personal Banking Officer	Ms. Hang Chuon Narita	Chief Corporate Banking Officer	Mr. Siv Hornpiseth	Chief Human Resources Officer	Mr. Khiev Sophina	Head of Markets	Mr. Keo Sophy	Head of Business Banking	Mr. Lor Saly	Chief Operating Officer	Mr. Glenn Miller	Chief Information Officer	Ms. Yuko Miyazaki	Chief Risk Officer
Mr. Toru Myochin	Chief Executive Officer																											
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Mr. Glenn Miller	Chief Information Officer																											
Ms. Yuko Miyazaki	Chief Risk Officer																											

Auditors Grant Thornton (Cambodia) Limited

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (“the Board” or “the Directors”) hereby submit their report together with the audited financial statements of J Trust Royal Bank Plc. (“the Bank”) as at and for the year ended 31 December 2024.

Principal Activities

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

There were no significant changes to these principal activities during the financial year.

Financial Results

The financial results of the Bank for the year were as follows:

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Profit before income tax	17,029,536	15,584,122	69,327,241	64,050,743
Income tax expense	(2,066,271)	(2,519,791)	(8,411,789)	(10,356,341)
Net profit for the year	14,963,265	13,064,331	60,915,452	53,694,402

Dividends

No dividend was declared or paid, and the Directors do not recommend any dividend to be paid for the year under audit.

Share Capital

There was no change in the registered and issued share capital during the year under audit.

Reserves and Provisions

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

Losses on Loans and Advances

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

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 losses on loans and advances in the financial statements of the Bank, inadequate to any material extent.

Assets

Before the financial statements of the Bank were prepared, the Directors took reasonable steps to ensure that any assets which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Bank had been written down to an amount which they are expected to be realised.

At the date of this report, the management is not aware of any circumstances, which would render the values attributed to the assets in the financial statements of the Bank misleading.

Valuation Methods

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

Contingent and Other Liabilities

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

- (a) any charge on the assets of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (b) any contingent liability in respect of the Bank that has arisen since the end of the financial year other than in the ordinary course of banking business.

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

Change of Circumstances

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

Items of Material and Unusual Nature

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

Events since the Reporting Date

At the date of this report, there have been no significant events occurring after the reporting date which would require adjustments or disclosures to be made in the financial statements.

The Board of Directors

The Directors who served during the year and at the date of this report are:

Neak Oknha Kith Meng	Chairman
Mr. William Mark Hanna	Director
Mr. Toru Myochin	Director
Mr. Ryuichi Atsuta	Director
Mr. Simon John Perkins	Director
Mr. Katsuyuki Oda	Director (Appointed on 28 June 2024)
Mr. Akihiko Kisaka	Director (Appointed on 14 January 2025)
Mr. Toru Hatomoto	Director (Resigned on 31 March 2024)
Mr. Makoto Kurokawa	Director (Resigned on 31 December 2024)
Ms. Seka Hep	Independent Director
Mr. Paul Carey Clements	Independent Director

Directors' Interests

None of the Directors held or dealt directly in the shares of the Bank during the financial year.

Directors' Benefits

During and at the end of the financial year, no arrangements existed to which the Bank is a party with the object of enabling 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.

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

Directors' Responsibility in Respect of the Financial Statements

The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting framework indicated therein. In preparing these financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) comply with CIFRS Accounting Standards or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) oversee the Bank's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- (iv) assess 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; and
- (v) control and direct effectively the Bank in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Board of Directors confirms that they have complied with the above requirements in preparing the financial statements.

Approval of the Financial Statements

We hereby approve the accompanying financial statements together with the notes thereto as set out on pages 58 to 133 which, in our opinion, present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended, in accordance with CIFRS Accounting Standards.

Signed in accordance with a resolution of the Board of Directors,



William Mark Hanna
Director



Toru Myochin
Director and Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
Date: 28 March 2025

Grant Thornton (Cambodia) Limited
20th Floor 315 Canadia Tower
Preah Ang Duong Blvd. Sangkat Wat Phnom
Phnom Penh, 120211 Cambodia

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Opinion

We have audited the financial statements of J Trust Royal Bank Plc. ("the Bank"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and cash flows for the year then ended, in accordance with CIFRS Accounting Standards as adopted by Accounting and Auditing Regulator of Cambodia, based on IFRS Accounting Standards as issued by International Accounting Standards Board and the guidelines of the National Bank of Cambodia.

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

Other Information

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

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

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

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

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

Responsibilities of the Management and the Board of Directors for the Financial Statements

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including 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.

Grant Thornton



GRANT THORNTON (CAMBODIA) LIMITED

Certified Public Accountants

Registered Auditors

Ronald C. Almera

Ronald C. Almera

Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia

28 March 2025

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		31 December		31 December	
		2024	2023	2024	2023
	Note	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
ASSETS					
Cash and cash equivalents	7	318,502,624	260,069,368	1,281,973,062	1,062,383,368
Placements with other banks	8	112,372,367	48,820,598	452,298,777	199,432,143
Statutory deposits	9	74,181,963	71,113,218	298,582,401	290,497,496
Loans and advances to customers – net	10	1,009,128,082	985,836,222	4,061,740,530	4,027,140,967
Other assets	11	11,449,431	11,868,594	46,083,960	48,483,206
Intangible assets	12	8,262,729	10,126,940	33,257,484	41,368,550
Property and equipment	13	4,070,082	6,504,541	16,382,080	26,571,050
Right-of-use assets	14	8,576,087	9,972,174	34,518,750	40,736,330
Income tax credit	21B	243,545	-	980,269	-
Total assets		1,546,786,910	1,404,311,655	6,225,817,313	5,736,613,110
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Deposits from customers	15	988,050,083	934,881,965	3,976,901,584	3,818,992,827
Deposits from other banks and financial institutions	16	266,778,270	192,584,228	1,073,782,537	786,706,571
Borrowings	17	155,689	182,616	626,648	745,986
Lease liabilities	18	9,446,651	10,644,675	38,022,770	43,483,497
Other liabilities	19	3,785,425	3,467,027	15,236,337	14,162,805
Provision for employee benefits	20	218,772	249,958	880,557	1,021,078
Current income tax liability	21B	-	719,643	-	2,939,742
Deferred tax liability– net	21A	2,905,524	894,253	11,694,734	3,653,024
Provision for off-balance sheet commitments	32	198,077	402,136	797,260	1,642,726
Total liabilities		1,271,538,491	1,144,026,501	5,117,942,427	4,673,348,256
Shareholders' equity					
Share capital	22	75,000,000	75,000,000	300,000,000	300,000,000
General reserves	23	103,000,000	101,000,000	415,688,000	407,546,000
Regulatory reserves	24	64,150,085	22,239,962	261,513,893	90,897,782
Retained earnings		33,098,334	62,045,192	132,455,260	250,297,919
Currency translation reserves		-	-	(1,782,267)	14,523,153
Total shareholders' equity		275,248,419	260,285,154	1,107,874,886	1,063,264,854
Total liabilities and shareholders' equity		1,546,786,910	1,404,311,655	6,225,817,313	5,736,613,110

The accompanying notes form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023	2024	2023
	Note	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Operating income					
Interest income	25	99,135,659	91,953,771	403,581,268	377,929,999
Interest expense	26	(51,685,789)	(46,324,340)	(210,412,847)	(190,393,037)
Net interest income		47,449,870	45,629,431	193,168,421	187,536,962
Net fee, commission and other income	27	5,314,666	6,357,051	21,636,005	26,127,480
Total operating profit		52,764,536	51,986,482	214,804,426	213,664,442
Personnel expenses	28	(19,482,785)	(18,819,030)	(79,314,418)	(77,346,213)
Depreciation and amortisation	29	(6,567,743)	(6,395,222)	(26,737,282)	(26,284,362)
General and administrative expenses	30	(8,818,711)	(9,601,276)	(35,900,972)	(39,461,244)
Total operating expenses		(34,869,239)	(34,815,528)	(141,952,672)	(143,091,819)
Operating profit before impairment		17,895,297	17,170,954	72,851,754	70,572,623
Impairment losses on financial instruments	31	(865,761)	(1,586,832)	(3,524,513)	(6,521,880)
Profit before income tax		17,029,536	15,584,122	69,327,241	64,050,743
Income tax expense	21C	(2,066,271)	(2,519,791)	(8,411,789)	(10,356,341)
Net profit for the year		14,963,265	13,064,331	60,915,452	53,694,402
Other comprehensive loss					
Currency translation difference		-	-	(16,305,420)	(8,237,676)
Total comprehensive income for the year		14,963,265	13,064,331	44,610,032	45,456,726

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Share Capital		General Reserves		Regulatory Reserves		Retained Earnings		Currency Translation Reserves		Total	
	US\$	KHR'000 (Note 6)	US\$	KHR'000 (Note 6)	US\$	KHR'000 (Note 6)	US\$	KHR'000 (Note 6)	US\$	KHR'000 (Note 6)	US\$	KHR'000 (Note 6)
2023												
At 1 January 2023	75,000,000	300,000,000	101,000,000	407,546,000	12,087,070	49,169,396	59,133,753	238,331,903	-	22,760,829	247,220,823	1,017,808,128
<i>Transactions recognised directly in equity</i>												
Transfers to regulatory reserves	-	-	-	-	10,152,892	41,728,386	(10,152,892)	(41,728,386)	-	-	-	-
Transfers to general reserves	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive income												
Net profit for the year	-	-	-	-	-	-	13,064,331	53,694,402	-	-	13,064,331	53,694,402
Currency translation difference	-	-	-	-	-	-	-	-	-	(8,237,676)	-	(8,237,676)
Total comprehensive income	-	-	-	-	-	-	13,064,331	53,694,402	-	(8,237,676)	13,064,331	45,456,726
At 31 December 2023	75,000,000	300,000,000	101,000,000	407,546,000	22,239,962	90,897,782	62,045,192	250,297,919	-	14,523,153	260,285,154	1,063,264,854
2024												
At 1 January 2024	75,000,000	300,000,000	101,000,000	407,546,000	22,239,962	90,897,782	62,045,192	250,297,919	-	14,523,153	260,285,154	1,063,264,854
<i>Transactions recognised directly in equity</i>												
Transfers to regulatory reserves	-	-	-	-	41,910,123	170,616,111	(41,910,123)	(170,616,111)	-	-	-	-
Transfers to general reserves	-	-	2,000,000	8,142,000	-	-	(2,000,000)	(8,142,000)	-	-	-	-
Comprehensive income												
Net profit for the year	-	-	-	-	-	-	14,963,265	60,915,452	-	-	14,963,265	60,915,452
Currency translation difference	-	-	-	-	-	-	-	-	-	(16,305,420)	-	(16,305,420)
Total comprehensive income	-	-	-	-	-	-	14,963,265	60,915,452	-	(16,305,420)	14,963,265	44,610,032
At 31 December 2024	75,000,000	300,000,000	103,000,000	415,688,000	64,150,085	261,513,893	33,098,334	132,455,260	-	(1,782,267)	275,248,419	1,107,874,886

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023	2024	2023
		US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Cash flows from operating activities					
Net profit for the year		14,963,265	13,064,331	60,915,452	53,694,402
<i>Adjustments for:</i>					
Depreciation and amortisation	29	6,567,743	6,395,222	26,737,282	26,284,362
Interest income	25	(99,135,659)	(91,953,771)	(403,581,268)	(377,929,999)
Interest expense	26	51,685,789	46,324,340	210,412,847	190,393,037
Income tax expense	21C	2,066,271	2,519,791	8,411,789	10,356,341
Loss on intangible assets written off		72,382	-	294,667	-
Loss on property and equipment written off and disposal		1,554	41,855	6,326	172,024
Impairment loss on financial instruments	31	865,761	1,586,832	3,524,513	6,521,880
Operating losses before changes in working capital		(22,912,894)	(22,021,400)	(93,278,392)	(90,507,953)
Net changes in working capital					
<i>Changes in:</i>					
Loans and advances to customers		(25,363,347)	(9,610,509)	(103,254,186)	(39,499,192)
Statutory deposits		(3,068,745)	2,541,714	(12,492,861)	10,446,445
Other assets		419,163	1,035,600	1,706,413	4,256,316
Deposits from customers, other banks and financial institutions		127,362,160	35,350,723	518,491,353	145,291,472
Other liabilities		287,212	(673,975)	1,169,240	(2,770,037)
Cash generated from operations		76,723,549	6,622,153	312,341,567	27,217,051
Interest received		100,290,776	91,447,540	408,283,749	375,849,389
Interest paid		(51,685,789)	(46,324,340)	(210,412,847)	(190,393,037)
Income taxes paid	21B	(1,018,188)	(2,569,119)	(4,145,043)	(10,559,079)
Net cash from operating activities		124,310,348	49,176,234	506,067,426	202,114,324

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023	2024	2023
	Note	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Cash flows from investing activities					
Placements with other banks		(63,802,233)	(20,524,193)	(259,738,891)	(84,354,433)
Purchases of intangible assets	12	(321,270)	(352,365)	(1,307,890)	(1,448,220)
Purchases of property and equipment	13	(244,825)	(2,384,654)	(996,683)	(9,800,927)
Net cash used in investing activities		(64,368,328)	(23,261,212)	(262,043,464)	(95,603,580)
Cash flows from financing activities					
Payment of lease liabilities	18	(1,578,851)	(1,463,939)	(6,427,502)	(6,016,789)
Proceeds from borrowings	17	-	200,000	-	822,000
Payment of borrowings	17	(26,927)	(17,384)	(109,620)	(71,448)
Net cash used in financing activities		(1,605,778)	(1,281,323)	(6,537,122)	(5,266,237)
Net change in cash and cash equivalents		58,336,242	24,633,699	237,486,840	101,244,507
Cash and cash equivalents at beginning of the year		260,373,939	235,740,240	1,063,627,541	970,542,568
Currency translation difference		-	-	(18,305,902)	(8,159,534)
Cash and cash equivalents at end of the year	7	318,710,181	260,373,939	1,282,808,479	1,063,627,541

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

1. REPORTING ENTITY

J Trust Royal Bank Plc. ("the Bank") is domiciled in the Kingdom of Cambodia. The Bank was originally a joint venture between Australia and New Zealand Banking Group Limited ("ANZ"), a public company incorporated in Australia, through its wholly owned subsidiary ANZ Funds Pty Ltd., with a 55% interest in the joint venture, and Royal Group Finance Co., Ltd., which has been ultimately and solely owned by a private individual in Cambodia who is also the Director of the Bank with a 45% interest in the joint venture.

