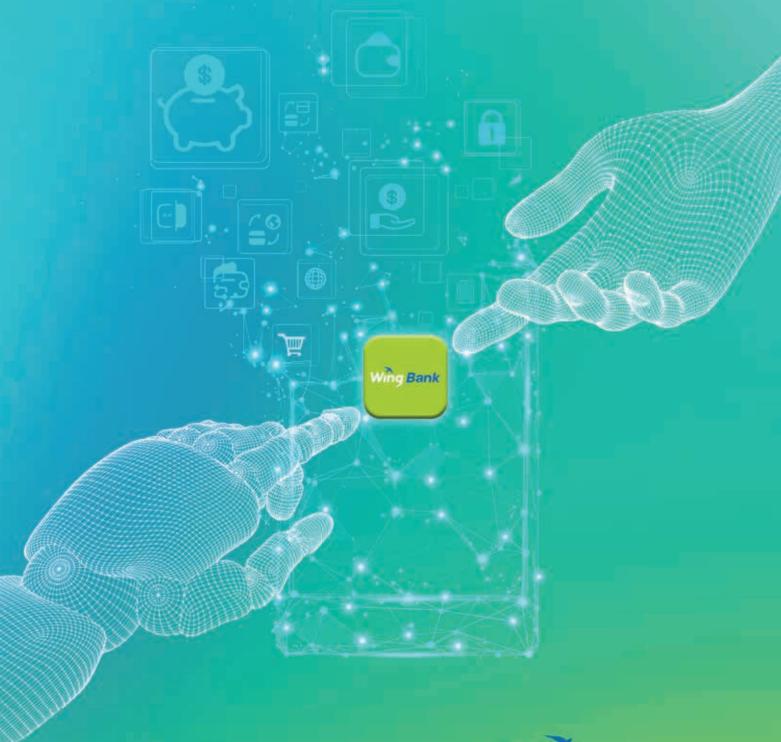
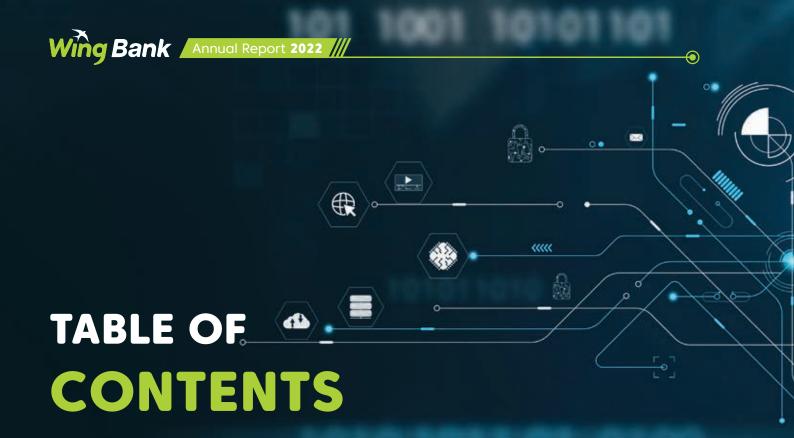


# THE FUTURE OF BANKING



Wing Bank



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Dear Customers and Members of the Public,

Welcome to the Annual Report 2022 of Wing Bank!

First, I sincerely thank our regulators, shareholders, merchants, and partners for their continued support. I want to extend my heartfelt appreciation to all stakeholders, including our customers, dedicated employees, diligent agents, supportive merchant partners and corporate businesses, other financial institutions and a progressive thinking regulator for their exceptional support that have led to Wing Bank's remarkable success. As Cambodia recovered from the pandemic, 2022 was a year of expansion and community support that will pave the way for an exciting year in 2023.

I want to express my sincere gratitude to the National Bank of Cambodia, particularly to H.E. Chea Chanto, the Governor of the National Bank of Cambodia, for placing your trust in Wing Bank. You have enabled us to be part of the journey towards advancing digital financial services and promoting financial and gender inclusion in our country.

Through the invaluable support of the National Bank of Cambodia, we have accelerated financial inclusion in Cambodia by leveraging unique, effective, and efficient digital financial services. We will continue to drive economic, gender, and digital inclusion as we enter the exciting age of the Fourth Industrial Revolution.

2022 was a particular year for Wing Bank as it marks our second year of operating as a full-fledged commercial bank and the first year after we rolled out our comprehensive banking services commercially through our bank branches. A significant occasion was the official inauguration of our inaugural branch on March 14th, 2022, graced by the esteemed presence of H.E. Hun Manet, Lieutenant General of the Royal Cambodian Armed Forces, and H.E. Rath Sovannorak, Director General of Banking Supervision from the National Bank of Cambodia.

In 2022, Wing Bank achieved remarkable expansion by establishing its banking network in seven strategic locations nationwide and our headquarters on Monivong Boulevard in Sangkat Boeung Keng Kang III, Phnom Penh.

Notably, the Independence Monument and Sen Sok branches were inaugurated on March 14th; the first Sihanoukville branch followed on August 18th, and the Wat Phnom and Tuol Kork branches in Phnom Penh opened on August 30th.

Wing Bank maintained its momentum right until the end of the year, launching its Boeng Trabaek and Preah Yukunthor branches on December 23rd, 2022. The Boeng Trabaek branch is conveniently situated along Monivong Boulevard, at the intersection of Street 432, opposite the Vietnamese Embassy. Similarly, the Preah Yukunthor branch is located along Sihanouk Boulevard, next to the Telecom Cambodia Headquarters.



We are proud of our new branches and the expansion of our business that they represent. Each branch is well designed with a spacious parking lot, waiting areas, a relaxing café lounge, opulent discussion rooms, superior meeting rooms, and counters to provide high-standard services to customers while ensuring their comfort and privacy.

At our branches, customers can consult with business loan professionals, open deposits and savings accounts, apply for bank cards, perform money transfers, and access digital banking services. Moreover, we offer modern self-banking facilities such as ATMs and Cash-in Machines, allowing customers to conveniently access their bank accounts 24/7.

The opening of more branches reflects the efforts of Wing Bank to bring the best banking services to our customers and to respond to the growing demand for convenient and high-quality banking services in Cambodia. The physical branches are tailored for customers who prefer an in-person banking experience, providing them with friendly tellers and a comfortable environment.

Simultaneously, we recognise the needs of our digitally savvy customers, including the younger digital natives. For their convenience, we offer the user-friendly and highly accessible Wing Bank App, allowing them to access our products and services anytime and anywhere. This ensures that all customers enjoy connected banking experiences tailored to their preferences.

in 2022, we also significantly emphasised our Corporate Social Responsibility (CSR) initiatives. At Wing Bank, we believe in positively impacting society and the environment through ethical and sustainable practices. Our CSR efforts extend beyond the financial sector as we actively respond to social needs and strive to enhance the well-being of individuals through our various initiatives and programs.

We established a long-term partnership with the Samdech Techo Voluntary Youth Doctor Association, providing annual donations over five years to support their charitable work in the healthcare sector.

Year after year, Wing Bank and other members of the Royal Group partners and customers raised over 32.5 million riels in donations, with Wing Bank contributing more than 20 million riels. These funds have provided high-quality and efficient treatments to numerous sick children at the Angkor Hospital for Children, offering hope to Cambodian parents.

In addition to healthcare, Wing Bank has extended support to AFESIP Cambodia (Acting for Women in Distressing Situations) by providing financial donations and scholarships for four years. This contribution was timed to celebrate the end of the year with the students and encourage them to fulfil their potential.



Recognising the importance of our overseas customers, whose remittances support the Cambodian economy, we also provide financial support to the Cambodian Embassy in Japan. The donation supported the organisation of several community events in Japan. It helped the Embassy expand its support services for Cambodian interns, technical trainees, and skilled workers in Japan.

Financial literacy is a vital life skill that empowers individuals to make informed decisions regarding money, investments, and financial planning. In line with this, Wing Bank actively supported initiatives to promote financial literacy within our community throughout the past year. We collaborated with the National Bank of Cambodia in various endeavours, including the "ASEAN Savings Day in Cambodia". This event emphasised the significance of saving money and practising effective income-expenditure management with formal financial institutions. By doing so, individuals can benefit from savings security, interest, legal protection, and future planning while contributing to the country's investment needs.

Furthermore, Wing Bank sponsored significant events such as "The Role of the Banking Sector and Fintech in the Digital Economy in Cambodia" and the "Global SME Finance Forum" These initiatives were designed to raise awareness about financial literacy, highlight the importance of small and medium-sized enterprises (SMEs), and showcase how digitalisation can facilitate green finance, supply-chain efficiencies, data security, automation, and financial inclusion in Cambodia.

Wing Bank is dedicated to fostering entrepreneurship and supporting small businesses in Cambodia. We have actively contributed to initiatives such as the Business Plan Contest and The National Online Business for Youth (NOBY), organised by the Ministry of Education, Youth and Sport (MoYES). Many students, including 2,890 females out of 4,887 participants,



were engaged in the competition through these initiatives. This process involved an activity-based learning approach and utilised learning materials titled "Ready for Business." These materials guided various aspects of entrepreneurship, including vision setting, selecting business ideas, understanding markets, and developing business plans. By actively participating in these programs, Wing Bank hopes to empower young individuals and equip them with the necessary skills and knowledge to succeed in business, thus contributing to the overall development and growth of entrepreneurship in Cambodia.

Wing Bank is honored to have been entrusted by the Royal Government of Cambodia to contribute to the realization of Samdach Akka Moha Sena Padei Techo Hun Sen's policies aimed at assisting citizens affected by the Covid-19 pandemic. These policies include aiding suspended workers, families with a Poor ID 1 and 2, residents of lockdown areas, family members of those who passed away due to Covid-19, and pregnant women living in poverty. As per the report by the United Nations Development Program, we are delighted to learn that 99% of the beneficiaries of our Cash Transfer Program are satisfied with its mechanism. This signifies that Wing Bank has successfully assisted the Cambodian government to efficiently and transparently distribute emergency funds, making it simple and convenient for vulnerable groups to access them.