In August 2019, the sale and purchase of the Bank's shares transaction including the control transfer between ANZ Funds Pty Ltd and J Trust Co., Ltd. ("JT") was completed and JT became the parent company of the Bank from 19 August 2019. The Bank also changed its official name from ANZ Royal Bank (Cambodia) Ltd. to JTrust Royal Bank Ltd. from 19 August 2019. In December 2019, the Bank amended its Memorandum and Articles of Association again and reflected the change in its name from "JTrust Royal Bank Ltd." to "J Trust Royal Bank Plc.", with approval by the National Bank of Cambodia on 10 March 2020 and endorsement by the Ministry of Commerce on 29 April 2020.

The principal activity of the Bank is the provision of comprehensive banking and related financial services in the Kingdom of Cambodia.

The registered office of the Bank is Royal Railway Building No. 10, Russian Blvd, Sangkat Srah Chak, Khan Doun Penh, Phnom Penh, Kingdom of Cambodia.

The Bank operates its business in the central city of Phnom Penh and 4 provinces with a network of 17 branches.

As at 31 December 2024, the Bank has 628 employees (2023: 627 employees).

2. BASIS OF ACCOUNTING

The financial statements of the Bank have been prepared in accordance with CIFRS Accounting Standards as adopted by Accounting and Auditing Regulator in Cambodia, based on IFRS Accounting Standards as issued by International Accounting Standards Board.

Details of the Bank's material accounting policies are included in Note 36.

The financial statements of the Bank were authorised for issue by the Board of Directors on 28 March 2025.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in US\$, which is the Bank's functional currency. All amounts have been rounded to the nearest dollar or thousand Riels, except when otherwise indicated.

The accompanying notes form an integral part of these financial statements.

4. PRESENTATION OF FINANCIAL STATEMENTS

Management presents the financial statements based on liquidity. Information about short-term and long-term of assets and liabilities are disclosed in the financial risk management section. Assets and liabilities over 12 months are considered non-current assets and non-current liabilities, respectively, in the notes to the financial statements.

5. USE OF JUDGMENTS AND ESTIMATES

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes.

- Note 36C(i): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are 'solely payment for principal and interest' ("SPPI") on the principal amount outstanding.
- Note 36C(vi): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of 'expected credit loss' ("ECL") and selection and approval of models used to measure ECL.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 36C(v): measurement of the fair value of financial instruments with significant unobservable inputs.
- Note 36C(vi): impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.
- Note 36C(vi): impairment of financial instruments: key assumptions used in estimating recoverable cash flows.

6. TRANSLATION OF UNITED STATES DOLLARS INTO KHMER RIEL

The financial statements are expressed in United States Dollar which is the Bank's functional currency. The translations of United States Dollars amount into Khmer Riel ("KHR") meets the presentation requirements pursuant to the Law on Accounting and Auditing and has been done in compliance with CIAS 21-The Effects of Changes in Foreign Exchange Rates.

Assets and liabilities are translated at the closing rate as at the reporting date. Share capital and other equity accounts are translated at the historical rate. The statements of profit or loss and other comprehensive income and cash flows are translated into KHR using the average rate for the year, which has been deemed to approximate the exchange rate at the date of transaction as exchange rates have not fluctuated significantly during the period. Exchange differences arising from the translation are recognised as "Currency translation difference" in the other comprehensive income.

The translations of USD amounts into KHR as presented in the financial statements are included solely to comply with the Law on Accounting and Auditing dated 11 April 2016 and have been made using the prescribed official exchange rate base on the following applicable exchange rate per US\$ as announced by the National Bank of Cambodia ("NBC"):

		Closing Rate	Average Rate*
31 December 2024	US\$1 =	KHR4,025	KHR4,071
31 December 2023	US\$1 =	KHR4,085	KHR4,110

*The average amounts were determined using the NBC's daily rates.

These translations should not be construed as representations that the US\$ amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.

7. CASH AND CASH EQUIVALENTS

	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Cash on hand	34,697,693	53,386,561	139,658,214	218,084,102
Bank balances with original maturity of less than 3 months:				
Bank balances with National Bank of Cambodia	128,454,994	100,636,036	517,031,351	411,098,207
Bank balances with other banks	155,557,494	106,351,342	626,118,914	434,445,232
	318,710,181	260,373,939	1,282,808,479	1,063,627,541
Less: allowance for impairment loss	(207,557)	(304,571)	(835,417)	(1,244,173)
	318,502,624	260,069,368	1,281,973,062	1,062,383,368

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

7. CASH AND CASH EQUIVALENTS (CONTINUED)

The movements of allowance for impairment loss on cash and cash equivalents during the year were as follows:

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
At 1 January	304,571	277,696	1,244,173	1,143,274
Recognised in profit or loss (Note 31)	(97,014)	26,875	(394,944)	110,456
Currency translation difference	-	-	(13,812)	(9,557)
At 31 December	207,557	304,571	835,417	1,244,173

Gross amounts of cash and cash equivalents were analysed as follows:

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
By relationship:				
Non-related parties	318,549,908	260,373,939	1,282,163,380	1,063,627,541
Related parties	160,273	-	645,099	-
	318,710,181	260,373,939	1,282,808,479	1,063,627,541

8. PLACEMENTS WITH OTHER BANKS

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
National Bank of Cambodia	6,015,784	8,311,597	24,213,531	33,952,874
Other banks	107,281,838	41,183,792	431,809,397	168,235,790
	113,297,622	49,495,389	456,022,928	202,188,664
Less: allowance for impairment loss	(925,255)	(674,791)	(3,724,151)	(2,756,521)
	112,372,367	48,820,598	452,298,777	199,432,143

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

8. PLACEMENTS WITH OTHER BANKS (CONTINUED)

The movements of allowance for impairment loss on placements with other banks during the year were as follows:

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
At 1 January	674,791	368,337	2,756,521	1,516,443
Recognised in profit or loss (Note 31)	250,464	306,454	1,019,639	1,259,526
Currency translation difference	-	-	(52,009)	(19,448)
At 31 December	925,255	674,791	3,724,151	2,756,521

Gross amounts of placements with other banks were analysed as follows:

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
A. By maturity:				
Within 1 month	48,647,144	51,315	195,804,755	209,622
> 1 to 3 months	-	28,982,775	-	118,394,636
> 3 to 6 months	19,388,490	16,400,919	78,038,672	66,997,754
> 6 to 12 months	45,261,988	4,060,380	182,179,501	16,586,652
	113,297,622	49,495,389	456,022,928	202,188,664
B. By currency:				
US Dollars	20,107,138	39,294,709	80,931,230	160,518,886
Khmer Riel	93,190,484	10,200,680	375,091,698	41,669,778
Others	-	-	-	-
	113,297,622	49,495,389	456,022,928	202,188,664
C. By interest rate (per annum):				
National Bank of Cambodia	0.50% - 1.16%			0.50% - 3.11%
Other local banks	3.60% - 7.75%			0.05% - 7.75%

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

9. STATUTORY DEPOSITS

	Note	31 December		31 December	
		2024	2023	2024	2023
		US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Statutory capital deposit	A	7,500,000	7,500,000	30,187,500	30,637,500
Reserve requirements on deposits from customers, banks and financial institutions	B	66,681,963	63,613,218	268,394,901	259,859,996
		74,181,963	71,113,218	298,582,401	290,497,496

A. Statutory capital deposit

Under the NBC's Prakas No. B7-01-136 dated 15 October 2001, the Bank is required to maintain a statutory deposit of 10% of its capital. This deposit is not available for use in the Bank's day-to-day operations and is refundable should the Bank voluntarily ceases its operations in the Kingdom of Cambodia. During the year, the statutory capital deposit earned interest at the rate of 1.30% per annum (2023: 1.26% per annum).

B. Reserve requirements on deposits from customers, banks and financial institutions and non-resident borrowings

The reserve requirement rate ("RRR") represents the minimum reserve which is calculated at 8% for KHR and 12.50% for other currencies of the total amount of deposits from customers, non-residential banks and financial institution deposits, and non-residential borrowings. Pursuant to the NBC's Prakas No. B7-018-282, the maintenance of reserve requirement both in KHR and in other currencies bear no interest effective from 20 August 2018.

On 18 March 2020, NBC issued a press release announcing the reduction of the RRR on KHR from 8% to 7%. For foreign currencies, the RRR is reduced from 12.50% to 7%, in order to mitigate the impact of the COVID -19 pandemic on Cambodia's economy. On 9 January 2023, NBC issued Prakas No. B7-023-005 announcing the increment of the RRR on foreign currencies to 9% starting from 1 January 2023 and to 12.5% starting from 1 January 2024 onwards. However, in the letter No. B7-023-2621 dated 23 November 2023 issued by NBC, the reserve requirement against deposits and borrowings in foreign currencies was changed to 7% until 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

10. LOANS AND ADVANCES TO CUSTOMERS – NET

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Term loans	544,173,660	503,490,432	2,190,298,982	2,056,758,416
Overdrafts	70,185,701	75,324,709	282,497,447	307,701,436
Housing loans	223,549,246	204,006,391	899,785,715	833,366,107
Trade finance loans	184,985,737	214,992,356	744,567,591	878,243,774
Credit cards	3,473,909	3,166,940	13,982,484	12,936,950
Loans and advances – gross	1,026,368,253	1,000,980,828	4,131,132,219	4,089,006,683
Less: allowance for Impairment loss	(17,240,171)	(15,144,606)	(69,391,689)	(61,865,716)
Loans and advances – net	1,009,128,082	985,836,222	4,061,740,530	4,027,140,967

(i) The movements of impairment loss allowance on loans and advances to customers were as follows:

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
At 1 January	15,144,606	13,913,754	61,865,716	57,282,925
Allowance for impairment loss during the year (Note 31)	2,095,565	1,227,607	8,531,045	5,045,465
Recovery for the year	-	3,245	-	13,337
Currency translation difference	-	-	(1,005,072)	(476,011)
At 31 December	17,240,171	15,144,606	69,391,689	61,865,716

(ii) Gross amounts of loans and advances to customers were analysed as follows:

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
By maturity:				
Within 1 month	48,280,555	65,327,403	194,329,234	266,862,441
> 1 to 3 months	110,419,616	108,725,664	444,438,955	444,144,337
> 3 to 6 months	177,359,159	198,113,058	713,870,615	809,291,842
> 6 to 12 months	88,907,753	87,833,450	357,853,706	358,799,643
> 1 to 3 years	103,387,047	130,385,240	416,132,864	532,623,705
> 3 to 5 years	97,424,486	112,444,131	392,133,556	459,334,277
Over 5 years	400,589,637	298,151,882	1,612,373,289	1,217,950,438
	1,026,368,253	1,000,980,828	4,131,132,219	4,089,006,683

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

10. LOANS AND ADVANCES TO CUSTOMERS – NET (CONTINUED)

(ii) Gross amounts of loans and advances to customers were analysed as follows: (continued)

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
By industry:				
Services	127,614,906	118,012,724	513,649,998	482,081,978
Wholesale and retail	246,612,248	206,974,407	992,614,298	845,490,453
Consumer items	211,141,855	226,152,429	849,845,966	923,832,672
Real estate	99,582,106	75,141,117	400,817,977	306,951,463
Construction	155,081,680	115,582,314	624,203,762	472,153,753
Food industries	62,306,562	129,521,886	250,783,912	529,096,904
Manufacturing	25,442,004	27,910,131	102,404,066	114,012,885
Staff loans	21,394,526	20,798,683	86,112,967	84,962,620
Others	77,192,366	80,887,137	310,699,273	330,423,955
	<u>1,026,368,253</u>	<u>1,000,980,828</u>	<u>4,131,132,219</u>	<u>4,089,006,683</u>

For additional analysis on the gross amount of loans and advances to customers, refer to Note 34B.

11. OTHER ASSETS

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Prepayment for staff benefits (i)	7,942,715	7,886,639	31,969,428	32,216,920
Deposits and prepayments	3,313,467	3,518,599	13,336,705	14,373,477
Derivative financial instruments (ii)	167,660	437,767	674,832	1,788,278
Others	25,589	25,589	102,995	104,531
	<u>11,449,431</u>	<u>11,868,594</u>	<u>46,083,960</u>	<u>48,483,206</u>

(i) This represents the difference between the fair value of staff loans bearing lower market rate of interest and that of same type of loans to third parties. The Bank has recorded the difference as prepayment of staff benefit and amortised them on straight-line basis over contractual term of the staff loans.

(ii) This represents currency swap agreements which the Bank entered into with other financial institutions. The Bank uses this derivative to manage its exposure to foreign currency.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

12. INTANGIBLE ASSETS

Computer software Cost

At 1 January	14,331,966	13,979,601	58,546,081	57,554,017
Addition	321,270	352,365	1,307,890	1,448,220
Written off	(127,365)	-	(518,503)	-
Currency translation difference	-	-	(868,837)	(456,156)
At 31 December	<u>14,525,871</u>	<u>14,331,966</u>	<u>58,466,631</u>	<u>58,546,081</u>

Less: accumulated amortisation

At 1 January	4,205,026	2,115,154	17,177,531	8,708,089
Amortisation	2,113,099	2,089,872	8,602,426	8,589,379
Written off	(54,983)	-	(223,836)	-
Currency translation difference	-	-	(346,974)	(119,937)
At 31 December	<u>6,263,142</u>	<u>4,205,026</u>	<u>25,209,147</u>	<u>17,177,531</u>

Carrying amounts

At 31 December	<u>8,262,729</u>	<u>10,126,940</u>	<u>33,257,484</u>	<u>41,368,550</u>
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NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

13. PROPERTY AND EQUIPMENT

2024	Computers	Furniture and equipment	Motor vehicles	Leasehold improvements	Work in progress		Total
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 6)
Cost							
At 1 January 2024	5,759,927	3,683,278	778,340	9,064,433	41,206	19,327,185	78,951,551
Additions	225,340	5,398	-	55,293	244,825	530,856	2,161,115
Transfers	-	-	-	-	(286,031)	(286,031)	(1,164,432)
Written off	(20,509)	-	-	-	-	(20,509)	(83,492)
Disposals	(5,083)	(24,857)	-	(33,424)	-	(63,364)	(257,955)
Currency translation difference	-	-	-	-	-	-	(1,167,036)
At 31 December 2024	5,959,676	3,663,819	778,340	9,086,302	-	19,488,137	78,439,751
Less: accumulated depreciation							
At 1 January 2024	4,139,613	2,329,553	649,144	5,704,334	-	12,822,644	52,380,501
Depreciation	941,042	510,794	129,196	1,096,698	-	2,677,730	10,901,039
Written off	(18,955)	-	-	-	-	(18,955)	(77,166)
Disposals	(5,083)	(24,857)	-	(33,424)	-	(63,364)	(257,955)
Currency translation difference	-	-	-	-	-	-	(888,748)
At 31 December 2024	5,056,617	2,815,490	778,340	6,767,608	-	15,418,055	62,057,671
Carrying amounts							
At 31 December 2024	903,059	848,329	-	2,318,694	-	4,070,082	16,382,080

As at 31 December 2024, fully depreciated property and equipment with an original cost of US\$9,494,986 (2023: US\$6,778,349) are still in active use. The disposal and written off amounts included the fully depreciated property and equipment with costs amounting to US\$211,237 (2023: US\$2,271,402).

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

13. PROPERTY AND EQUIPMENT (CONTINUED)

2023	Computers	Furniture and equipment	Motor vehicles	Leasehold improvements	Work in progress		Total
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 6)
Cost							
At 1 January 2023	5,386,158	3,115,522	778,340	8,158,694	1,775,216	19,213,930	79,103,750
Additions	550,455	710,991	-	2,857,220	2,734,461	6,853,127	28,166,352
Transfers	-	-	-	-	(4,468,471)	(4,468,471)	(18,365,416)
Reclassification	-	(6,347)	-	6,347	-	-	-
Written off	(18,077)	(16,513)	-	(99,869)	-	(134,459)	(552,626)
Disposals	(158,608)	(120,376)	-	(1,857,958)	-	(2,136,942)	(8,782,832)
Currency translation difference	-	-	-	-	-	-	(617,677)
At 31 December 2023	5,759,927	3,683,278	778,340	9,064,433	41,206	19,327,185	78,951,551
Less: accumulated depreciation							
At 1 January 2023	3,377,963	1,914,282	494,024	6,636,995	-	12,423,265	51,146,582
Depreciation	935,028	549,434	155,120	989,343	-	2,628,925	10,804,882
Reclassification	-	(1,031)	-	1,031	-	-	-
Written off	(14,770)	(12,762)	-	(65,077)	-	(92,609)	(380,623)
Disposals	(158,608)	(120,371)	-	(1,857,958)	-	(2,136,937)	(8,782,811)
Currency translation difference	-	-	-	-	-	-	(407,529)
At 31 December 2023	4,139,613	2,329,553	649,144	5,704,334	-	12,822,644	52,380,501
Carrying amounts							
At 31 December 2023	1,620,314	1,353,725	129,196	3,360,099	41,206	6,504,541	26,571,050

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

14. RIGHT-OF-USE ASSETS

Information about the Bank's leases is disclosed within this note and Note 18.

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Right-of-use assets	8,576,087	9,972,174	34,518,750	40,736,330

The Bank leases the building and branch offices it uses for its operations. Information about leases for which the Bank is a lessee is disclosed below.

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Right-of-use assets				
At 1 January	9,972,174	8,337,793	40,736,330	34,326,694
Additions	380,827	3,551,360	1,550,347	14,596,090
Terminations	-	(240,554)	-	(988,677)
Depreciation for the year	(1,776,914)	(1,676,425)	(7,233,817)	(6,890,107)
Currency translation difference	-	-	(534,110)	(307,670)
At 31 December	8,576,087	9,972,174	34,518,750	40,736,330

15. DEPOSITS FROM CUSTOMERS

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Current accounts (*)	307,784,110	278,645,839	1,238,831,043	1,138,268,252
Saving deposits	134,680,763	107,819,929	542,090,071	440,444,410
Fixed deposits	545,585,210	548,416,197	2,195,980,470	2,240,280,165
	988,050,083	934,881,965	3,976,901,584	3,818,992,827

(*) Include margin deposits which are interest free and are encumbered for trade line and guarantee granted to customers.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

15. DEPOSITS FROM CUSTOMERS (CONTINUED)

Deposits from customers were analysed as follows:

A. By maturity:

Within 1 month
> 1 to 3 months
> 3 to 6 months
> 6 to 12 months
1 to 3 years
3 to 5 years

B. By customer type:

Corporations
Individuals
Others

C. By residency status:

Residents
Non-residents

D. By relationship:

Non-related parties
Related parties

E. By interest rate (per annum):

Current accounts
Saving accounts
Fixed deposits

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Within 1 month	492,738,064	440,545,363	1,983,270,708	1,799,627,808
> 1 to 3 months	141,641,730	170,800,082	570,107,963	697,718,335
> 3 to 6 months	115,297,086	140,808,261	464,070,771	575,201,746
> 6 to 12 months	208,681,080	156,309,608	839,941,347	638,524,749
1 to 3 years	9,824,873	11,360,741	39,545,114	46,408,627
3 to 5 years	19,867,250	15,057,910	79,965,681	61,511,562
	988,050,083	934,881,965	3,976,901,584	3,818,992,827
Corporations	360,130,818	328,635,553	1,449,526,542	1,342,476,234
Individuals	625,521,625	604,019,972	2,517,724,541	2,467,421,586
Others	2,397,640	2,226,440	9,650,501	9,095,007
	988,050,083	934,881,965	3,976,901,584	3,818,992,827
Residents	986,397,462	933,472,169	3,970,249,784	3,813,233,810
Non-residents	1,652,621	1,409,796	6,651,800	5,759,017
	988,050,083	934,881,965	3,976,901,584	3,818,992,827
Non-related parties	937,814,902	888,243,685	3,774,704,980	3,628,475,453
Related parties	50,235,181	46,638,280	202,196,604	190,517,374
	988,050,083	934,881,965	3,976,901,584	3,818,992,827

	2024	2023
Current accounts	0.00% - 4.55%	0.00% - 3.50%
Saving accounts	0.00% - 5.00%	0.00% - 5.00%
Fixed deposits	0.00% - 8.00%	0.00% - 8.20%

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

16. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
<i>Through customers'</i>				
Current accounts	16,410,699	23,104,702	66,053,063	94,382,707
Saving accounts	104,116	2,887	419,067	11,793
Fixed deposits	64,355,713	88,083,995	259,031,745	359,823,120
	80,870,528	111,191,584	325,503,875	454,217,620
<i>Through NBCs' accounts:</i>				
Fixed deposits	185,907,742	81,392,644	748,278,662	332,488,951
	266,778,270	192,584,228	1,073,782,537	786,706,571

Deposits from other banks and financial institutions were analysed as follows:

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
A. By maturity:				
Within 1 month	57,926,817	47,260,645	233,155,438	193,059,734
> 1 to 3 months	76,681,397	36,727,677	308,642,623	150,032,561
> 3 to 6 months	49,056,565	52,402,660	197,452,674	214,064,866
> 6 to 12 months	73,844,980	45,501,301	297,226,045	185,872,815
1 to 3 years	9,268,511	10,691,945	37,305,757	43,676,595
	266,778,270	192,584,228	1,073,782,537	786,706,571
B. By residency status:				
Residents	266,777,963	192,583,229	1,073,781,301	786,702,490
Non-residents	307	999	1,236	4,081
	266,778,270	192,584,228	1,073,782,537	786,706,571
C. By relationship:				
Non-related parties	207,442,823	135,386,114	834,957,363	553,052,275
Related parties	59,335,447	57,198,114	238,825,174	233,654,296
	266,778,270	192,584,228	1,073,782,537	786,706,571

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

16. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS (CONTINUED)

	2024	2023
D. By interest rate (per annum):		
Current accounts	0.00% - 2.00%	0.00% - 2.00%
Saving accounts	0.80%	0.80%
Fixed deposits	0.00% - 7.20%	0.00% - 8.00%

17. BORROWINGS

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
At 1 January	182,616	-	745,986	-
Proceeds received	-	200,000	-	822,000
Payment during the year	(26,927)	(17,384)	(109,620)	(71,448)
Currency translation difference	-	-	(9,718)	(4,566)
At 31 December	155,689	182,616	626,648	745,986

The borrowing is an unsecured facility bearing interest of 2.5% per annum with constant monthly repayment of US\$2,598 inclusive of principal and interest until its maturity by April 2030.