Our commitment to the community and dedication to excellence has garnered international recognition for Wing Bank. In 2022, we received prestigious awards from renowned organisations worldwide.

One notable achievement was being named the "Most Innovative Consumer Finance Company 2022" by International Finance, a premium finance and business magazine that annually recognises and rewards global industry talent and leadership skills.

Additionally, Wing Bank was honoured with the ASEAN Business Awards 2022 in the "Priority Sectors Award" category during the Asian Summit 2022. This award further acknowledges our contribution and commitment to priority sectors within the ASEAN region. Furthermore, we were proud recipients of the "Best Employer Brand Award 2022" from the World HRD Congress, a non-profit organisation focused on building future leaders and promoting business development. Lastly, we received the "The Best Social Impact Bank" award from Capital Finance International (CFI), a print journal and online resource reporting on business, economics, and finance.





These awards are a source of great personal pride and a testament to Wing Bank's overall success in making a meaningful impact in our communities.

Today, Wing Bank is continuing to make significant strides in its goal to become a leading provider of digital financial services in Cambodia. Despite the challenges posed by the pandemic, the Bank's dedicated team remained focused on delivering exceptional service to customers and value for our shareholders.

In 2022, the global economy faced significant challenges due to the ongoing COVID-19 pandemic, which impacted vital sectors such as tourism and manufacturing in Cambodia. However, the government's proactive measures to support businesses and stimulate economic growth, combined with the successful rollout of COVID-19 vaccines, have contributed to the economy's gradual recovery.

Despite the challenges posed by the pandemic, Wing Bank's dedicated team remained focused on delivering exceptional service to customers and value for our shareholders.

Looking ahead, I am optimistic about the Cambodian economy in 2023. The resilience demonstrated by the country, coupled with its growth potential, positions it as an attractive destination for investors, startups, and businesses. Despite uncertainties that may persist, Cambodia's favourable business environment, supportive government policies, and strategic location make it a country of great potential and one that, as Wing Bank, we are excited to grow alongside.

I sincerely appreciate your unwavering trust in the service, products, and endeavours of Wing Bank. Your support of its mission to create a financially inclusive future is invaluable. It motivates the team to strive for excellence daily. Thank you for being valued customers and partners in this journey towards a better tomorrow.

Regards,

Neak Oknha Kith Mena



# MESSAGE FROM CEO

Dear customers and members of the public,

Welcome to the Wing Bank annual report for 2022!

I am very delighted to share with you the successes achieved, and the lessons learned from our efforts in driving financial inclusion in Cambodia after receiving a license to operate as a commercial bank from the National Bank of Cambodia on 31st December 2020.

Since its establishment in 2008, Wing Bank (previously known as Wing) has adhered to its vision of using digital financial solutions to improve the daily lives of all Cambodians.

The Covid-19 pandemic tested our mettle, challenging us to adapt swiftly to meet the evolving needs of our customers. With persistence and determination, we heights.





### WING BANK'S UNPARALLELED GROWTH AND EXCEPTIONAL RESULTS

In 2022, Wing Bank's business units achieved healthy growth rates:

The number of corporate businesses using our financial services grew by 9%.

International money transfers and loan collection services experienced impressive year-on-year growth of 9% and 41% in transactions, respectively.

Additionally, the total value of transactions in our payment business, WingPay, surged by an impressive 47%.

These achievements are a testament to our ability to provide innovative, customer-centric, and reliable financial solutions, especially in light of the Covid-19 pandemic's impact on payment preferences.

Providing access to capital has played an integral role in helping businesses and individuals thrive. Our commitment to supporting our customers led to a remarkable fortyfold increase in loan disbursements, while the strong performance of our deposit accounts – with a 28% increase in deposit accounts – further underscores the trust our customers have in us.

We remain committed to providing financial resources to support growth and development in our communities. Our mission to serve has never been more crucial, and we are grateful for the opportunity to make a positive impact on the economy. We are also appreciative of the support of our customers, and it was a pleasure to welcome an influx of new customers to Wing Bank in 2022, accompanied by a 21% increase in transaction volume and a 15% surge in transaction value compared to the previous year.

To cater to our expanding customer base, we have expanded our network of service points to more than 11,000 locations across Cambodia, serving more than 14 million people. With this widespread accessibility, our services are readily available to people all across the country.

What's more, for the instant, secure and convenient services provided, nearly 600 businesses and almost 3,000 SMEs – small to medium-sized enterprises – are now using our digital financial solutions to support their daily operations.

Our strategic focus on driving the use of Cambodia's national currency, the Khmer Riel, has also yielded excellent results. Notably, 51% of the total value of Wing Bank transactions was conducted in Khmer Riel, contributing significantly to the National Bank of Cambodia's efforts to promote the use of the national currency in financial transactions and further economic development. Even outside Phnom Penh, Khmer Riel transactions accounted for an impressive 43% of the total value.

Wing Bank's sustained growth and exceptional results in 2022 reflect our commitment to providing topnotch financial services while actively contributing to the economic development of Cambodia. We remain dedicated to further innovation and ensuring our customers receive the best banking experience possible.





#### WING BANK'S EXCITING PRODUCTS IN 2022

At Wing Bank, our dedication to innovation and meeting our valued customers' evolving needs fueled the launch of several groundbreaking offerings in 2022. These game-changing products have transformed the landscape of banking in the country and have been met with great enthusiasm.

Our Digital Loan services have undergone significant expansion, providing instant loans of up to US\$50,000 without requiring collateral. This service is not limited to general account holders alone - it extends to SMEs and merchants, offering immediate funding solutions to fuel their business ventures. This has empowered entrepreneurs and enabled them to seize opportunities without delay.

Additionally, our corporate partners now have access to our World Transfer service, enabling seamless global money transfers to more than 200 countries worldwide.

Recognizing the importance of convenient transportation options, we launched our Motor Loan service. This service allows our account holders to effortlessly purchase motorcycles through authorized dealers. By removing financial obstacles, we aim to enable our customers to embrace mobility.

Our Term Deposit account is designed to offer attractive interest rates of up to 8% per annum.

Opening an account is a hassle-free process, ensuring a seamless banking experience for our customers.

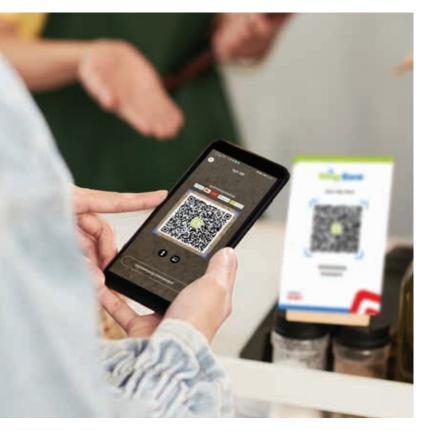
Additionally, our Cash Out packages, starting from as low as \$5 per year, allow customers to perform up to 1,000 cash withdrawals annually, free of charge.

As part of our commitment to providing exceptional banking services, we have launched Wing Bank KHQR. This service is aimed at supporting the National Bank of Cambodia's efforts to develop and implement the KHQR system, which is powered by the blockchainbased Bakong. This system enables customers to conduct retail payment transactions in Cambodia Riel and US dollars, thereby facilitating easy and secure transactions. With this new service, customers can generate their own unique KHQR code, allowing them to receive funds from friends and family without restrictions regarding recipients' banks.

Expanding our services further, we have collaborated with the General Department of Taxation to allow property owners to pay their taxes conveniently via our platform.

To ensure a superior user experience, our Wing Bank App has received a myriad of enhancements, offering an improved User Interface (UI) and User Experience (UX). The intuitive and user-friendly interface empowers customers to effortlessly navigate our digital banking services.





REVOLUTIONIZING CAMBODIA'S BANKING INDUSTRY THROUGH DIGITAL INNOVATION

Wing Bank has firmly established itself as a pioneer and leader in driving digital innovation within Cambodia's banking industry. Throughout 2022, Wing Bank continued to expand its digital offerings, delivering cutting-edge financial solutions to meet the evolving needs of individuals and businesses across the country.

To ensure greater financial inclusivity, Wing Bank has partnered with Scienaptic Systems Inc, an Al-powered credit decision-making platform. By leveraging Scienaptic's advanced technology, Wing Bank can pre-approve eligible users for loans and streamline the application process. This initiative is not only aimed at expediting loan approvals, but also at easing financial access among communities adversely affected by the pandemic and in need of financial assistance.

Another groundbreaking collaboration is the partnership between Wing Bank and KESS Innovation Plc aimed at providing convenient and secure payment services at One Window Service Offices (OWSO) nationwide. Through this integration, individuals and businesses can make payments using WingPay QR at OWSO kiosks or conveniently settle bills at any Wing Cash Xpress location. This partnership greatly expands the range of digital payment options available, promoting the growth of digital payments across Cambodia.

### POWERING CAMBODIA'S DIGITAL ECONOMIC GROWTH IN 2023

At Wing Bank, our goal is to enable everyone to access to formal financial services by offering convenient, secure, instant and affordable solutions. To achieve our ambitious goals, Wing Bank will develop more customer-centric products and services, entering into partnerships with leading industry players.

Looking ahead to the remainder of 2023, Wing Bank will maintain our position as a trusted companion of all Cambodians and spearhead the digital banking revolution. With our steadfast commitment to financial innovation and inclusive financial services, we are poised to shape the future of banking in Cambodia as the "Bank of the Future".

We extend our heartfelt gratitude to you, our valued customers and partners, for your unwavering trust in Wing Bank. Your trust fuels our passion for growth and innovation.

Together, we have achieved remarkable successes, and together we will continue to scale new heights.

We look forward to serving you in the years ahead!

Sincerely,

( When soid

Han Peng Kwang



### VISION, MISSION, VALUES

#### **VISION**

To provide every **Cambodian with** convenient access to relevant digital solutions for the improvement of their daily lives.

#### **MISSION**

#### **CUSTOMER AT THE HEART**

To engage and understand customer needs. provide best-in-class products and services and to be responsive and quick in resolving queries.