18. LEASE LIABILITIES

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Present value of lease liabilities				
Current	1,816,813	1,731,969	7,312,672	7,075,093
Non-current	7,629,838	8,912,706	30,710,098	36,408,404
	9,446,651	10,644,675	38,022,770	43,483,497
Maturity analysis – contractual undiscounted cash flows				
Less than one year	11,867	-	47,764	-
One to five years	4,491,280	5,585,687	18,077,400	22,817,531
More than five years	7,036,964	7,662,306	28,323,779	31,300,520
Total undiscounted lease liabilities	11,540,110	13,247,993	46,448,943	54,118,051

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

18. LEASE LIABILITIES (CONTINUED)

The movements of lease liabilities during the year were as follows:

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
At 1 January	10,644,675	8,797,807	43,483,497	36,220,571
Additions	380,827	3,551,360	1,550,347	14,596,090
Interest expense	554,335	572,859	2,256,698	2,354,450
Termination	-	(240,553)	-	(988,673)
Payments	(2,133,186)	(2,036,798)	(8,684,200)	(8,371,239)
Currency translation difference	-	-	(583,572)	(327,702)
At 31 December	9,446,651	10,644,675	38,022,770	43,483,497

Amounts recognised in profit or loss:

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Interest expense on lease liabilities	554,335	572,859	2,256,698	2,354,450
Expenses relating to leases of short-term and low-value assets (Note 30)	357,291	391,087	1,454,532	1,607,368
	911,626	963,946	3,711,230	3,961,818

Amounts recognised in the statement of cash flows:

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Total cash outflow for leases	1,578,851	1,463,939	6,427,502	6,016,789

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

19. OTHER LIABILITIES

	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Employee entitlements	1,731,332	1,559,333	6,968,611	6,369,875
Accrued expenses	351,193	549,329	1,413,552	2,244,009
Banker's cheques	372,746	436,189	1,500,303	1,781,832
Other tax payable	744,908	830,491	2,998,255	3,392,556
Others	585,246	91,685	2,355,616	374,533
	3,785,425	3,467,027	15,236,337	14,162,805

20. PROVISION FOR EMPLOYEE BENEFITS

This represents the provision of the backpay seniority indemnity payment, which is circulated at a maximum of six-month wages (depending on the length of service the employee has served) to the employee who has seniority before 2019 as required by Prakas No. 443 issued by the Ministry of Labor and Vocational Training on 21 September 2018, and subsequently amended by Instruction No. 042/19 dated 22 March 2019 on the postponed payment of backpay seniority indemnity. Following the instruction, the bank initiated the first backpay seniority indemnity payment in June 2022, with subsequent payments occurring in June and December of each year thereafter.

21. INCOME TAX

A. Deferred tax liabilities

	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Deferred tax assets	6,440,432	3,072,088	25,922,739	12,549,479
Deferred tax liabilities	(9,345,956)	(3,966,341)	(37,617,473)	(16,202,503)
Deferred tax liabilities– net	(2,905,524)	(894,253)	(11,694,734)	(3,653,024)

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

21. INCOME TAX (CONTINUED)

A. Deferred tax liabilities (continued)

Net deferred tax liabilities are attributable to the following:

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Depreciation and amortisation	954,537	509,653	3,842,011	2,081,933
Right-of-use assets	(1,715,217)	(1,994,435)	(6,903,748)	(8,147,267)
Lease liabilities	1,889,330	2,128,935	7,604,553	8,696,699
Impairment loss allowance on financial instruments and off-balance sheet commitment	(7,598,444)	(1,884,361)	(30,583,737)	(7,697,615)
Others	3,564,270	345,955	14,346,187	1,413,226
	(2,905,524)	(894,253)	(11,694,734)	(3,653,024)

The movements of deferred tax during the year are as follows:

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
At 1 January	(894,253)	809,270	(3,653,024)	3,331,765
Recognised in profit or loss	(2,011,271)	(1,703,523)	(8,187,884)	(7,001,480)
Currency translation difference	-	-	146,174	16,691
At 31 December	(2,905,524)	(894,253)	(11,694,734)	(3,653,024)

B. Current income (credit)/liability

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
At 1 January	719,643	2,472,494	2,939,742	10,179,258
Current tax expense	-	967,083	-	3,974,711
Income tax paid	(1,018,188)	(2,569,119)	(4,145,043)	(10,559,079)
Others	55,000	(150,815)	223,905	(619,850)
Currency translation difference	-	-	1,127	(35,298)
At 31 December	(243,545)	719,643	(980,269)	2,939,742

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

21. INCOME TAX (CONTINUED)

C. Income tax expense

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Current tax and others	55,000	816,268	223,905	3,354,861
Deferred tax	2,011,271	1,703,523	8,187,884	7,001,480
	2,066,271	2,519,791	8,411,789	10,356,341

The reconciliation of income tax computed at the statutory tax rate of 20% of taxable income shown in profit or loss follows:

	2024		2023	
	US\$	KHR'000 (Note 6)	US\$	KHR'000 (Note 6)
Profit before income tax	17,029,536	69,327,241	15,584,122	64,050,743
Income tax using statutory rate at 20%	3,405,907	13,865,447	3,116,824	12,810,147
Non-deductible expenses and others	(1,339,636)	(5,453,658)	(597,033)	(2,453,806)
Income tax expense	2,066,271	8,411,789	2,519,791	10,356,341

The calculation of taxable income is subject to the final review and approval of the tax authorities.

22. SHARE CAPITAL

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Shares with par value of US\$100 per share:				
Issued and fully paid - 750,000 shares	75,000,000	75,000,000	300,000,000	300,000,000

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

22. SHARE CAPITAL (CONTINUED)

There were no changes in shareholders and shareholding structure during the year. As at reporting date, the shareholding structure is as follows:

	Registered, issued and fully paid					
	As at 31 December 2024			As at 31 December 2023		
	Number of shares	Amount US\$	%	Number of shares	Amount US\$	%
Royal Group Finance Co., Ltd	337,500	33,750,000	45	337,500	33,750,000	45
J Trust Co. Ltd.	412,500	41,250,000	55	412,500	41,250,000	55
	750,000	75,000,000	100	750,000	75,000,000	100

23. GENERAL RESERVES

During the year, the Bank transferred its retained earnings amounting to US\$2,000,000 (2023: Nil) to general reserves with approval from NBC on 06 June 2024.

24. REGULATORY RESERVES

Regulatory reserves represent the variance of impairment loss allowance in accordance with CIFRS Accounting Standards and the regulatory provision in accordance with the NBC as per Article 73 of NBC's Prakas No. B7-017-344 dated 1 December 2017.

During the year, the Bank transferred from retained earnings to regulatory reserves the amount of US\$ 41,910,123 (2023: US\$10,152,892).

25. INTEREST INCOME

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Loans and advances to customers	82,756,474	83,126,789	336,901,605	341,651,103
Placements with other banks	16,276,849	8,578,412	66,263,053	35,257,273
Placements with NBC	102,336	248,570	416,610	1,021,623
	99,135,659	91,953,771	403,581,268	377,929,999

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

26. INTEREST EXPENSE

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Fixed deposits	36,578,430	35,852,769	148,910,789	147,354,881
Savings deposits	2,214,895	1,926,364	9,016,838	7,917,356
Current deposits	3,055,801	2,042,028	12,440,166	8,392,735
Deposits from banks and financial institutions	9,263,179	5,926,894	37,710,400	24,359,534
Borrowings	19,149	3,426	77,956	14,081
Lease liabilities	554,335	572,859	2,256,698	2,354,450
	51,685,789	46,324,340	210,412,847	190,393,037

27. NET FEE, COMMISSION AND OTHER INCOME

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Trade and payment income	3,332,171	3,686,532	13,565,268	15,151,647
Lending fees	1,208,657	1,140,409	4,920,442	4,687,080
Other fees	988,014	798,513	4,022,205	3,281,888
	5,528,842	5,625,454	22,507,915	23,120,615
Fee and commission expense	(171,030)	(210,038)	(696,263)	(863,256)
Bank charges	(1,131,113)	(1,529,003)	(4,604,761)	(6,284,202)
	(1,302,143)	(1,739,041)	(5,301,024)	(7,147,458)
Net fee and commission income	4,226,699	3,886,413	17,206,891	15,973,157
Foreign exchange earnings	1,087,967	2,470,638	4,429,114	10,154,323
	5,314,666	6,357,051	21,636,005	26,127,480

28. PERSONNEL EXPENSES

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Salaries and wages	14,392,599	14,165,396	58,592,271	58,219,778
Performance reward scheme	1,695,466	1,526,752	6,902,242	6,274,951
Seniority expense	896,911	821,721	3,651,325	3,377,273
Pension fund	573,152	560,888	2,333,302	2,305,250
Others	1,924,657	1,744,273	7,835,278	7,168,961
	19,482,785	18,819,030	79,314,418	77,346,213

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

29. DEPRECIATION AND AMORTISATION

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Amortisation of intangible assets (Note 12)	2,113,099	2,089,872	8,602,426	8,589,374
Depreciation on property and equipment (Note 13)	2,677,730	2,628,925	10,901,039	10,804,878
Depreciation on right-of-use assets (Note 14)	1,776,914	1,676,425	7,233,817	6,890,110
	6,567,743	6,395,222	26,737,282	26,284,362

30. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Computer related expenses	3,664,811	3,837,330	14,919,446	15,771,426
Utilities and other outgoings	566,323	580,219	2,305,501	2,384,700
License and memberships fee	540,578	483,994	2,200,693	1,989,215
Withholding tax & VAT	474,063	784,491	1,929,910	3,224,258
Security expenses	428,523	475,011	1,744,517	1,952,295
Data communication	370,334	532,671	1,507,630	2,189,278
Sub-total	6,044,632	6,693,716	24,607,697	27,511,172
Lease expense of low-value assets and short-term leases (Note 18)	357,291	391,087	1,454,532	1,607,368
Advertising	312,965	310,686	1,274,081	1,276,919
Professional fees	199,834	356,838	813,524	1,466,604
Travel expense	137,811	111,424	561,029	457,953
Postage and stationeries	101,841	102,311	414,595	420,498
Loss on property and equipment	73,935	41,851	300,989	172,008
Freight and cartage	72,107	80,788	293,548	332,039
Telephone	45,028	51,589	183,309	212,031
Non-lending losses, frauds and forgeries	7,088	26	28,855	107
Others	1,466,179	1,460,960	5,968,813	6,004,545
Sub-total	2,774,079	2,907,560	11,293,275	11,950,072
Total	8,818,711	9,601,276	35,900,972	39,461,244

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

31. IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Loans and advances to customers (Note 10)	2,095,565	1,227,607	8,531,045	5,045,465
Cash and cash equivalents (Note 7)	(97,014)	26,875	(394,944)	110,456
Placements with other banks (Note 8)	250,464	306,454	1,019,639	1,259,526
Off-balance sheet commitments (Note 32A)	(204,059)	25,896	(830,724)	106,433
Unwinding of Discount on Loan Stage 3	(1,179,195)	-	(4,800,503)	-
	865,761	1,586,832	3,524,513	6,521,880

32. COMMITMENTS AND CONTINGENCIES

A. Operations

In the normal course of business, the Bank makes various commitments and incurs certain contingencies with legal recourse to its customers. No material losses are anticipated from these transactions, which consist of:

	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Bank guarantees	14,104,311	21,832,946	56,769,852	89,187,584
Letters of credit	43,992,429	31,887,079	177,069,527	130,258,718
Unused portion of loans and advances	97,294,065	79,150,180	391,608,612	323,328,485
Foreign exchange commitments	11,255,757	49,457,535	45,304,422	202,034,030
	166,646,562	182,327,740	670,752,413	744,808,817

The impairment loss allowance for off-balance sheet commitments following the National Bank of Cambodia's Prakas No. B7-017-344 and Circular No. B7-018-001 Sor Ror Chor Nor on credit risk classification and provision on impairment for banks as stated in Note 34B(iv) and its movements were analysed as follows:

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
At 1 January	402,136	376,240	1,642,726	1,548,980
(Reversal)/ additional allowance for impairment loss	(204,059)	25,896	(830,724)	106,433
Currency translation difference	-	-	(14,742)	(12,687)
At 31 December	198,077	402,136	797,260	1,642,726

32. COMMITMENTS AND CONTINGENCIES (CONTINUED)**B. Lease commitments**

The Bank has operating lease commitments in respect of low-value assets and short-term leases of ATM space and house rentals as follows:

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Within 1 year	653,958	806,511	2,632,181	3,294,597
2 to 3 years	85,398	555,545	343,727	2,269,401
4 to 5 years	-	-	-	-
Over 5 years	-	-	-	-
	<u>739,356</u>	<u>1,362,056</u>	<u>2,975,908</u>	<u>5,563,998</u>

C. Tax contingencies

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. The application of tax laws and regulations to many types of transactions are susceptible to varying interpretations.

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.

On 30 November 2021, the General Department of Taxation ("GDT") issued a Notice of Tax Reassessment ("NoTR") to the Bank to pay reassessed taxes of KHR19,327,498,202 (approximately US\$4,831,875) for the fiscal year 2019. The Bank has engaged a tax advisor to help on this matter and filed a protest letter to GDT on 20 December 2021. On 18 January 2024, the GDT has issued the amendment of NoTR with the total reassessed taxes of KHR915,604,017 (approximately USD224,964), and the Bank has settled the tax payment in January 2024.

The Bank received two notification letters to conduct Comprehensive Tax Audit from the GDT on the 26 April 2022 for the year 2020 and 2021; and another one on the 18 December 2023 for the year 2022. As at the date of this report, the two notice of tax reassessments No. 6568 dated 27 December 2024 and No. 0389 dated 16 January 2025 were issued with zero tax reassessment for 2022 and 2020 and 2021 respectively.

The Bank's management has performed self-assessments for the year 2020, 2021, 2023 and 2024, and made provisions of US\$300,059, US\$575,725, US\$402,200 and USD287,000, respectively.

33. RELATED PARTIES**A. Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Bank if the Bank has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Bank has related party relationships with its parent, substantial shareholders, associates and key management personnel.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly. The key management personnel include all the Directors of the Bank, and certain senior management members of the Bank.

Key management have banking relationships with the Bank entities which are entered into in the normal course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with other persons of a similar standing or, where applicable, with other employees. These transactions did not involve more than the normal risk of repayment or present other unfavourable features.

B. Transactions with related parties

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
<i>Interest income:</i>				
Related entities	225,784	947,543	919,167	3,894,402
Key management personnel	123,847	123,457	504,181	507,408
	<u>349,631</u>	<u>1,071,000</u>	<u>1,423,348</u>	<u>4,401,810</u>
<i>Interest expense:</i>				
Shareholders	968	656	3,941	2,696
Related entities	3,013,736	3,438,054	12,268,919	14,130,402
Key management personnel	1,448,151	1,337,304	5,895,423	5,496,319
	<u>4,462,855</u>	<u>4,776,014</u>	<u>18,168,283</u>	<u>19,629,417</u>
<i>Rental expense:</i>				
Shareholders	273,336	253,335	1,112,751	1,041,207
Related entities	430,217	430,451	1,751,413	1,769,154
	<u>703,553</u>	<u>683,786</u>	<u>2,864,164</u>	<u>2,810,361</u>

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

33. RELATED PARTIES (CONTINUED)

C. Compensation of directors and key management

	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
Salary and short-term benefits	2,138,800	2,424,900	8,707,055	9,966,339
Board of Directors' fees	24,000	24,000	97,704	98,640
	2,162,800	2,448,900	8,804,759	10,064,979

D. Balances with related parties

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
<i>Deposit from related parties:</i>				
Shareholders (*)	297,539	287,194	1,197,594	1,173,187
Related parties (**)	73,494,698	71,580,859	295,816,159	292,407,809
Key management personnel (**)	35,778,392	31,968,341	144,008,028	130,590,673
	109,570,629	103,836,394	441,021,781	424,171,669

(*) This presents deposits from shareholders bear interest rates ranging from 0.00% to 0.25% per annum (2023: from 0.00% to 0.25% per annum) depending on the terms and currency of the deposits.

(**) Deposits from related entities and key management of the Bank bear interest rates ranging from 0.00% to 7.00% per annum (2023: from 0.00% to 7.00% per annum) depending on the terms and currency of the deposits.

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
<i>Deposit with related parties:</i>				
Related entities	160,273	645,099	-	-

This represents the nostro account held with related financial institution for settlement purpose.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

33. RELATED PARTIES (CONTINUED)

D. Balances with related parties (continued)

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
<i>Loans and advances to related parties:</i>				
Related entities	2,466,508	10,833,377	9,927,695	44,254,345
Key management personnel	2,977,298	3,423,007	11,983,624	13,982,984
	5,443,806	14,256,384	21,911,319	58,237,329

Loans and advances are provided to related entities and key management of the Bank with contractual interest rate ranging from 3.75% to 14.94% per annum (2023: from 3.25% to 14.94% per annum).

34. FINANCIAL RISK MANAGEMENT

A. Introduction and overview

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

- credit risk;
- market risk;
- liquidity risk; and
- operational risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies, and processes for measuring and managing risk, and the Bank's capital management.

Risk management functional and governance structure

The Bank's Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established the Bank Asset and Liability Management Committee ("ALCO"), which is responsible for the oversight and strategic management of Bank's balance sheet, activities including balance sheet structure, liquidity, funding, capital management, non-traded interest rate risk and non-traded foreign exchange risks.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)**A. Introduction and overview (continued)*****Risk management functional and governance structure (continued)***

The Bank's Audit Committee is established by the Board of Directors to provide independent oversight of the Bank's internal and external audit functions, internal control system, financial reporting and to ensure checks and balances within the Bank. The purpose of the Committee is to assist the Board in its review of:

- a) the work of Bank's internal audit and oversight of external audit activity;
- b) Bank's financial reporting principles and policies, controls, and procedures; and
- c) the integrity of Bank's financial statements and the independent audit thereof.

B. Credit risk

Credit risk is the risk of financial loss to the Bank, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's loans and advances to customers and placements with other banks, and other assets.

For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure – e.g., individual obligor default risk, sector risk, geographical risk, product risk, business risk, etc.

Credit risk is the potential loss of revenue and principal losses arising mainly from loans and advances and loan commitments as a result of default by the borrowers or counterparties through its lending activities.

(i). Management of credit risk

The Board of Directors created the Risk Management Committee ("RMC") for oversight and presides over Credit, Operational & Compliance and Market Risk and will be appraised of key risk related issues affecting the businesses, including but not limited to the following.

- Endorsing credit and market risk appetite, risk metrics and tolerances for relevant metrics. Monitoring credit and markets risk metrics within the approved risk tolerances regularly in line with reporting frequency.
- Performing a delegation power of Credit Approval Discretion ("CAD") to qualified individual to effectively decide on credit related matters. The credit approval authority of authorised individuals (CAD holder) is set in the delegation letters signed by the RMC Chair. CAD holders must be responsible in exercising the assigned CAD and only be allowed to exercise such CAD within the Bank's risk appetite. Credit discretions are reviewed on an annual basis and may be varied based on the CAD holder's performance. Additionally, RMC to review the lending facilities which were approved beyond the delegated CAD.
- Providing advice, guidance, and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)**B. Credit risk (continued)*****(i). Management of credit risk (continued)***

- Reviewing compliance of business units with agreed limits, including those for selected sectors, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Risk Management Committee, which may require appropriate corrective action to be taken. These include reports containing estimates of ECL allowances.
- Reviewing Risk Models and their performance and stress testing results where applicable. Approving remediation/action plans in relation to breaches of risk tolerances and reporting significant risk issues to the Board of Directors. Identifying and providing early warnings on potential threats/risks to the stability of the Bank's performance and instigating necessary actions to protect the Bank from these threats/risks in both short term and long term.
- Providing a robust risk framework covering all operational risks, governance and compliance issues, policies and processes within the Bank, so that it is able to support the Bank's strategy. Investigating and reviewing policy breaches of Credit, Operational, Compliance, and Market Risk and approving remediation actions.
- Reviewing issues raised by the internal audit and regulator and monitoring remediation actions to ensure prompt closure.
- Overseeing and endorsing the development, implementation, and continuous refinement of the Bank's ECL measurement framework, includes:
 - Initial establishing and validating the methodologies, models, and assumptions used for ECL estimation, including continuous model recalibration to ensure accuracy, reliability, and in compliance with the standard requirements and industry best practices.
 - Defining, monitoring, and assessing the criteria for determining a significant increase in credit risk (SICR) to ensure the timely and appropriate classification of exposures across different impairment stages.
 - Incorporating forward-looking information into the ECL model by integrating macroeconomic indicators, and other relevant risk factors.
 - Enhancing data governance and reporting to ensure the integrity, consistency, and reliability of information used in the ECL estimation process.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

(ii). Concentration of risk

- The Bank operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia. The Bank manages limits and controls concentration of credit risk to avoid over-concentration in any one sector and to take corrective action should it become necessary. Maximum concentration to a single industry will be determined and adjusted from time to time and in accordance with local and global socio-economic circumstances.
- The following table presents the Bank's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For on-balance sheet assets, the exposure to credit risk equals their carrying amount. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the instruments issued are called upon.

Type of credit exposure

	Maximum credit exposure	Maximum credit exposure	Fully subject to collateral/credit enhancement	Partially subject to collateral/ credit enhancement	Unsecured and not subject to collateral/ credit enhancement
	US\$	KHR'000 (Note 6)	%	%	%
31 December 2024					
On balance sheet items					
Cash and cash equivalents – gross	318,710,181	1,282,808,479	-	-	100%
Placement with other banks – gross	113,297,622	456,022,928	-	-	100%
Loans and advances to customers - gross	1,026,368,253	4,131,132,219	93%	-	7%
Other assets	193,249	777,827	-	-	100%
Total	1,458,569,305	5,870,741,453			
Off-balance sheet items					
Contingent liabilities	58,096,740	233,839,379	100%	-	
Commitments	739,356	2,975,908	-	-	100%
Total	58,836,096	236,815,287			
31 December 2023					
On balance sheet items					
Cash and cash equivalents – gross	260,373,939	1,063,627,541	-	-	100%
Placement with other banks – gross	49,495,389	202,188,664	-	-	100%
Loans and advances to customers - gross	1,000,980,828	4,089,006,683	95%	-	5%
Other assets	463,356	1,892,809	-	-	100%
Total	1,311,313,512	5,356,715,697			
Off-balance sheet items					
Contingent liabilities	53,720,025	219,446,302	100%	-	
Commitments	1,362,056	5,563,998	-	-	100%
Total	55,082,081	225,010,300			

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

(ii). Concentration of risk (continued)

Concentration risk by industrial segments

31 December 2024

	Cash equivalents in banks – gross	Placements with other banks – gross	Loans and advances to customers - gross	Other assets	Total
	US\$	US\$	US\$	US\$	US\$
Financial institutions	318,710,181	113,297,622	97,280,108	-	529,287,911
Corporate business loans	-	-	695,733,696	-	695,733,696
Retail business loans	-	-	229,880,540	-	229,880,540
Credit cards	-	-	3,473,909	-	3,473,909
Others	-	-	-	193,249	193,249
Total	318,710,181	113,297,622	1,026,368,253	193,249	1,458,569,305
Total (KHR'000 – Note 6)	1,282,808,479	456,022,928	4,131,132,219	777,827	5,870,741,453

31 December 2023

	Cash equivalents in banks – gross	Placements with other banks – gross	Loans and advances to customers - gross	Other assets	Total
	US\$	US\$	US\$	US\$	US\$
Financial institutions	260,373,939	49,495,389	106,581,198	-	416,450,526
Corporate business loans	-	-	682,687,115	-	682,687,115
Retail business loans	-	-	208,545,575	-	208,545,575
Credit cards	-	-	3,166,940	-	3,166,940
Others	-	-	-	463,356	463,356
Total	260,373,939	49,495,389	1,000,980,828	463,356	1,311,313,512
Total (KHR'000 – Note 6)	1,063,627,541	202,188,664	4,089,006,683	1,892,809	5,356,715,697

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

(ii). Concentration of risk (continued)

Concentration risk by residency and relationship, large-exposures and restructure for loans and advances:

	31 December		31 December	
	2024	2023	2024	2023
	US\$	US\$	KHR'000 (Note 6)	KHR'000 (Note 6)
By residency status:				
Residents	1,026,368,253	1,000,980,828	4,131,132,219	4,089,006,683
By relationship:				
Related parties	5,443,806	14,256,384	21,911,319	58,237,329
Non-related parties	1,020,924,447	986,724,444	4,109,220,900	4,030,769,354
	1,026,368,253	1,000,980,828	4,131,132,219	4,089,006,683
By exposure:				
Large exposures (*)	332,991,471	230,075,072	1,340,290,671	939,856,669
Non-large exposures	693,376,782	770,905,756	2,790,841,548	3,149,150,014
	1,026,368,253	1,000,980,828	4,131,132,219	4,089,006,683
By concession:				
Restructured (**)	47,593,220	26,726,916	191,562,711	109,179,452
Non-restructured	978,775,033	974,253,912	3,939,569,508	3,979,827,231
	1,026,368,253	1,000,980,828	4,131,132,219	4,089,006,683

(*) A “large exposure” is defined under the NBC’s Prakas as the overall gross exposure of one single beneficiary, which exceeds 10% of the Bank’s net worth. The exposure is the higher of the outstanding loans or commitments and the authorised loans or commitments.

(**) A “restructured loan” is a loan that original contractual terms have been modified to provide for concessions for the borrowers for reasons related to temporary financial difficulties.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)**B. Credit risk (continued)****(iii). Collateral**

Whilst the Bank's maximum exposure to credit risk is the carrying amount of the assets or, in the case of off-balance sheet instruments, the amount guaranteed, committed, accepted, or endorsed, the likely exposure may be lower due to offsetting collateral, credit guarantees, and other actions taken to mitigate the Bank's exposure.

The description of collateral for each class of financial asset is set out below.

Cash and cash equivalents, balances with NBC, placement with banks, and other assets

Collateral is generally not sought for these assets.