#### **EMPLOYEES AS THE PILLAR**

To provide a progressive work culture, where career aspirations can be realized through consistent performance and demonstration of the bank's core values.

#### **COMMUNITY AS THE CAUSE**

To deliver robust and cost-effective mobile money services that promote financial inclusion, catalyze growth, and reduce social inequalities.

#### **DELIVER SHAREHOLDER VALUE**

To demonstrate strong corporate governance standards that protect and balance shareholder interests in the journey to achieving short- and





#### **VALUES**

#### W - Winning

Our passion to succeed underpins our approach on how we do business. We do this with a "Can Do" mindset, high Integrity and accountability. The commitment to provide a quality service to our customers, the need to perform and get ahead keeps us focused on what's important to our customers and partners

#### I - Innovation

We believe in continuous improvement through the application of better solutions and meeting new requirements through technology. Here at WING, we make sure that our products and services provide meaningful impact and convenience, and creates value to the daily lives of the people and community.

#### N - Nurturing

We care for and protect our employees, customers, and partners while they grow with us. We help create an environment where everyone can think big, inspire and be inspired, and be motivated to contribute to the business. At the same time, we deliver our very best to build a long-term, healthy relationship to our stakeholders, customers and to the community.

#### **G - Growth**

In everything we do we always aim higher, from the development of our brand togrowing new products and services. We believe in a long-term growth and sustainable value creation. We do this by having our customer, community and the country in mind.



# WING BANK AT A GLANCE





Wing Bank (Cambodia) Plc is a leading digital bank that is revolutionizing the way Cambodians access financial services. With a mission to be the Bank for Every Cambodian, Wing Bank is committed to enhancing the daily lives of its customers through accessible digital solutions.

Since its inception in 2008, Wing Bank has grown to become one of the fastest growing commercial banks and amongst the most trusted financial institutions in Cambodia.

In 2022, Wing Bank expanded its banking network to seven strategic locations nationwide. These large, convenient, comfortable and customers friendly branches are in addition to the Wing Bank headquarters on Monivong Boulevard in Sangkat Boeung Keng Kang III, Phnom Penh.

Wing Bank also offers a wide range of digital banking services, including its award-winning Wing Bank App.

Thanks to the innovative Wing Bank App, and partnerships with industry giants such as Mastercard, Western Union, Visa, Union Pay, Alipay, WeChat Pay, Huawei, Oracle and Ria, Wing Bank has managed to create easy and convenient digital solutions for every segment of the Cambodian economy.

Wing Bank's digital banking services and solutions are designed to make it easy and convenient for customers to access financial services, regardless of their location or income level. With Wing Bank, customers can do everything from sending money to paying bills to opening a savings account, all from the comfort of their own homes.

In addition to its convenient and affordable digital banking services, Wing Bank is also committed to promoting financial inclusion in Cambodia. Wing Bank's Agent Network provides financial services to even the most remote communities in Cambodia, helping to ensure that everyone has access to the financial tools they need to improve their lives.

Wing Bank is also a leader in sustainability. In 2022, Wing Bank launched Cambodia's first-ever numberless and biodegradable Wing Bank Debit Mastercard. This initiative is part of Wing Bank's commitment to reducing its environmental impact and promoting a more sustainable future.

Wing Bank continues to innovate, and this is reflected in its growing portfolio of services. Today, Wing Bank products include loans, deposits, savings, money transfers, utility and insurance payments, supply chain payments, payroll services and even phone top-ups. Furthermore, Wing Bank provides seamless retail payments through "WingPay" and has introduced e-commerce platforms like "Wingmall" and "WingMarket" to facilitate both B2C and B2B transactions.

Wing Bank also offers services to the Cambodia's agricultural sector, by powering transactions inside its WingAgri platform – a closed-loop ecosystem that supports agricultural communities.

Wing Bank is proud to offer its services suited to the entire Cambodian economy, from the large manufacturing companies to the rural farmers - who are the backbone of the Cambodian economy.

For corporates, small and large companies alike are now using WingBank's payroll and disbursement services, enabling them to speed up payments, improve operational efficiencies and achieve cost savings to improve their bottom lines.

Wing Bank is dedicated to achieving excellence in both its operations and its mission of promoting financial, gender, and digital inclusion in Cambodia. Wing Bank remains steadfast in its commitment to empowering every Cambodian by providing them with the means to access and participate in the financial system.

Wing Bank is also committed to corporate social responsibility and has donated substantial amounts of cash and in-kind benefits to support education, healthcare, and other community development initiatives.

Finally, Wing Bank is a dynamic and innovative financial institution that is committed to making a positive impact on the lives of Cambodians. With its convenient digital banking services and commitment to financial inclusion, Wing Bank is the bank of choice for millions of Cambodians.



## **STRATEGIC PARTNERSHIPS**

#### **INNOVATION THROUGH COLLABORATION**

Wing Bank remains steadfast in its dedication to providing cutting-edge financial solutions to our valued customers. In 2022, Wing Bank further expanded its digital offerings to cater to the diverse needs of our individual and corporate clients in Cambodia.

By solidifying our position as a commercial bank and forging dynamic new collaborations with local and global partners, we successfully tackled the everyday obstacles our valued customers face.



#### WING BANK SIGNS DEAL WITH SCIENAPTIC TO IMPROVE FINANCIAL **INCLUSION IN CAMBODIA**

Wing Bank has announced its plans to extend its services by allowing customers across the country, including those in remote areas, to apply for loans. To achieve this, Wing Bank has partnered with Scienaptic Systems Inc., an innovative Al-powered credit decision-making platform, which will be integrated into Wing's extensive digital financial ecosystem.



Scienaptic's Al-powered leveraging underwriting platform, Wing Bank will be able to pre-approve eligible users for loans and streamline the application process of interested customers. This will significantly expedite the loan approval process, and contribute to community development by providing access to financial services to those who may have previously been underserved.

The partnership between Wing Bank and Scienaptic demonstrates their shared commitment to promoting financial inclusion and improving the lives of Cambodia's citizens. By leveraging such advanced technology, Wing Bank can expand its services to even the most remote areas of the country, aligning with Scienaptic's mission of promoting financial inclusion and expanding access to credit for underserved communities.

The partnership represents a significant milestone in advancing financial inclusion and supporting economic growth in Cambodia. By leveraging the power of AI, Wing Bank can provide greater access to credit and financial services to those most in need, ultimately driving positive change in the country's financial landscape.



#### **WING BANK INVESTS \$2 MILLION IN** THE CAIC BOND TO SUPPORT TECHO INTERNATIONAL AIRPORT

Wing Bank announced a strategic investment of \$2 million in a bond dedicated to the development of the Techo International Airport, which is currently under construction in Kandal province. The investment was made through a private placement and was formalized at a signing ceremony between Cambodia Airport Investment Co Ltd (CAIC) and Wing Bank, presided over by Neak Oknha Pung Kheav Se, Chairman of the Overseas Cambodian Investment Corporation Ltd (OCIC) and Neak Oknha Kith Meng, Chairman and CEO of the Royal Group.

CAIC, a joint venture between the government of Cambodia and OCIC, has been granted comprehensive rights to own, design, construct, finance, operate, maintain and manage the Techo International Airport Project. Wing Bank's investment is anticipated to provide vital support to the airport's development and stimulate economic growth in Cambodia.

This strategic partnership demonstrates Wing Bank's commitment to supporting infrastructure development in the country while diversifying its business endeavours. By investing in the Techo International Airport Project, Wing Bank is actively contributing to the expansion of Cambodia's aviation industry, creating new avenues for business ventures and partnerships.





#### WING BANK JOINS WITH KESS INNOVATION TO SUPPORT THE ONE WINDOW SERVICE OFFICE

Wing Bank and KESS Innovation Plc. signed a Memorandum of Understanding to provide a convenient, instant, and secure payment service to those who need the public services offered at the One Window Service Office (OWSO) nationwide. The groundbreaking agreement entails integrating the cutting-edge digital payment service of Wing Bank into the payment platform of KESS Innovation. The integration will provide a wider range of payment options at the One Window Service Office, fueling the growth of digital payments in Cambodia.

Individuals and business companies requesting public services can conveniently make payments using WingPay QR at the One Window Service kiosk. Alternatively, they can bring their receipts with reference numbers to any Wing Cash Xpress and make the payment. Furthermore, Wing Bank will be available as a payment option on KESS's website and mobile App, as well as the website and mobile application of the One Window Service Office.

#### WING BANK SUPPORT THE ISSUANCE OF **CIVIL SERVANTS' SMART ID CARDS**

Wing Bank supported the Ministry of Civil Service launching the Smart ID that was issued in response to the ongoing trend of cutting-edge technology and the new normal way of life. The Smart ID is a combination of civil servants' ID cards and the Bank ATM Card and would have a validity of 10 years. It can be used to receive salaries and in various other ways in the near future. In the past, Civil servants' ID cards have been issued twice, between 1993 and 2015.

These efforts were inspired by the Fourth Industrial Revolution and Covid-19 trends and the Cambodia Digital Economy and Society Policy Framework 2021-2035, which he described as a comprehensive roadmap for the Kingdom's socio-economic digital transformation.

#### WING BANK PARTNERS WITH **WOMEN'S WORLD BANKING FOR WOMEN'S ECONOMIC EMPOWERMENT**

Wing Bank held a high-profile launch event to celebrate its partnership with Women's World Banking.

Women's World Banking, renowned а international non-profit organization, brings more than 40 years of experience in designing solutions with financial services providers to cater to the needs of low-income women. Using its women-centred design approach, the organization has made significant progress in empowering women through financial services.

The launch event shared valuable learnings and recommendations from Women's World





Banking's work with wing bank over the last two years. The event witnessed the participation of esteemed leaders of key Government ministries and agencies, commercial banks, microfinance deposit-taking institutions, industry associations, and non-profit organizations in Cambodia.

Wing Bank has been at the forefront of driving financial, gender, and digital inclusion in Cambodia, with its dedication exemplified by the majority of factory workers getting their salary paid through a Wing Bank account. The ongoing project between Women's World Banking and Wing Bank specifically addresses the barriers faced by female factory workers face in accessing and using formal financial services. Recognizing that access to financial services is just the first step in a woman's financial journey, the project aims to increase the usage of different financial products and services.



#### WING BANK FORMS PARTNERSHIP WITH KONG NUON GROUP FOR MOTORCYCLE **LOANS**

Wing Bank joined forces with the Kong Nuon Group to provide customers with a seamless and accessible solution to acquiring a Yamaha motorcycle through convenient loan options and attractive interest rates.

This Memorandum of Understanding signed between the two organisations aims to make it easier and more convenient for potential consumers to request loans for Yamaha motorcycles from Wing Bank. Through this partnership, those customers aspiring to purchase a Yamaha motorcycle, but who may not have enough funds can now fulfil their daily transportation needs. The benefits of this partnership extend to residents in Phnom Penh and Kandal provinces.



Residents interested in obtaining a loan to purchase a Yamaha motorcycle can easily connect with the sales representatives at the Yamaha showroom. The partnership not only caters to individuals wanting a personal motorcycle but also extends to parents wishing to provide their children with a mode of transport to, for example, study at University.

By combining the expertise of Wing Bank and the Kong Nuon Group, this collaboration strives to make the process of motorcycle ownership more accessible and convenient for customers, ensuring that their daily transportation needs are met effectively.

# **FINANCIAL** HIGHLIGHTS

### **Deposits**

Year 2021 Year 2022

Amount in '000 54,264

Amount in '000

299,083

**4451%** 

#### Loans

Year 2021 Year

2022

Amount in '000

61,533

Amount in '000 363.457

**4491%** 





#### **TOTAL ASSETS**

Year Year 2021 2022

Amount in '000 283,320

Amount in '000 **1 24%** 

#### **Net Revenue**

Year Year 2021 2022

Amount in '000 Amount in '000 46,039 63,652

**438%** 

### **Operating Expencse**

Year 2021 2022

Amount in '000 Amount in '000 31,718 53,363

**468%** 



# **FOSTERING SUSTAINABLE GROWTH THROUGH WING BANK'S INTEGRATED** FINTECH ECOSYSTEM

At Wing Bank, we emphasize promoting financial inclusion and empowering Cambodian communities for economic prosperity. We are committed to offering a comprehensive range of financial products and services to individuals and corporate customers, regardless of their banking status. We aim to provide seamless access to our integrated digital ecosystem, enabling our customers to enjoy a hassle-free and streamlined banking experience.



#### **OUR PRODUCTS AND SERVICES**

To seize the opportunities presented by the Kingdom's fast-growing economy, all Cambodians must have access to financial services to help them achieve greater financial security. We are proud to have earned the trust of the National Bank of Cambodia and been granted a commercial license, allowing us to expand our range of financial offerings to meet the community's needs better. Our portfolio now includes various savings and lending products for individuals and corporations. With these new services, we aim to help more people climb the ladder towards financial prosperity.

#### WING BANK ACCOUNT

Opening an account with Wing Bank is simple. For every customer, it is also the first step towards gaining access to our full suite of products and services, along with the privileges afforded them as Wing Bank Account holders.



### INSTANT WING BANK ACCOUNT OPENING (E-KYC)

With the latest feature on the Wing Bank App, customers can open new bank accounts without leaving their homes or having to print and sign paper forms. All they need to do is download the Wing Bank App and scan their ID card. Immediately afterwards, all of Wing Bank's services can be accessed, including fund transfers, bill payments, loan requests and others.

#### **TERM DEPOSIT ACCOUNT**

Open a Term Deposit Account with an attractive rate of up to 8% annually. The Term Deposit Account, a digital account customer, can open anywhere anytime by downloading the Wing Bank App and visiting any nearby Wing Bank branch and Wing networks across Cambodia. Customers are not required to process complicated paper forms or waste time by going to a branch. The interest payment will be automatically credited to a customer's Current Account and Saving Account (CASA) monthly or at the end of maturity. Customers can also track their deposit progress digitally as well.

#### **SAVINGS**

Open a savings account conveniently with Wing Bank and enjoy a high-interest rate and numerous other benefits. Saving has never been more effortless, whether customers utilise the Wing Bank App or visit any Wing Bank branch.

#### WING BANK APP

The Wing Bank App gives customers access to our products and services. Suppose the customer does not have time to visit the Wing Bank Head Office or a branch. In that case, they can conduct financial services such as money transfers, cashless payments and bill payments with a few swipes on their smartphone.

#### **BILL PAYMENT**

Paying bills is effortless with Wing Bank. Our partnership with various service providers allows our customers to make credit card and loan payments, pay for utilities and the internet, school and government fees, supplier costs, and more. With Wing Bank, there is no need to queue to pay the monthly bills constantly.

#### **WINGPAY**

WingPay is a cashless platform for customers to buy goods and services from various merchants, including restaurants, cinemas, clothing boutiques and more. All Wing Bank App users need to do is pay a participating merchant through their smartphone on the mobile app. As a leader in digital financial services, Wing Bank was the first to introduce contactless QR payments to Customers.

#### **CASH-OUT VIA QR CODE**

To enhance security and convenience for Wing Bank customers, we have improved how you can cash out from your account. You can now withdraw money quickly by scanning a QR code without needing a card.





#### **LOCAL MONEY TRANSFERS**

The size and breadth of Wing Bank's digital ecosystem, including the Wing Bank App and the nationwide network of Wing Cash Xpress Agents, means all Wing Bank customers have numerous options to conduct safe and fast financial transactions.

Wing Bank to Wing Bank: Customers can transfer money to any Wing Bank Account for free.

Wing Wei Luy: Wing customers can transfer money to family and friends, although they do not have a Wing Bank account. In these transactions, the Wing Bank Account holder can use their account to send money to any phone number in Cambodia.

Wing Bank to Other Banks: Wing Bank is connected to numerous central banks and financial institutions in Cambodia, enabling customers to transfer their funds to any local bank, Bakong wallet, Bakong member banks, and members of NCS.

Cash in from other Bank: Wing Bank has partnered with many leading banks in Cambodia, allowing our customers to get money into their Wing Bank Account from other local partner banks or through the Wing Bank mobile application quickly, securely and conveniently.

#### INTERNATIONAL REMITTANCES FOR **INDIVIDUAL CUSTOMER**

World Transfer is our international money transfer service catering to Cambodians locally and worldwide through inbound and outbound services. Customers outside Cambodia can send money home using any of Wing Bank's international partners in more than 200 countries and territories. Conversely, receivers can cash out at any Wing locations in Cambodia or receive instant digital funds via their Wing Bank App.

#### **WORLD TRANSFER VIA INTERNET BANKING FOR CORPORATE COMPANIES**

Wing Bank's global fund transfer service was introduced for our valued corporate partners who rely on our Internet banking platform for their financial operations. Our seamless service lets you send and receive funds from more than 200 countries worldwide easily and quickly. Join our network of satisfied customers and experience hassle-free international transactions.

#### WING BANK ONLINE MASTERCARD

Spend online without any hassle. With our Online Mastercard, Wing Bank makes shopping online without a physical credit card possible. Wing Bank customers can use this virtual card to make safe online purchases anywhere in the world, whether a gamer, foodie, fashion lover, traveler or entrepreneur. Customers may create their MasterCard on their own through the Wing Bank app. The Wing Bank Online Mastercard is your portal to more.



#### MASTERCARD NUMBERLESS WORLD

The premium debit Mastercard offers Platinum and Standard, both crafted from pure metal and designed to enhance safety and security with a numberless design. Cardholders have exclusive access to their credentials through the secure Wing Bank App.

#### PROPERTY TAX BILL PAYMENT

Property taxes can now be paid conveniently without the need to visit a branch of the General Department of Taxation. This is made possible through the GDT App, which allows payments via Wing Bank.



#### **CORPORATE LOAN**

For companies that need a little extra Cash to add to their working capital and are worried about not having the collateral to support their application, Wing Bank has particular unsecured dedicated business loans to support these enterprises. We also have secured business loans for companies with assets they can use as collateral. The credit account gives customers the peace of mind that their business will have a financial safety net to get through difficult times when unexpected circumstances arrive.

#### **MORTGAGE LOAN**

With Wing Bank's BrightHome Investment Loan, customers can renovate and redecorate their homes or buy a new house. The BrightHome Ioan allows customers to purchase their dream home without paying for it upfront and pay it back in affordable monthly payments. With Wing Bank, buying a home is easier than ever. Customers don't need to spend decades saving up; they can buy their perfect house now.

#### **DIGITAL LOAN**

Wing Bank Cambodia has launched a digital loan service called 2-1-0 Lending, which allows customers to apply for loans without needing collateral. The service is available through the Wing Bank App. It only takes two minutes to use, one minute to approve, and zero seconds to disburse. The loan term can be up to three years, while interest rates can be as low as 1%

monthly. Using Wing Bank as a primary bank account can increase eligibility for a loan. The service provides financial accessibility and inclusion to people who may not have access to traditional loan services, reducing barriers to financial management and growth.

#### **MOTOR LOAN**

The Motor Loan is an exceptional financial product designed to aid Wing Bank account holders in purchasing a motorcycle from any reliable dealer. With the Motor Loan, buying your dream motorbike has never been easier. The loan application can be made quickly through our agents, simplifying the process for customers.

#### FREE CASH-OUT PACKAGE

Those frequently requiring physical Cash need no longer worry about spending much money on withdrawal fees. Free Cash Out is a yearly subscription package designed to allow customers to enjoy free cash withdrawals up to 1,000 times yearly. Prices start in the low range of \$5 per year. Customers may enjoy their fund cash out via Wing Bank branches, ATMs, and Wing networks across Cambodia.

#### WING BANK KHOR

Customers can generate their own Wing Bank KHQR and share it with their family and friends to receive funds free of charge, regardless of which banks they use. The Wing Bank KHQR fund transfer is real-time and available for the Cambodian riel (KHR) and US dollar (USD).