Loans and advances to customers, contingent liabilities, and commitments

Certain loans and advances to customers, as well as contingent liabilities and commitments, are typically secured by a substantial degree of collateral. The primary forms of collateral include, but are not limited to, immovable assets such as lands and buildings, cash deposits, other movable assets, and guarantees. Notwithstanding the presence of collateral, financial assets remain subject to impairment assessment and the recognition of loss allowances under the Expected Credit Loss (ECL).

The table below summarises the Bank's security coverage of its financial assets:

	Collateral/credit enhancement				Unsecured credit exposure	Total	
	Properties	Floating assets	Fixed deposits	Others			
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 6)
31 December 2024							
Loans and advances to customers - gross	925,536,207	-	26,747,477	-	74,084,569	1,026,368,253	4,131,132,219
Contingent liabilities	52,400,715	-	5,696,025	-	-	58,096,740	233,839,379
Commitments	-	-	-	-	739,356	739,356	2,975,908
Others	-	-	-	-	193,249	193,249	777,826
	<u>977,936,922</u>	<u>-</u>	<u>32,443,502</u>	<u>-</u>	<u>75,017,174</u>	<u>1,085,397,598</u>	<u>4,368,725,332</u>
31 December 2023							
Loans and advances to customers - gross	885,762,007	-	57,224,977	-	57,993,844	1,000,980,828	4,089,006,683
Contingent liabilities	39,475,350	-	14,244,675	-	-	53,720,025	219,446,302
Commitments	-	-	-	-	1,362,056	1,362,056	5,563,999
Others	-	-	-	-	463,356	463,356	1,892,808
	<u>925,237,357</u>	<u>-</u>	<u>71,469,652</u>	<u>-</u>	<u>59,819,256</u>	<u>1,056,526,265</u>	<u>4,315,909,792</u>

34. FINANCIAL RISK MANAGEMENT (CONTINUED)**B. Credit risk (continued)****(iv). Credit quality of gross loans and advances to customers**

On 29 August 2024, the NBC issued a new Circular, No. B7-024-001 on the Loan Restructuring, which aims to alleviate customer repayment burdens and stimulate economic growth through increase cashflow in the economy. The NBC allowed banks to provide the loan restructuring to their customer two times between 29 August 2024 until 31 December 2025 without reclassification of credit risk grading and without recording additional provisions.

Pursuant to the NBC Prakas B7.017.344 Prokor Credit Risk Grading and Impairment Provisioning, it has defined each credit grading according to its credit quality as follows:

Normal

Outstanding facility is repaid on a timely manner and is not in doubt for the future repayment. Repayment is steadily made according with the contractual terms and the facility does not exhibit any potential weakness in repayment capability, business, cash flow and financial position of the borrower.

Special mention

A facility in this class is currently protected and may not be past due but it exhibits potential weaknesses that may adversely affect repayment of the borrower at the future date, if not corrected in a timely manner, and close attention by the bank.

Weaknesses include but are not limited to a declining trend in the business operations of the borrower or in its financial position, and adverse economic and market conditions that all might affect its profitability and its future repayment capacity, or deteriorating conditions on the collateral. This class has clearly its own rational and should not be used as a compromise between Normal and Substandard.

Substandard

A facility ranked in this class exhibits noticeable weakness and is not adequately protected by the current business or financial position and repayment capacity of the borrower. In essence, the primary source of repayment is not sufficient to service the debt, not taking into account the income from secondary sources such as the realization of the collateral.

Factors leading to a substandard classification include:

- Inability of the counterparty to meet the contractual repayments' terms,
- Unfavourable economic and market conditions that would adversely affect the business and profitability of the borrower in the future,
- Weakened financial condition and/or inability of the borrower to generate enough cash flow to service the payments,
- Difficulties experienced by the borrower in repaying other facilities granted by the bank or by other institutions when the information is available, and
- Breach of financial covenants by the borrower.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

(iv). Credit quality of gross loans and advances to customers (continued)

Doubtful

A facility classified in this category exhibits more severe weaknesses than one classified Substandard such that its full collection on the basis of existing facts, conditions or collateral value is highly questionable or improbable. The prospect of loss is high, even if the exact amount remains undetermined for now.

Loss

A facility is classified loss when it is not collectable, and little or nothing can be done to recover the outstanding amount from the borrower.

Recognition of ECL

ECL is an estimate of losses that the Bank expects will result from a credit event, such as a payment default. The bank is required to recognize a loss allowance or provision to each individual account at an amount equal to either a 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk ("SICR") since initial recognition.

In evaluating whether there has been a significant increase in credit risk associated with a financial instrument since its initial recognition, the Bank conducts a thorough evaluation between the likelihood of default on the financial instrument at the reporting date, considering its remaining maturity, and the anticipated default risk done at the time of initial recognition. This assessment involves qualitative or non-statistical quantitative assessments or mixture of both that are deemed reasonable, supportable, and its availability without undue cost or effort. It depends on the Bank's historical data and credit assessments, which include forward-looking information.

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

3-Stage approach	Stage 1 Performing	Stage 2 Underperforming	Stage 3 Nonperforming
Recognition of expected credit losses	12 months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit impaired assets
Basic of calculation of profit revenue	On gross carrying amount	On gross carrying amount	On net carrying amount

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

(iv). Credit quality of gross loans and advances to customers (continued)

Recognition of ECL (continued)

For the staging criteria applied to each stage for the purpose of ECL computation, the bank applies day past due ("DPD") information, NBC credit risk grading, and internal customer credit rating ("CCR") which calculated by using qualitative and quantitative criteria. These criteria are difference depending on the business sector, nature of the exposure, type of product and segment of the borrower.

Short-term facilities (original term of one year or less)

Stage	Credit Risk Status	NBC Class / CCR	DPD	Default Indicator
1	No significant increase in credit risk	Normal / 6 or better	$0 \leq \text{DPD} \leq 14$	Performing
2	Credit risk increased significantly	Special Mention / 7, 8=, 8+	$15 \leq \text{DPD} \leq 30$	Underperforming
3	Credit impaired assets	Substandard / 8-	$31 \leq \text{DPD} \leq 60$	Nonperforming
		Doubtful / 9	$61 \leq \text{DPD} \leq 90$	
		Loss / 10	$\text{DPD} \geq 91$	

Long-term facilities (original term more than one year)

Stage	Credit Risk Status	NBC Class / CCR	DPD	Default Indicator
1	No significant increase in credit risk	Normal / 6 or better	$0 \leq \text{DPD} < 30$	Performing
2	Credit risk increased significantly	Special Mention / 7, 8=, 8+	$30 \leq \text{DPD} < 90$	Underperforming
3	Credit impaired assets	Substandard / 8-	$90 \leq \text{DPD} < 180$	Nonperforming
		Doubtful / 9	$180 \leq \text{DPD} < 360$	
		Loss / 10	$\text{DPD} \geq 360$	

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

(iv). Credit quality of gross loans and advances to customers (continued)

Recognition of ECL (continued)

The table below summarises the credit quality of the Bank's gross financing according to the above classifications.

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
Loans and advances to customers at amortised cost				
Normal	934,107,605	-	-	934,107,605
Special Mention	-	15,536,554	-	15,536,554
Substandard	-	-	1,205,217	1,205,217
Doubtful	-	-	13,888,072	13,888,072
Loss	-	-	61,630,805	61,630,805
	934,107,605	15,536,554	76,724,094	1,026,368,253
Less: impairment loss allowance	(2,659,025)	(2,015,153)	(12,565,993)	(17,240,171)
Carrying amount (US\$)	931,448,580	13,521,401	64,158,101	1,009,128,082
Carrying amount (KHR'000 – Note 6)	3,749,080,535	54,423,639	258,236,357	4,061,740,530

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
Loans and advances to customers at amortised cost				
Normal	895,837,995	-	-	895,837,995
Special Mention	-	38,762,307	-	38,762,307
Substandard	-	-	44,338,999	44,338,999
Doubtful	-	-	1,765,999	1,765,999
Loss	-	-	20,275,528	20,275,528
	895,837,995	38,762,307	66,380,526	1,000,980,828
Less: impairment loss allowance	(2,668,481)	(2,330,683)	(10,145,442)	(15,144,606)
Carrying amount (US\$)	893,169,514	36,431,624	56,235,084	985,836,222
Carrying amount (KHR'000 – Note 6)	3,648,597,465	148,823,184	229,720,318	4,027,140,967

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

(iv). Credit quality of gross loans and advances to customers (continued)

Probability of Default ("PD")

The PD is defined as an estimate of the likelihood that a customer will be unable to meet its debt obligation or default over a particular time horizon, usually in the course of one year. The estimation of ECL requires a 12-month PD and lifetime PD. PD modelling approach is using Month-in-Arrear ("MIA") Migration Matrix Analysis for long term facilities and Average Observed Default Rate Analysis for short-term facility.

Loss Given Default ("LGD")

The LGD is defined as the percentage of exposure the bank might lose in case the borrower defaults. These losses are usually shown as a percentage of Exposure at Default ("EAD"), and depend, amongst others, on the type and amount of collateral as well as the type of borrower and the expected proceeds from the workout of the assets. The bank is using the loss recoveries approach to derive the LGD.

Modification of financial assets

The Bank engages in loan renegotiations with customers facing short-term financial difficulties, with the primary goal of optimizing collections while mitigating default risks. Loan restructuring is extended to customers who, despite making reasonable payment efforts under the original terms, face a high risk of default or have already defaulted, yet are expected to adhere to revised terms. The bank supports these customers by offering various loan restructuring options, including grace periods, full moratoriums, and revised facility terms such as maturity extensions, as well as deferred interest or principal repayments, all in strict compliance with NBC regulations. As part of this assessment, the bank monitors the borrower's payment performance under the revised contractual terms and evaluates various behavioural indicators to determine the effectiveness of the modification.

Even though a small portion of the bank's loan portfolio has been restructured, most of these restructured customers still indicate positive business prospects for the bank and are still able to service their regular principal and/or interest payments. Those customers demonstrate consistently good payment behaviour over a certain period of time before the exposure is no longer considered to be in Stage 2/Stage 3, and such an allowance reverts to Stage 1 gradually according to the policy.

Incorporation of forward-looking information

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

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

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

(iv). Credit quality of gross loans and advances to customers (continued)

Incorporation of forward-looking information (continued)

The bank used the macroeconomic historical data in order to forecast the probability of default. A direct linear regression analysis is used to determine which MEVs are predictive of the portfolio PD/LGD over time and how to weigh the MEVs against each other in the model. A variety of variable selection methods are used in the Direct Regression process to eliminate non-predictive MEVs non-predictive MEVs.

The portfolio-level 12-month Observed Default Rate ("ODR") is calculated on a quarterly basis using the snapshot months March, June, September, and December. The "good" or nondefault financing at each snapshot month is tracked for the next 12 months to determine whether they go "bad" or in default.

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.

(v). Amounts arising from ECL

Impairment loss allowance

The following tables show reconciliation from the opening to the closing balance of the impairment loss allowance by class of financial instrument.

	2024			
	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
Loans and advances to customers at amortised cost				
Balance at 1 January	2,668,481	2,330,683	10,145,442	15,144,606
- Transfer to Stage 1	278,001	(278,001)	-	-
- Transfer to Stage 2	(87,757)	157,264	(69,507)	-
- Transfer to Stage 3	(65,928)	(628,292)	694,220	-
Net remeasurement of loss allowance	(288,135)	658,778	2,577,561	2,948,204
New financial assets originated	756,849	696,936	1,593,312	3,047,097
Financial assets that been derecognised	(602,486)	(922,215)	(2,375,035)	(3,899,736)
Balance at 31 December (US\$)	2,659,025	2,015,153	12,565,993	17,240,171
Balance at 31 December (KHR'000 – Note 6)	10,702,576	8,110,991	50,578,122	69,391,689

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

v). Amounts arising from ECL (continued)

Impairment loss allowance (continued)

	2023			
	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
Loans and advances to customers at amortised cost				
Balance at 1 January	1,930,309	3,863,914	8,119,531	13,913,754
- Transfer to Stage 1	43,746	(43,746)	-	-
- Transfer to Stage 2	(77,182)	146,725	(69,543)	-
- Transfer to Stage 3	(58,023)	(1,037,663)	1,095,686	-
Net remeasurement of loss allowance	324,093	772,378	(1,495,161)	(398,690)
New financial assets originated	941,755	1,247,743	3,177,288	5,366,786
Financial assets that been derecognised	(436,217)	(2,618,668)	(682,359)	(3,737,244)
Balance at 31 December (US\$)	2,668,481	2,330,683	10,145,442	15,144,606
Balance at 31 December (KHR'000 – Note 6)	10,900,745	9,520,840	41,444,131	61,865,716

Significant Changes in Gross Carrying Amount Affecting Allowance for ECL

The table below provides information how the significant changes in the gross carrying amount of financial instruments in 2024 and 2023 contributed to the changes in the allowance for ECL.