#### **PPSHV EXPRESSWAY PAYMENT**

Customers need no longer endure long queues to pay by Cash when driving on the PPSHV Expressway as a more efficient and convenient option is now available, with payments able to be made any time via the Wing Bank App. This means customers can breeze through the PPSHV without being delayed due to waiting to pay.

#### **BAKONG CASHOUT**

Don't have an account with Wing Bank but need convenient access to Cash? There is no need to fret; you can withdraw money using the Bakong cash-out QR code at any Wing Bank branch or Wings across the country, provided you have an account with another bank in the Bakong network. The transaction is done in real-time and has minimal cash-out charges.

# **OPERATION** HIGHLIGHTS

**NUMBER OF WAC REGISTERED** 

5.9MN+

**WINGPAY MERCHANTS** 

129,000+

**SME BILL PARTNERS** 

3,167

**ENTERPRISE BUSINESS BILL PARTNERS** 

**575** 





### **HUMAN RESOURCE MANAGEMENT & DEVELOPMENT**

#### WING BANK BUILDING A CULTURE OF SUCCESS THROUGH OUR PEOPLE



At Wing Bank, we value our employees as our greatest asset, and we remain dedicated and committed to supporting our staff in every way possible. Wing Bank is unwavering in its employee support.

For many Cambodians, Wing Bank is one of the Kingdom's most respected companies, particularly for those aspiring to more than just a job, but rather a professional career in financial services.

One of the key tenets of Wing Bank's mission is to value employees as pillars instrumental in realising the company's vision of providing every Cambodian with access to mobile financial services to improve their daily lives.

In 2022, we worked especially hard to expand our branch coverage and increase our banking services, which led to increased demand for employees, while

during the Covid-19 pandemic, Wing Bank employed 1756 staff in operations to support communities struggling with the resulting financial challenges.

And Wing Bank remains committed to investing in people development. We have developed the Wing Bank to equip employees with essential knowledge and know-how to perform more effectively and efficiently.

We have invested more than 2,371 hours in enhancing the capacity of both new and experienced employees, with all training conducted online to ensure a safe, worry-free environment.

Additionally, we provide access to LinkedIn Learning programmes, enabling our team members to develop their skills and expand their knowledge base.



To date, Wing Bank employees have completed more than 408 courses through the programmes. helping to ensure we provide the highest levels of service to our customers.

What's more, we offer all employees the Wing Bank Employee Passport Program as a development programme for the individual contributor pipeline.

The Wing Bank Employee Passport Program comprises the New Employee Orientation (NEO) programme, the provision of in-depth knowledge regarding products and services, courses on soft skills and computers, as well as complex skills and business English.

The NEO programmes that have been run have so far provided 38 training courses for new employees.

Moreover, Wing Bank has also established the self-development master programme, providing staff with training for joining the management team and becoming future Wing Bank leaders.

This programme teaches theories in psychology, self-development, leadership and relationships, directing participants to apply these concepts in real-life situations to maximise results for immediate and lasting positive changes.

At Wing Bank, we firmly believe that employee engagement is the cornerstone of a successful organisation, so we work tirelessly throughout the year to ensure all our staff feel valued, supported and empowered.

One of the ways we achieve this is through regular communication with our team members.

We hold regular town hall meetings, conduct surveys and solicit staff feedback to ensure their voices are heard.

We also encourage our employees to participate in various initiatives and community events to foster a sense of belonging and build teamwork, while consistently offering mechanisms to ensure they can serve the community safely and effectively.

As a result, Wing Bank was presented with the World HRD Congress "Best Employer Brand Award" at the 13th annual ceremony in Singapore for our efforts in improving staff well-being and professional development in the past year, particularly those affected by the Covid-19 pandemic.

And when celebrating our achievements and successes, Wing Bank never fails to show our gratitude and appreciation to our staff through social gatherings – such as quarterly town hall meetings and solidarity parties – held regularly throughout the year.

Wing Bank has created a vibrant environment for all of our employees, one in which participation and engagement in Cambodian customs and traditions, such as Khmer New Year and Pchum Ben, is encouraged, including with small concerts and employees taking part in shows and competitions.





# CORPORATE **SOCIAL RESPONSIBILITIES**



#### Investing in a sustainable future in Cambodia

Wing Bank has implemented its corporate social responsibility (CSR) program as part of its ongoing dedication to contributing to the growth of local communities. The program prioritises enhancing financial literacy, encouraging young entrepreneurs, and engaging in sustainable development programs related to community development, education, and gender diversity. Wing Bank has collaborated with its employees and other stakeholders to undertake various social responsibility initiatives.

Here are just a few examples of the activities carried out in 2022:

#### WING BANK SUPPORTS TYDA'S SOCIAL **WORK IN COMMUNITY**

Wing Bank signed a memorandum of understanding (MoU) with the Samdech Techo Volunteer Youth Doctor Association (TYDA) to support its noble cause of providing accessible health services to needy communities across Cambodia.

The MoU agreement was signed by H.E. Hun Manet, Chairman of the Board of Directors of TYDA, and Neak Oknha Kith Meng, Chairman of Wing Bank, with the esteemed presence of H.E. Pich Chanmony, Vice Chairwoman of the board of Directors, TYDA and other distinguished guests. Under the agreement, Neak Oknha Kith Meng, Lok Chum Teav Mao Chamnan, and their family will donate USD 100,000 annually for five years to support TYDA's charitable activities. The donation will be made through Wing Bank.

Neak Oknha Kith Meng, and his wife, Lok Chum Teav Mao Chamnan, have supported TYDA, which has consistently demonstrated its capacity to tackle community challenges head-on. In March 2021, he donated USD 50,000 to TYDA to assist in their diligent efforts to combat the spread of Covid-19. Additionally, as a gesture of gratitude, Neak Oknha Kith Meng arranged for WingMall to deliver a complimentary KFC meal twice to the courageous TYDA workers in 2021.

Neak Oknha Kith Meng and his group of companies, including Wing Bank, have consistently and generously supported communities in need through various philanthropic activities. In partnership with TYDA demonstratives, both parties shared a commitment to improving the well-being of Cambodian communities.



#### LOK CHUMTEAV MAO CHAMNAN AND HER FAMILY CONTRIBUTED USD30,000 TO AFESIP CAMBODIA

AFESIP (Acting for Women in Distressing Situations) is a pivotal organisation caring for women & children victimised or at risk from human trafficking.

Lok Chumteav Mao Chamnan, Chief Operating Officer of Wing Bank and the Royal Group of Companies brought along her children, employees of the Royal Group of Companies and other compassionate individuals to gain deeper insights into the difficulties faced by AFESIP beneficiaries and the assistance provided to them.

During the visit, and to celebrate the end of the year, Lok Chumteav Mao Chamnan and her family made several contributions to AFESIP, donating USD 10,000 in cash, providing a scholarship worth USD 12,000, and supplying necessary study materials worth around USD 8,000.

Lok Chumteav Mao Chamnan is passionate about gender diversity in the workplace and has done much to build a corporate culture of equality and respect. She took the opportunity to encourage the children present, emphasising the importance of hard work and education. She urged them to pursue their studies diligently, secure good jobs, support their families, and actively contribute to the development of Cambodia.

### WING BANK SPONSORS MINISTRY OF EDUCATION YOUTH AND SPORTS (MOEYS) DIGITAL ENTREPRENEURSHIP PROGRAM

The "Youth 21, 2022" program aimed to empower Cambodian youth through a boot camp-style training focused on "Digital Entrepreneurship: Business Initiatives in a New Path." Intending to equip participants with 21st-century skills and an entrepreneurial mindset, the program encouraged participants to use digital solutions to address real-

world challenges. In support of this initiative and the development of Cambodian youth in the era of the 4<sup>th</sup> Industrial Revolution, Wing Bank made a generous contribution of USD 5,000 and 10 laptops. This donation enabled more young individuals to participate in the program and gain the essential skills to thrive in the digital age.





#### **WING BANK SPONSORS ASEAN SAVINGS DAY IN CAMBODIA**

On October 31 2022, The National Bank of Cambodia (NBC), the Banking Association of Cambodia, and the Cambodia Microfinance Association celebrated "ASEAN Savings Day" in Siem Reap province. The event, held under the theme of "saving less is better than saving nothing", was designed to promote financial education and to encourage people, especially students, to start saving with financial institutions recognised by the NBC as a reserve for their future. At the public park before Preah Ang Chek - Preah Ang Cham in Siem Reap province, the ASEAN Savings Day event raised awareness about the importance of saving for the future and starting early.

#### WING BANK SUPPORTS SIEM REAP **BASED CHARITY ORGANIZATION TO HELP COMMUNITIES IN NEED**

Wing Bank announced its partnership with Heartprint, an Australian charity organisation, to provide muchneeded aid to vulnerable families in Siem Reap province.

Heartprint aims to alleviate the suffering of families struggling to access necessities such as food and hygiene supplies. Through the new collaboration, Wing Bank has donated rice, food staples, and hygiene supplies to support Heartprint in assisting 111 families in the region.

The donation covered six months from November 2021 to April 2022, enabling Heartprint to extend its reach and impact within the community. Wing Bank's contribution showcases its commitment to social responsibility and its dedication to improving the lives of those in need.

#### WING BANK SUPPORTED THE ACCESS TO FINANCE PROGRAM (AFP) ORGANISED BY THE YOUTH ENTREPRENEUR ASSOCIATION

Wing Bank actively participated in the "Access to Finance Program (AFP)" event, where it showcased its requirements, special offers, and opportunities and services tailored specifically for Small and Medium Enterprises (SMEs). The event provided SMEs with information on accessing financing opportunities and using them to grow their businesses.

Wing Bank used the opportunity to emphasise the necessary qualifications for SMEs to be eligible for loans, such as maintaining a favourable credit score and presenting a robust business plan.

In addition, Wing Bank presented special offers and opportunities available to SMEs, including lower interest rates and flexible repayment options. The presentation proved popular, with several SMEs interested in working with Wing Bank to secure business financing in the post-pandemic era.