	2024			
	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
Loans and advances to customers at amortised cost				
Balance at 1 January	895,837,997	38,762,306	66,380,525	1,000,980,828
- Transfer to Stage 1	2,612,312	(2,612,312)	-	-
- Transfer to Stage 2	(5,040,187)	5,108,563	(68,376)	-
- Transfer to Stage 3	(678,696)	(12,834,088)	13,512,784	-
New financial assets originated	497,048,300	15,170	(760,947)	496,302,523
Derecognition of financial assets	(455,672,119)	(12,903,086)	(2,339,893)	(470,915,098)
Balance at 31 December (US\$)	934,107,605	15,536,554	76,724,094	1,026,368,253
Balance at 31 December (KHR'000 – Note 6)	3,759,783,110	62,534,630	308,814,479	4,131,132,219

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

B. Credit risk (continued)

v). Amounts arising from ECL (continued)

Significant Changes in Gross Carrying Amount Affecting Allowance for ECL (continued)

	2023			Total
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	
Loans and advances to customers at amortised cost				
Balance at 1 January	910,339,587	59,863,193	20,658,063	990,860,843
- Transfer to Stage 1	666,135	(666,135)	-	-
- Transfer to Stage 2	(10,508,683)	10,944,553	(435,870)	-
- Transfer to Stage 3	(10,045,157)	(16,702,077)	26,747,234	-
New financial assets originated	445,667,978	28,159,388	22,462,475	496,289,841
Derecognition of financial assets	(440,281,865)	(42,836,615)	(3,051,376)	(486,169,856)
Balance at 31 December (US\$)	895,837,995	38,762,307	66,380,526	1,000,980,828
Balance at 31 December (KHR'000 – Note 6)	3,659,498,210	158,344,024	271,164,449	4,089,006,683

C. Market risk

Market risk is the risk that changes in market prices – e.g., interest rates, foreign exchange rates and equity prices – will affect the bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i). 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 and cost of funds. The potential reduction in net interest income from an unfavourable interest rate movement is regularly monitored against the risk tolerance limits set.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

C. Market risk (continued)

(i). Interest rate risk (continued)

The table below summarises the Bank's exposure to interest rate risk. The table indicates the periods in which the financial instruments reprice or mature, whichever is earlier.

As at 31 December 2024	Up to 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 1 to 5 years	Over 5 years	Non-interest bearing	Total	Interest rate
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	%
Financial assets									
Cash and cash equivalents – gross	155,557,494	-	-	-	-	-	163,152,687	318,710,181	2.93%
Placements with other banks – gross	48,647,144	-	19,388,490	45,261,988	-	-	-	113,297,622	3.90%
Loans and advances to customers – gross	48,280,555	110,419,616	177,359,159	88,907,753	200,811,533	400,589,637	-	1,026,368,253	11.14%
Other assets	-	-	-	-	-	-	193,249	193,249	-
	252,485,193	110,419,616	196,747,649	134,169,741	200,811,533	400,589,637	163,345,936	1,458,569,305	
Financial liabilities									
Deposits from customers	492,738,064	141,641,730	115,297,086	208,681,080	29,692,123	-	-	988,050,083	2.93%
Deposits from banks and financial institutions	57,926,817	76,681,397	49,056,565	73,844,980	9,268,511	-	-	266,778,270	1.67%
Borrowings	-	-	-	-	-	155,689	-	155,689	2.50%
Lease liabilities	142,524	263,824	412,290	998,175	4,628,138	3,001,700	-	9,446,651	5.50%
Other liabilities	-	-	-	-	-	-	4,004,197	4,004,197	-
	550,807,405	218,586,951	164,765,941	283,524,235	43,588,772	3,157,389	4,004,197	1,268,434,890	
Interest sensitivity gap	(298,322,212)	(108,167,335)	31,981,708	(149,354,494)	157,222,761	397,432,248	159,341,739	190,134,415	
KHR'000 equivalents - Note 6	(1,200,746,903)	(435,373,523)	128,726,375	(601,151,838)	632,821,613	1,599,664,798	641,350,499	765,291,020	

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

C. Market risk (continued)

(i). Interest rate risk (continued)

The table below summarises the Bank's exposure to interest rate risks which includes assets and liabilities at their carrying amounts.

As at 31 December 2023	Up to 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 1 to 5 years	Over 5 years	Non-interest bearing	Total	Interest rate
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	%
Financial assets									
Cash and cash equivalents – gross	106,351,342	-	-	-	-	-	154,022,597	260,373,939	3.25%
Placements with other banks – gross	51,315	28,982,775	16,400,919	4,060,380	-	-	-	49,495,389	3.90%
Loans and advances to customers – gross	65,327,403	108,725,664	198,113,058	87,833,450	242,829,371	298,151,882	-	1,000,980,828	11.14%
Other assets	-	-	-	-	-	-	463,356	463,356	-
	171,730,060	137,708,439	214,513,977	91,893,830	242,829,371	298,151,882	154,485,953	1,311,313,512	
Financial liabilities									
Deposits from customers	440,545,363	170,800,082	140,808,261	156,309,608	26,418,651	-	-	934,881,965	2.78%
Deposits from banks and financial institutions	47,260,645	36,727,677	52,402,660	45,501,301	10,691,945	-	-	192,584,228	1.80%
Borrowings	-	-	-	-	-	182,616	-	182,616	2.50%
Lease liabilities	135,368	252,588	393,315	950,698	5,398,547	3,514,159	-	10,644,675	5.50%
Other liabilities	-	-	-	-	-	-	3,716,985	3,716,985	-
	487,941,376	207,780,347	193,604,236	202,761,607	42,509,143	3,696,775	3,716,985	1,142,010,469	
Interest sensitivity gap	(316,211,316)	(70,071,908)	20,909,741	(110,867,777)	200,320,228	294,455,107	150,768,968	169,303,043	
KHR'000 equivalents - Note 6	(1,291,723,226)	(286,243,744)	85,416,292	(452,894,869)	818,308,131	1,202,849,112	615,891,234	691,602,931	

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

C. Market risk (continued)

(i). Interest rate risk (continued)

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

31 December 2024

Variable rate instruments

KHR'000 – Note 6

31 December 2023

Variable rate instruments

KHR'000 – Note 6

Profit or loss		Equity	
100 bp Increase	100 bp Decrease	100 bp Increase	100 bp Decrease
US\$	US\$	US\$	US\$
3,693,894	(3,693,894)	3,693,894	(3,693,894)
14,867,923	(14,867,923)	14,867,923	(14,867,923)
3,504,935	(3,504,935)	3,504,935	(3,504,935)
14,317,659	(14,317,659)	14,317,659	(14,317,659)

(ii). Foreign currency exchange risk

Foreign currency exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Bank has no material exposures to foreign currency exchange risk as it transacts essentially in US Dollars.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

C. Market risk (continued)

(ii). Foreign currency exchange risk (continued)

Concentration of currency risk

The amounts of financial assets and liabilities, by currency denomination, are as follows:

31 December 2024

Denomination			
US\$ equivalents			
US\$	KHR	Others	Total
283,493,740	31,560,589	3,655,852	318,710,181
20,107,138	93,190,484	-	113,297,622
916,144,197	110,224,056	-	1,026,368,253
193,249	-	-	193,249
<u>1,219,938,324</u>	<u>234,975,129</u>	<u>3,655,852</u>	<u>1,458,569,305</u>
917,831,302	68,474,621	1,744,160	988,050,083
174,651,922	92,115,274	11,074	266,778,270
155,689	-	-	155,689
9,446,651	-	-	9,446,651
4,004,197	-	-	4,004,197
<u>1,106,089,761</u>	<u>160,589,895</u>	<u>1,755,234</u>	<u>1,268,434,890</u>
<u>113,848,563</u>	<u>74,385,234</u>	<u>1,900,618</u>	<u>190,134,415</u>
458,240,466	299,400,567	7,649,987	765,291,020

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

C. Market risk (continued)

(ii). Foreign currency exchange risk (continued)

Concentration of currency risk (continued)

The amounts of financial assets and liabilities, by currency denomination, are as follows:

31 December 2023

31 December 2023	Denomination			
	US\$ equivalents			
	US\$	KHR	Others	Total
Financial assets				
Cash equivalents in banks – gross	225,683,718	32,676,597	2,013,624	260,373,939
Placement with other banks – gross	39,294,709	10,200,680	-	49,495,389
Loans and advances to customers - gross	884,216,507	116,764,321	-	1,000,980,828
Other assets	463,356			463,356
	<u>1,149,658,290</u>	<u>159,641,598</u>	<u>2,013,624</u>	<u>1,311,313,512</u>
Financial liabilities				
Deposits from customers	879,229,482	54,597,866	1,054,617	934,881,965
Deposits from banks and financial institutions	127,608,622	64,964,545	11,061	192,584,228
Borrowings	182,616	-	-	182,616
Lease liability	10,644,675	-	-	10,644,675
Other liabilities	3,716,985	-	-	3,716,985
	<u>1,021,382,380</u>	<u>119,562,411</u>	<u>1,065,678</u>	<u>1,142,010,469</u>
Net asset position	<u>128,275,910</u>	<u>40,079,187</u>	<u>947,946</u>	<u>169,303,043</u>
KHR'000 – Note 6	524,007,092	163,723,479	3,872,359	691,602,931

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK MANAGEMENT (CONTINUED)**D. Liquidity risk**

‘Liquidity risk’ is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Bank’s operations and investments.

Management of liquidity risk

The Bank manages its liquidity through its Asset Liability Management Committee which is responsible for establishing the liquidity policy as well as monitoring liquidity on an ongoing basis. A Minimum Liquid Asset requirement has been established to ensure that the ratio of liquid assets to qualifying liabilities is subject to a minimum threshold at all times.

The table below summarises the Bank’s liabilities based on remaining contractual maturities. The expected cash flows of these assets and liabilities could vary significantly from what is shown in the table. For example, deposits from customers are not all expected to be withdrawn immediately.

As at 31 December 2024	Up to 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 1 to 5 years	Over 5 years	Non-interest bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Financial liabilities								
Deposits from customers	492,738,064	141,641,730	115,297,086	208,681,080	29,692,123	-	-	988,050,083
Deposits from banks and financial institutions	57,926,817	76,681,397	49,056,565	73,844,980	9,268,511	-	-	266,778,270
Borrowings	-	-	-	-	-	155,689	-	155,689
Lease liabilities	142,524	263,824	412,290	998,175	4,628,138	3,001,700	-	9,446,651
Other liabilities	-	-	-	-	-	-	4,004,197	4,004,197
	550,807,405	218,586,951	164,765,941	283,524,235	43,588,772	3,157,389	4,004,197	1,268,434,890
(KHR'000 equivalents – Note 6)	2,216,999,805	879,812,478	663,182,913	1,141,185,046	175,444,807	12,708,491	16,116,893	5,105,450,432

As at 31 December 2023	Up to 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 1 to 5 years	Over 5 years	Non-interest bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Financial liabilities								
Deposits from customers	440,545,363	170,800,082	140,808,261	156,309,608	26,418,651	-	-	934,881,965
Deposits from banks and financial institutions	47,260,645	36,727,677	52,402,660	45,501,301	10,691,945	-	-	192,584,228
Borrowings	-	-	-	-	-	182,616	-	182,616
Lease liabilities	135,368	252,588	393,315	950,698	5,398,547	3,514,159	-	10,644,675
Other liabilities	-	-	-	-	-	-	3,716,985	3,716,985
	487,941,376	207,780,347	193,604,236	202,761,607	42,509,143	3,696,775	3,716,985	1,142,010,469
(KHR'000 equivalents – Note 6)	1,993,240,521	848,782,717	790,873,304	828,281,165	173,649,849	15,101,326	15,183,884	4,665,112,766

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK MANAGEMENT (CONTINUED)**E. Operational risk**

The operational risk is the risk of losses arising from inadequate or failed internal processes, people or systems or from external factors. This risk is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and oversight provided by the senior Management. This includes legal, compliance, accounting and fraud risk.

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 parameters controls, streaming procedures and documentation ensuring compliance with regulatory and legal requirements. These are reviewed continually to address the operational risks of its banking business.

F. Capital management**(i). Regulatory capital**

The Bank’s objectives when managing capital, which is a broader concept than the “equity” on the face of the statement of financial position, are:

- To comply with the capital requirements set by the NBC;
- To safeguard the Bank’s ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of the business.

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 recognised and the Bank recognised the need to maintain a balance between the higher returns that might be possible with greater gearing and advantages and security afforded by a sound capital position.