# WING BANK EMPLOYEES DONATE BLOOD TO ENCOURAGE GREATER PUBLIC PARTICIPATION

Wing Bank carried out a blood donation campaign among its employees from various business streams, including Wing Bank, Wingmall, and Wing Money. The campaign was held under the theme "Share Your Love, Donate Blood" and was organised to celebrate Valentine's Day.

The blood donation took place at Wing's head office in Phnom Penh following the advice of Samdech Techo Hun Sen about the "3 Do's and 3 Don'ts" and the Ministry of Health directive to contain the pandemic.

Wing Bank was proud to give blood to patients in need. Blood donation supports patients in need and provides health benefits to the donors themselves. By donating blood, individuals can improve their cardiovascular health and reduce obesity. After donating, the body replenishes the blood loss, which stimulates the production of new blood cells and contributes to overall well-being. Participating in blood donation is a meaningful way to make a difference in the lives of others while promoting personal health.

#### WING BANK DONATES 20 MILLION RIELS TO THE ANGKOR HOSPITAL FOR CHILDREN

Wing Bank continued its three-year support for the Angkor Hospital for Children (AHC) to commemorate the "9th Bun Pkar Brak Moha Samaki" and offered zero donation fees during the event.

During the Bun Pkar Brak Moha Samaki ceremony, Wing Bank and its employees, along with Royal Group partners and customers, raised over 32.5 million riels in donations, with over 20 million riels coming from Wing Bank.

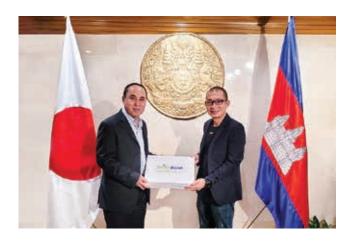
By offering high-quality, efficient treatments free of charge to hundreds of sick children, the AHC has brought hope to countless Cambodian parents. More than 400 children receive free treatment from qualified medical personnel each day. While the hospital offers this service for free, it relies on public support to sustain its operations, and this was particularly important in the past two years when the Covid-19 Pandemic exacerbated financial challenges.

### WING BANK DONATES USD 5,000 TO THE ROYAL EMBASSY OF CAMBODIA IN JAPAN

Wing Bank (Cambodia) Plc. Donated USD 5,000 to the Royal Embassy of Cambodia to Japan. The funds supported the Royal Embassy of Cambodia in organising community events and extending its labour assistance services to overseas Cambodians.

According to embassy data, 14,617 Cambodians work in Japan as technical interns, trainees, and skilled workers. They obtain a wage of approximately USD 1,500 per month, much of which is remitted home to their families in Cambodia. Besides sending money to their families, these overseas citizens contribute to Cambodia's economic growth and can learn valuable overseas skills that can be brought back to the kingdom.

Cambodia and Japan enjoy a warm relationship, and the Royal Government of Cambodia is working hard to ensure that Cambodian migrant workers are safe. The Cambodian Embassy in Japan actively supports and implements the policy on labour migration for Cambodia 2019-2023 and was a key consultation partner for related legal frameworks. It collaborates closely with the Japanese government to protect and safeguard Cambodians living, studying, and working in Japan.







#### WING BANK JOINS FORCES WITH THE **TECHO STARTUP CENTER TO PROMOTE ENTREPRENEURSHIP**

Wing Bank has supported the Techo Startup Center's 'Digital Platform Accelerator Program', which fosters a conducive environment for startups and small and medium enterprises (SMEs) as they transition to Cambodia's burgeoning digital economy.

The program, co-organised by the Ministry of Economy and Finance and Techo Startup Center, spans 18 weeks and targets tech startups with digital solutions catering to other businesses' needs, particularly those with a B2B business model. With Wing Bank's continuous support, the program provides a platform for entrepreneurs to thrive and contribute to the country's digital transformation.

Wing Bank has now supported Techo Startup Center with three programs: the Reverse Innovation Program 2021, the Digital SME Accelerator Program 2021, and the Digital Platform Accelerator Program 2022.

#### WING BANK SPONSORS THE "MICROFINANCE CONFERENCE IN 2022" **ORGANISED BY THE CMA**

The Cambodian Microfinance Association (CMA) organised the "Microfinance Conference in 2022" focusing on "Strengthening Responsible Growth in the Context of the Post-COVID-19 Economic Recovery". The one-day conference attracted over 400 participants, mainly senior executives of microfinance institutions, development partners, and international experts. The event featured presentations and discussions from key industry leaders and recognised experts on Cambodia's current and future economic recovery patterns. Distinguished speakers from the National Bank of Cambodia (NBC), international partners, local experts, and independent researchers delivered presentations and joined group discussions, providing valuable insights into strategies, future trends, regulations, and practical experiences for financial practitioners in Cambodia.

#### WING BANK SUPPORTS THE INDIAN **EMBASSY IN CAMBODIA CELEBRATE 8TH** INTERNATIONAL DAY OF YOGA

The 8th International Day of Yoga was held in Siem Reap province, with the theme "Yoga for Humanity". The event was organised in collaboration with the Ministries of Tourism, Education, Youth and Sport, and Culture and Fine Arts and saw the participation of Indian foreign minister Rajkumar Ranjan Singh, Indian Ambassador Devyani Khobragade, and several Cambodian dignitaries. Wing Bank was one of the core sponsors, supporting the Indian Embassy in Cambodia in organising this event. The event featured a live yoga session, with over 300 participants performing the ancient discipline on colourful mats in front of the stunning Elephant Terrace. The event showcased yoga's health and lifestyle benefits and raised awareness of yoga's ability to foster unity and peace among people of different cultures and backgrounds.

#### **WING BANK SUPPORTS A RURAL SCHOOL IN ODDAR MEANCHEY PROVINCE**

Wing Bank supported Green Life School in Ou Tamana village, Anlong Veng commune, Anlong Veng district, Oddar Meanchey province, for three months. The donation provided students with food access and was used to renovate the school's football field. The Green Life School is a rural school that serves students from low-income families, and the donation from Wing Bank is expected to impact the students' lives significantly. The support will ensure that students' basic needs are met, such as food and materials and provide them with a safe and enjoyable space to play and exercise. The three-month duration of the donation shows Wing Bank's commitment to supporting the community and contributing to their well-being. The bank's support for the school is a positive example of how businesses can make a difference in the lives of those in need and help build stronger, more resilient communities.





# WING BANK AND HFCA PROVIDE FOOTBALL PROGRAMS FOR UNDERPRIVILEGED YOUTH

Wing Bank and Happy Football Cambodia Australia (HFCA) have partnered to ensure the Sras Srong Village youth in Siem Reap province can continue to play football in a safe and caring environment.

Playing football is not only good for their health, but also it can help youth to work together as a team. That will bring about solidarity in the community.

HFCA has been running weekly football training in Siem Reap City since 2017, and in February 2020, HFCA launched their Siem Reap Village football programs in Oroong Village, Chub Smack Village and Sras Srong Village. HFCA is the first organisation to run a formal sports program in these three villages, and on average, 50 girls across the three programs attend regularly.

# WING BANK OFFERS SUPPORT TO MID-YEAR GENERAL MEETING AND EDUCATION WORKSHOP

Wing Bank supported promoting education in Cambodia by partnering with the Federation of Education Service in Cambodia (FESC) to organise a significant event, the "Mid Year General Meeting and Education Workshop," on July 30 2022. The event brought together more than 100 private educational institutions, training centres, education associations, and educational technology companies, all with a shared vision and passion for high standards and quality education in Cambodia.

The event aimed to foster collaboration and encourage the sharing of knowledge and ideas among participants to advance education in the country further. Wing Bank's involvement in the event highlights its commitment to supporting initiatives that positively impact Cambodian communities. By partnering with the FESC, Wing Bank has demonstrated its dedication to promoting education as a key factor in developing Cambodia's future.



### WING BANK JOINS GLOBAL SME FINANCE FORUM

Wing Bank actively participated in the Annual Global SME Finance Forum 2022, which took place in Phnom Penh from 19-21 September. Global leaders in the finance sector gathered in the Cambodian capital for the SME Finance Forum. During the forum, discussions revolved around agricultural digitalisation, digital currencies, distributed ledgers, the future of SME financing, and leveraging digital innovations for women entrepreneurs. Training sessions covered green, social, and sustainability bonds executive, countering trade-based money laundering, and responsible finance in the digital age.

The SME Finance Forum, an initiative managed by the International Finance Corporation (IFC), partnered with the National Bank of Cambodia (NBC) to host the Global SME Finance Forum 2022 in Phnom Penh from September 19 to 21.

The three-day conference in Phnom Penh included five study tours to private banks, focusing on how digitalisation can promote and accelerate green finance, enhance supply-chain efficiencies, improve data security, and automate processes. Wing Bank supported the forum in organising the various study tours.

### EMPLOYEES OF WING BANK JOIN HANDS TO SUPPORT CHILDREN IN NEED

The employees of Wing Bank, fully aware of their role as representatives of both the company and the communities they serve, demonstrated their commitment to social responsibility by donating essential items to underprivileged children in Sihanoukville. Wing Bank staff made a significant donation of study materials, clothes, and rice to the Enfants de Klang Leu organisation, which provided 62 children with basic education necessities, and enabled Enfants de Klang Leu to extend its support to even more children. The Wing Bank's contribution will promote the values of education, hygiene, nutrition, art, sports, and recreational activities, helping nurture healthy and well-rounded communities.



#### WING BANK SPONSORS WRITING **COMPETITION HOSTED BY THE** ASSOCIATION OF BANKS IN CAMBODIA

Wing Bank recently sponsored the Award Handover Ceremony for a News Writing Competition to promote access to financial information in Cambodia. The competition, hosted by the Association of Banks in Cambodia (ABC), focused on the positive contribution of the banking and financial sectors to the livelihoods of Cambodians. The event was organised to recognise and appreciate the efforts of journalists who covered the topic with insight and relevance.