The above regulated capital is calculated in accordance with the guidance issued by the NBC which may be different in some material aspects compared to generally accepted principles applied by financial institutions in other jurisdiction. The above regulated capital information is therefore not intended for users who are not informed about the guidance issued by the NBC.

(ii). Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation 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.

35. 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.

The fair value of the Bank's financial instruments such as cash and short-term funds, 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 fair values are based on the following methodologies and assumptions:

Balances with other banks

Balance with other banks include non-interest bearing current accounts and savings deposits. The fair value of placements with other financial institutions approximates the carrying amount.

Financing, loans and advances and others

The fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of financing with similar credit risks and maturities.

Deposits from banks, other financial institutions and customers

The fair values of deposits payable on demand (current and savings accounts), or deposits with remaining maturity of less than one year are estimated to approximate their carrying amounts. The fair values of deposits with remaining maturity of more than one year are estimated based on discounted cash flows using prevailing market rates for similar deposits from banks and customers.

35. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)***Fair value hierarchy***

CIFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Bank's market assumptions. The fair value hierarchy is as follows:

- Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

The Bank's financial assets and liability are not measured at fair value. As verifiable market prices are not available, market prices are not available for a significant proportion of the Bank's financial assets and liabilities, the fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the management, the carrying amounts of the financial assets and liabilities included in the statement of financial position are a reasonable estimation of their fair values.

36. MATERIAL ACCOUNTING POLICIES

The Bank has consistently applied the following material accounting policies to all periods presented in these financial statements, unless otherwise indicated.

A. Basis of measurement

The financial statements have been prepared on a historical cost basis.

B. Foreign currency

Transactions in foreign currencies are translated into the functional currency at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**C. Financial assets and financial liabilities****(i). Classification****Financial assets**

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

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

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

All other financial assets are classified as measured at FVTPL

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

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**C. Financial assets and financial liabilities (continued)****(i). Classification (continued)****Business model assessment**

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

Assessment of whether contractual cash flows are solely payments of principal and interest ("SPPI")

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

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

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**C. Financial assets and financial liabilities (continued)****(i). Classification (continued)****Assessment of whether contractual cash flows are solely payments of principal and interest ("SPPI") (continued)**

In making the assessment, the Bank considers:

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

Non-recourse loans

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

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;

The Bank typically considers the following when making this judgement:

- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Bank's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Bank will benefit from any upside from the underlying assets.

Reclassifications

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

Financial liabilities

Financial liabilities are generally classified as other financial liabilities and measured at amortised cost unless they meet the criteria for 'fair value through profit or loss'.

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**C. Financial assets and financial liabilities (continued)****(ii). Derecognition****Financial assets**

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

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

Financial liabilities

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

(iii). Modifications of financial assets and financial liabilities**Financial assets**

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

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

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

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

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**C. Financial assets and financial liabilities (continued)****(iii). Modifications of financial assets and financial liabilities (continued)****Financial assets (continued)**

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

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

Financial liabilities

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

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

Interest rate benchmark reform

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Bank updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e., the basis immediately before the change.

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**C. Financial assets and financial liabilities (continued)****(iii). Modifications of financial assets and financial liabilities (continued)****Interest rate benchmark reform (continued)**

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Bank first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Bank applies the policies on accounting for modifications set out above to the additional changes.

(iv). Offsetting

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

(v). Fair value measurement

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

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

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

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

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

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**C. Financial assets and financial liabilities (continued)****(v). Fair value measurement (continued)**

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

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

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

(vi). Impairment

The Bank recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

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

No impairment loss is recognised on equity investments.

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

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

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

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

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

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**C. Financial assets and financial liabilities (continued)****(vi). Impairment (continued)**

In evaluating whether there has been a significant increase in credit risk associated with a financial instrument since its initial recognition, the Bank conducts a thorough evaluation between the likelihood of default on the financial instrument at the reporting date, considering its remaining maturity, and the anticipated default risk done at the time of initial recognition. This assessment involves both quantitative and qualitative factors that are deemed reasonable, supportable, and its availability without undue cost or effort. It depends on the Bank's historical data and credit assessments, which include forward-looking information.

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

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

Determining whether credit risk has increased significantly

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

The Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 14 days (short-term facilities) and 29 days (long-term facilities) past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

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

Definition of default

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

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- the borrower is more than 30 days past due for short-term facilities or more than 89 days past due for long-term facilities on any material obligation to the Bank; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**C. Financial assets and financial liabilities (continued)****(vi). Impairment (continued)****Measurement of ECL**

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive.
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

When discounting future cash flows, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired ("POCI") financial assets and lease receivables: the original effective interest rate or an approximation thereof;
- undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and
- financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Inputs, assumptions and techniques used for estimating impairment

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

- Probability of default ("PD");
- Loss given default ("LGD"); and
- Exposure at default ("EAD").

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

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**C. Financial assets and financial liabilities (continued)****(vi). Impairment (continued)****Inputs, assumptions and techniques used for estimating impairment (continued)**

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

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

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Restructured financial assets

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

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

Credit-impaired financial assets

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

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**C. Financial assets and financial liabilities (continued)****(vi). Impairment (continued)****Credit-impaired financial assets (continued)**

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

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

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 30 days for short-term facilities or 89 days for long-term facilities is considered credit-impaired even when the regulatory definition of default is different.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position for financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets.

Write-off

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

Recoveries of amounts previously written off are included in 'Impairment losses on financial instruments' in the statement of profit or loss and OCI.

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

D. General reserves and regulatory reserves

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

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**D. General reserves and regulatory reserves (continued)**

Regulatory reserves are set up for the variance of provision between loan impairment in accordance with CIFRS Accounting Standards and regulatory provision in accordance with National Bank of Cambodia's Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions. In accordance with Article 73, the entity shall compare the provision calculated in accordance with Article 49 to 71 and the provision calculated in accordance with Article 72, and record:

- In case that the regulatory provision calculated in accordance with Article 72 is lower than the provision calculated in accordance with Articles 49 to 71, the entity records the provision calculated in accordance with CIFRS Accounting Standards; and,
- In case that the regulatory provision calculated in accordance with Article 72 is higher than provision calculated in accordance with Articles 49 to 71, the entity records the provision calculated in accordance with CIFRS Accounting Standards and transfers the difference from retained earnings or accumulated loss account into regulatory reserve in shareholders' equity of the statement of the financial position.

The regulatory reserves are not an item to be included in the calculation of the Bank's net worth.

E. Placements with other banks

Placements with other banks are carried at amortised cost using the effective interest rate method in the statement of financial position.

F. Statutory deposits

Statutory deposits included in balances with the NBC are maintained in compliance with the Cambodian Law on Banking and Financial Institutions and are determined by the defined percentage of the minimum share capital and the customers' deposits as required by the NBC.

G. Loans and advances

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

H. Other assets

Other assets are carried at amortised cost using the effective interest rate method in the statement of financial position.

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)

I. Property and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property and equipment.

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

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

(ii) Subsequent costs

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

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

(iii). Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line over the estimated useful lives of each component of an item of property and equipment. Work in progress is not depreciated until such time as the items are completed and put into operational use.

Depreciation is recognised from the date that the property and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)

I. Property and equipment (continued)

(iii). Depreciation (continued)

The estimated useful lives for the current period are as follows:

	Years
Computers	3 to 5
Furniture and equipment	3 to 8
Motor vehicles	5
Leasehold improvements*	5 to 8

(*) Leasehold improvements are depreciated over the improvements’ useful life of 5 to 8 years or the term of the relevant lease, whichever is shorter.

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

J. Intangible assets

Intangible assets comprise of software including costs incurred in acquiring and building software, which is not integral to the operation of hardware, and is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Software costs are amortised on a straight-line basis over the expected useful lives from 5 to 7 years.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalised.

K. 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

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**K. Leases (continued)**

- 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.

This policy is applied to contracts entered into, or changed, on or after 1 January 2018.

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

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

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**K. Leases (continued)****Leases in which the Bank is a lessee (continued)**

The estimated useful lives for the current period are as follows:

- Building and office branches 3 to 15 years

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

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

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

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

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.

Short-term leases and leases of low-value assets

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

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**L. Provisions**

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

M. Interest***Effective interest rate (EIR)***

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

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

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

The calculation of the EIR includes transaction costs and fees paid or received. A contractual interest rate is used in replacement of the EIR when management assesses that transaction costs and fees are not an integral part of the EIR and that the impact is not material to the financial statements. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

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

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

Calculation of interest income and expense

The EIR 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 EIR is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The EIR 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 EIR is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**M. Interest (continued)*****Calculation of interest income and expense (continued)***

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

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

Presentation

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

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

N. Fee and commission

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

Other fee and commission income are recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in 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.

O. Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

36. MATERIAL ACCOUNTING POLICIES (CONTINUED)**O. Impairment of non-financial assets (continued)**

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

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

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

P. Contingent liabilities

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

Q. Contingent assets

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

37. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS**A. New standard and amendments adopted as at 1 January 2024**

The Bank adopted the following accounting standards and interpretations as at 31 December 2024 which are mandatorily effective beginning on or after 1 January 2024:

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

These new and revised accounting standards and interpretations that have been published by the IASB and adapted by the Accounting and Auditing Regulator ("ACAR") were assessed to have no material impact on the Bank's financial statements. Management understands that certain accounting policies are not required to be disclosed under the amended CIAS 1. However, Management also believes that all accounting policies disclosed in Note 36 are important for a better understanding of the users of the financial statements.

B. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Bank

The standards and interpretations that are issued, but not yet effective, are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

- Lack of Exchangeability (Amendments to CIAS 21), (effective starting 1 January 2025)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to CIFRS 9 and 7), (effective starting 1 January 2026)
- CIFRS 18 'Presentation and Disclosure in Financial Statements', (effective starting 1 January 2027)
- CIFRS 19 'Subsidiaries without Public Accountability: Disclosures', (effective starting 1 January 2027)

These amendments are not expected to have a significant impact on the financial statements in the period of initial application.

38. EVENTS SINCE THE REPORTING PERIOD

At the date of this report, there have been no significant events occurring after the reporting date which would require adjustments or disclosures to be made in the financial statements.

BRANCH DIRECTORY



PHNOM PENH BRANCHES

Local Branch of J Trust Royal Bank Plc.
(Khan Doun Penh-Sangkat Srah Chak)

Premier branch

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Russian Federation Blvd,
Phum 3, Sangkat Srah Chak,
Khan Doun Penh,
Phnom Penh

Local Branch of J Trust Royal Bank Plc.
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Baek K'am "A")

No 1 E0&E1,
Russian Federation Blvd.,
Phum Trong Moan,
Sangkat Ou Baek K'am,
Khan Saensokh,
Phnom Penh

Local Branch of J Trust Royal Bank Plc.
(Khan Saensokh-Sangkat Ou
Baek K'am "B")

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Sangkat Ou Baek K'am,
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No F05, National Road No 6A,
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Khan Chrouy Changvar,
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Khan Chamkar Mon,
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Phsar Kandal Ti Muoy)

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Preah Sisowath Quay,
Phum 5, Sangkat Phsar
Kandal Ti Muoy,
Khan Doun Penh,
Phnom Penh

Local Branch of J Trust Royal Bank Plc.
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Veal Vong)

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Building No 359, 361 & 363,
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Phum 7, Sangkat Veal Vong,
Khan Prampir Meakkakra,
Phnom Penh

Local Branch of J Trust Royal Bank Plc.
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Boeng Keng Kang Ti Muoy)

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Sangkat Boeng Keng Kang Ti
Muoy, Khan Boeng Keng Kang,
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Stueng Mean Chey 2)

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Sangkat Stueng Mean Chey 2,
Khan Mean Chey,
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No 95C, Samdach
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Phum 14,
Sangkat Boeng Kak Ti Pir,
Khan Tuol Kouk,
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Local Branch of J Trust Royal Bank Plc.
(Khan Pur Senchey-Sangkat
Chaom Chau 3)

No 1B 2B & 3B,
National Road No4,
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Sangkat Chaom Chau 3,
Khan Pur Senchey,
Phnom Penh

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No 72 A B C & D,
National Road No 1,
Phum Kaoh Norea,
Sangkat Nirouth,
Khan Chbar Ampov,
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Local Branch of J Trust Royal Bank Plc.
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Phnom Penh Thmei)

Premier branch

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B#03 & D2#04,
Street No 1003, Phum Bayab,
Sangkat Phnom Penh Thmei,
Khan Saensokh,
Phnom Penh



PROVINCIAL BRANCHES

Local Branch of J Trust Royal Bank Plc.
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Premier branch

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Street No 14, Phum Mondol 1,
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Local Branch of J Trust Royal Bank Plc.
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Preah Sihanouk Province

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Krong Kampong Cham,
Kampong Cham Province

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