By supporting this competition, Wing Bank has demonstrated its commitment to promoting financial literacy and journalism and supporting the development of Cambodia's banking and finance sector. The competition allowed journalists to showcase their writing skills and contribute to disseminating information on the future of Cambodia's financial sector. The bank's support for the competition underscores its dedication to fostering a culture of responsible banking and financial management in the country.

#### WING BANK SUPPORTS WORKSHOP ON "THE ROLE OF THE BANKING SECTOR AND FINTECH IN CAMBODIA'S DIGITAL **ECONOMY**"

Wing Bank demonstrated its commitment to advancing Cambodia's digital economy by supporting the National Bank of Cambodia (NBC) workshop on "The Role of the Banking Sector and Fintech in Cambodia's Digital Economy". The workshop, held on September 22 2022, explored the vast potential of the banking and fintech sectors in driving the digital economy in Cambodia

The event brought together experts from the banking and fintech industries, policymakers, and regulators to discuss critical issues related to the digital economy, including financial inclusion, digital payments, and cybersecurity. Participants had the opportunity to exchange ideas, share best practices, and explore opportunities for collaboration.

Wing Bank's support for the workshop highlights its commitment to supporting initiatives that promote the growth of the digital economy in Cambodia. By supporting NBC, Wing Bank has demonstrated its dedication to driving innovation and expanding access to financial services in the country.

#### WING BANK SUPPORTS MOEYS BUSINESS PLAN CONTEST

Wing Bank supported the Ministry of Education, Youth, and Sport's (MoEYS) Business Plan Contest. The event comprised a training workshop, a semifinal competition day, and a final day competition. The contest aimed to encourage and nurture entrepreneurial talent in Cambodia by identifying the nation's most promising young innovators. Wing Bank is committed to supporting entrepreneurship and small businesses in the country. The competition allowed young entrepreneurs to showcase their business ideas, receive feedback from industry experts, and potentially secure funding to launch their ventures. Through its involvement in the Business Plan Contest, Wing Bank is helping to create a supportive ecosystem for small businesses and entrepreneurs in Cambodia. This, in turn, can contribute to the country's overall economic growth by fostering innovation and job creation.

#### WING BANK SUPPORTS THE NATIONAL **ONLINE BUSINESS FOR YOUTH (NOBY) PROGRAM BY MOEYS**

Wing Bank lent its support to the 2022 National Youth Business program initiated by the MOEYS and the International Labour Organization (ILO). Over 60,000 young people from around Cambodia participated in the 5th Cambodia Entrepreneurship Day. The NOBY program empowers young Cambodians with the skills and resources they need to succeed in business.

As part of its support, Wing Bank sent a representative to serve as a judge for the program. Additionally, the bank set up a booth to showcase its products and services and to engage with participants and attendees.



2022 was the second year that Wing Bank supported the National Youth Business program. The program aims to empower young people by offering them opportunities to develop their entrepreneurial skills and make meaningful contributions to Cambodia's economic advancement. Through its active participation, Wing Bank reaffirms its strong commitment to nurturing and promoting the growth of small businesses and aspiring entrepreneurs in the country.

# BUSINESS SHARING PROGRAM BY CAMBODIA CHAMBER OF COMMERCE (CCC) BOOSTED BY WING BANK SUPPORT

Wing Bank's representatives participated in an event to help entrepreneurs and small and medium-sized enterprises (SMEs) improve their digital marketing strategies and product and service management. The event attracted approximately 500 participants from 12 provinces and cities.

Wing Bank's representatives shared their expertise and best practices in core technical areas during the event, providing participants with valuable insights and practical advice. The bank also set up a booth at the event, which attracted much interest from attendees keen to learn more about Wing Bank's products and services.

Through participation in events such as this, Wing Bank is helping to foster a culture of entrepreneurship and innovation in Cambodia. By sharing its knowledge and expertise, the bank empowers entrepreneurs and SME owners to succeed in today's competitive business environment.

# WING BANK SUPPORTS "ACCESS TO FINANCE AND BOOST INVESTMENT FOR ENTREPRENEURS" PROGRAM BY SIBB (CAMBODIA)

Wing Bank supported the "Access to Finance and Boost Investment for Entrepreneurs" program designed by SIBB (Cambodia) Co., Ltd. The program aims to improve entrepreneurs' knowledge and experience in marketing plans, financial plans, financial tracking, business development plans, and investment analysis and decision-making.

Wing Bank's support for the program underscores its commitment to promoting financial literacy and supporting the development of small businesses in Cambodia. The bank's participation in initiatives such as this is helping to create a more vibrant and dynamic entrepreneurial landscape in the country.

## WING BANK SUPPORTS YEAC AS ANNUAL STRATEGIC PARTNER

Wing Bank has become an annual partner of the Young Entrepreneurs Association of Cambodia (YEAC), a volunteer-driven non-profit organisation that assists young entrepreneurs in Cambodia. With 395 members, the YEAC offers capacity-building and training sessions, conferences, workshops, business networking and matching, and business trips.

The organisation's objective is to foster entrepreneurship among the youth in Cambodia by providing them with the necessary resources and opportunities. With Wing Bank's assistance, YEAC can continue to carry out its initiatives and empower young entrepreneurs in the country.



## WING BANK PARTICIPATED IN THE 2022 BANKER CYCLING EVENT ORGANISED BY ABC

Wing Bank participated in the 2022 "Banker's Cycling" event, held under the theme "Promote the Khmer Riel and Sustainability of Banking Sector". The Association of Banks in Cambodia (ABC) organised the event at the Elephant in Siem Reap province. Over 520 participants took part, cycling a distance of 25 km.

The Bankers' Cycling event has always been a major drawcard for the tourism sector in Siem Reap, and this year's cycle was no different. Wing Bank joined local and international cyclists taking part, all supported by the Ministry of Environment, the National Bank of Cambodia (NBC) and the Cambodia Microfinance Association (CMA).



## BOARD OF DIRECTORS



Neak Oknha Kith Meng, Chairman

He has been the Chairman of WING Bank (Cambodia) PLC since 2014.

He oversees and manages Cambodia's largest conglomerate with an interest in Telecom, Banking, Insurance, Finance, Media, Property, Tourism, Limestone, Mining, Petrochemicals and Agriculture.

In 2011, he acquired Wing (Cambodia) Limited to transform the way Cambodians send and receive money, using mobile phones in a convenient, secure and instant manner—thereby helping improve the quality of their lives.

With over three decades of experience, he leads Wing to be one of the leading mobile financial service providers in Cambodia for the unbanked and underbanked population enabling them to participate in the country's economic activities.

In 2014, his genius effort led to the recognition of Wing from the National Bank of Cambodia as a specialize bank using modern financial technology to close the gap in financial inclusion in Cambodia. On 31 December 2020, Wing (Cambodia) Limited Specialised Bank was awarded a commercial banking license from the National Bank of Cambodia to operate as a commercial bank under the name "Wing Bank (Cambodia) Plc".

He is very keen on contributing towards the development and growth of Cambodia's economy, by creating business propositions tailored to fulfil the daily basic needs of citizens.

Since 2006, he has been the Chairman of Asean Business Advisory Council. Also, he has been elected as the President of Cambodia's Chamber of Commerce, giving him a very prominent role in driving the foreign investors into Cambodia and contributing to the regional economic growth.

He holds B.S. Economics & Political Science from Australian National University.



## Rami Bashir Asa'd Sharaf, Director

He assumes his role as Non-Executive Director of the Board of Wing Bank in 2021.

He has extensive business and strategic experience in conglomerate companies for over 30 years in challenging markets. That includes working in the executive positions at NovoNordisk in Pakistan & Afghanistan in 1994 prior to embarking on his career in Cambodia as a CEO at the RMA Group of Companies Cambodia in 2009 and pursuing his journey as a CEO at WorldBridge Group of Companies in 2015.

He joined the Royal Group of Companies in 2016 as a Senior Vice President. He is also a skilled corporate ambassador playing a leading role in a variety of business associations.

He has attended a number of executive management courses throughout his career. He holds a bachelor's degree in Arts, majoring in Business from Annajah National University in Palestine in 1991.





## Su Tieng Teck, Director

He holds the position of Non-Executive Director of the Board of Wing Bank in 2021.

He has brought with him more than 30 years of experience in general insurance and held CEO positions in two renowned general insurance companies in Malaysia prior to embarking on his insurance career in Cambodia in 2020.

Currently, he is a board member of Cambodia Life Micro Insurance, and Chief Executive Officer of Infinity General Insurance Plc – Cambodia since 2020.

He holds a master's degree in Business Administration in UK in 1999.



## Taing Havdy, Independent Director

He is on the Board of Wing Bank as an Independent Director since 2020.

He provides his expertise to Wing Bank by drawing on his extensive experience in financial reporting, corporate governance, risk management, strategy, and related areas. He has an impressive and thorough working experience in the financial services sector. He has spent more than 15 years in the auditing field and microfinance sector. He has been a part of Wing since November 12, 2020.

As well to being on the board of Wing Bank, he is also the CEO of Techzone Plus Co., Ltd.

He holds a bachelor's degree in Business Administration majoring in Accounting from the National University of Management (NUM) in 2006, and Certified Accountant Technician Certification – CAT (2008) and ACCA Qualification (2017) from Association of Chartered Certified Accountants.



## Vong Sokhal, Independent Director

He assumed the role as an Independent Director of the Board of Wing Bank in 2021.

In taking this role, he has brought with him his skills and experience in the Cambodian banking and finance sector, which he has developed over a 23-year period. He is recognized as an inspirational leader in his field, creating much value for various financial organizations as a member of the executive leadership team. His past achievements have included leadership responsibility for organization-wide strategic planning and implementation and ensuring the right teams were selected for the day-to-day running of banking operations.

He has also been in the leadership role of various companies such as VTrust Appraisal, SHG Finance, the Zillennium Group, and Dai Ichi Life Insurance

He obtained a full scholarship from the French Government to complete his master's degree in Business Administration in April 1999, at the Asian Institute of Technology, in Thailand.

# MANAGEMENT TEAM











## HAN PENG KWANG, CHIEF EXECUTIVE OFFICER

Han Peng Kwang is the Chief Executive Officer of Wing Bank (Cambodia) Plc.

Han is a seasoned banker with over 28 years of experience in the industry. He is a graduate of the Universiti Utara Malaysia with a Bachelor of Economics (Honours). He is also a Chartered Banker and a Certified Credit Professional of the Asian Institute of Chartered Bankers (AICB). He is also a Certified ScrumMaster and a Certified Scrum Product Owner.

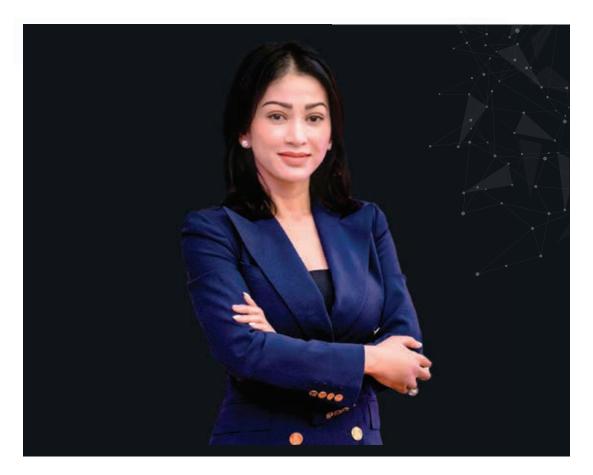
Han started his banking career in 1995 at Public Bank Berhad, one of the largest commercial banks in Malaysia. He held a variety of positions at the bank, including frontline operations, sales and marketing, credit processing, loan securities and documentations, credit review, credit control, trade financing, and others. His last role at the bank was as a Branch Manager of one of the Cambodian Public Bank branches in Phnom Penh.

In 2009, Han established HwangDBS Commercial Bank Plc (now known as Phillip Bank Plc). He served as the General Manager of the bank and was responsible for overseeing the entire operations of the bank. He remained in this role after the change in ownership of the bank in 2014. In June 2021, Han joined Wing Bank (Cambodia) Plc as the Chief Executive Officer.

Han is a passionate believer in the transformative power of digital finance technologies. He believes that these technologies can meet customer needs in a cheaper, faster, and more efficient way. His key strategy for success is a relentless pursuit of great customer experiences, which is a core mission of Wing Bank.

Since obtaining the commercial banking license in December 2020, Wing Bank has grown into one of the most successful and fastest growing digital banks in Cambodia. Han is committed to making Wing Bank the Bank for all Cambodians.





## LOK CHUMTEAV CHAMNAN MAO, CHIEF OPERATING OFFICER

Chamnan Mao is the Chief Operating Officer of Wing Bank.

As Chief Operating Officer, she works closely with the CEO to carry out the planning, organisation and management of all Wing's activities. She ensures that operations are carried out efficiently, and in the best interests of the public and the company's stakeholders, a wide pool that includes customers, employees, shareholders, and the board of directors.

Chamnan started her Wing career in 2016. She has since driven Wing Bank to new heights, helping the company gain wide recognition in the process. For example, during her first three years, Wing was repeatedly honoured as a "Sustainable Social Enterprise" at the annual ASEAN Business Awards (ABA).

Chamnan is also a passionate advocate for gender diversity in the workplace and has done much to build a corporate culture of equality and respect.







He has more than 10 years' experience of financial management across a number of sectors including banking, investment, and import and export.

He has driven unique and non-traditional mobile payment models in Cambodia to support Wing's sustainable growth strategies and objectives. Currently, he is responsible for ensuring overall business growth; profitability; and new product development oversight. He works closely with the CEO and commercial teams in delivering revenue targets and managing business support functions to deliver high quality and differentiated banking services to customers.

He is a Fellow Chartered and Certified Accountant (FCCA) member of the UK-based Association of Chartered Certified Accountants. He holds a master's degree in business administration from Cambodian Mekong University, and a bachelor's in accounting from the Royal University of Law and Economics.



## RAJEEV CHINTHAKA MUNASINGHE. **CHIEF TECHNOLOGY OFFICER**

Rajeev Munasinghe is the Chief Technology Officer of Wing Bank (Cambodia) PLC.

Rajeev Munasinghe holds more than 24 years of experience in the technology domain, having started his carrier as a software engineer in 1998 with a British Enterprise Resource Planning (ERP) company. Along the way, he has covered many aspects of IT by supporting companies in Malaysia, Indonesia, and Singapore, mostly in the manufacturing domain.

His shift into the financial sector started with Standard Chartered Bank UAE, where he worked across the MESA region, after which he began working for finance companies and banks in Sri Lanka. In total, he gained over 15 years of experience in the Banking and Finance domain covering several core banking system implementations by working as a VP/CIO.

Rajeev holds a reputation for successfully introducing first to the market Banking products and digital innovations - and was awarded for his efforts during the BCS annual awards.

He holds an MSc in IT from Keele University, and an MBA from Bedfordshire University, both in the UK. He obtained his basic IT education with a Full-time Diploma from the National Institute of Business Management in Sri Lanka.



## UTH SOEURNG, CHIEF BUSINESS OFFICER

Soeurng is now the Chief Business Officer of Wing Bank.

As the Chief Business Officer at Wing Bank, Soeurng leads the bank's business development team to drive revenue growth and customer acquisition. Additionally, He works with the executive team to create and execute the bank's overall business strategy.

With nearly 20 years of experience in the banking industry, Soeurng has an extensive background in business development, banking, and sales. He has worked with major financial institutions, including ANZ ROYAL Bank, HATHA Bank, SBI Ly Hour Bank, and PRASAC Microfinance Institution, and has helped them develop and implement successful business strategies.

Soeurng also brings a wealth of skills to his role, including strategic planning, business acumen, and customer relationship management. He earned an MBA in Accounting and Finance in 2002 from French Management Center in Vietnam.

He is also known for his entrepreneurial spirit, his ability to inspire and motivate his team, and his deep understanding of consumer behavior in the financial industry.



## DARA CHIV, FINANCE DIRECTOR

Dara Chiv is the Finance Director at Wing Bank, having joined the company in July 2021. With over 19 years of experience working in Cambodia's largest banks, he brings a wealth of diverse experiences across multiple areas, including operations, finance, foreign exchange and treasury as well as assets and liabilities management (ALM), budget, Cambodian International Financial Reporting Standards (CIFRS), and tax.

In his current role, Dara is responsible for overseeing Wing's financial affairs, taxes, treasury, ALM, CIFRS project, and core banking project.

He holds an ACCA qualification, having graduated in December 2013, and is currently a fellow member of the Association of Chartered Certified Accountants, UK. Additionally, he completed the Chartered Management Accounting program from the Institute of Chartered Management Accountants, Australia, in 2016. During his career in the banking industry, Dara has also participated in numerous training courses focused on finance and banking.

Dara's extensive background in finance and accounting, combined with his experience in the unique Cambodian market, make him an asset to Wing Bank as Finance Director.







Vannara THET is currently the Payment and Card Director in Wing Bank (Cambodia) PLC.

Vannara brings over 25 years of card business experience to Wing Bank, obtained across several banks in Cambodia, including Mekong Bank, Cambodian Public Bank, Sathapana Bank and Public Bank Vietnam in Vietnam. Vannara also has substantial expertise in card issuance and merchant acquisition. having served as the Head of Card Centre at several banks over his career.

He graduated from the Royal University of Phnom Penh, and the Center for Banking Studies (which is powered by the National Bank of Cambodia), with a diploma in French Language Education, and an Associate Degree in Banking.

Aside from being an Asian Development Bank (ADB) Certified "Enhancing Banking Skills Training Program" Graduate, a program provided by Barents Group LLC, Washington D.C. (U.S.A), Vannara also holds several certificates awarded by the business schools of International Card Schemes such as Visa and Mastercard.



## **DARAVUTH DOEUK. CREDIT AND RISK DIRECTOR**

Daravuth is the Credit and Risk Director of Wing Bank, where he works towards a vision of creating fast and efficient credit-approval processes for all Wing customers. To do this, he uses data-driven decision making, and analysis of client behaviour to facilitate faster loan approvals, as result he led to launch of digital loan which have more than one million clients who has credit limits and take up at anytime, anywhere. His experience includes designing loan approval and disbursement models, customer credit decision models, and instant-loan approval systems.

He is the Chairman of the Credit Committee, a member of the Executive Committee, and is responsible for Credit Management, Recovery & Monitoring, Risk Management, and Credit Administration.

Daravuth initially joined Wing in 2014 as Risk and Compliance Director, working diligently to develop the regulatory framework for Wing. He earned his ACCA Qualification in 2012.





## HENG SREYPOCH, COMPLIANCE DIRECTOR

Heng Sreypoch is the Wing Bank Compliance Director.

Sreypoch joined Wing in 2021 during its long-awaited conversion to a commercial bank. Before her recent role with Wing Bank, she worked with three commercial banks during merger and acquisition operations, and in commercial bank transformation for more than a decade as Head of Compliance.

An experienced expert in financial regulatory affairs, Miss Sreypoch obtained her regulatory compliance certification for Cambodia, as well as several certifications from banks in Taiwan and Thailand focused on auditing - including risk management, audit, compliance, and strategic planning.

## VITA CHHITH, HEAD OF INTERNAL AUDIT

Vita joined Wing Bank in June 2020, bringing her over 13 years of professional experience in the auditing industry. Prior to joining us, she worked for several years as an external auditor at two of the four biggest audit companies in Cambodia, where she gained a wealth of experience and knowledge in auditing practices. In addition, she has more than four years of experience as an internal auditor.

As the Head of Internal Audit at WING Bank, Vita is responsible for ensuring that the bank's processes for controlling its activities are adequate and effective. She reports directly to the audit committee, providing them with annual assessments of the bank's processes. Her expertise in auditing and internal control systems has been invaluable to Wing Bank, and she continues to provide strategic guidance to the bank's leadership team.



## **CORPORATE GOVERNANCE**

## **Internal Control**

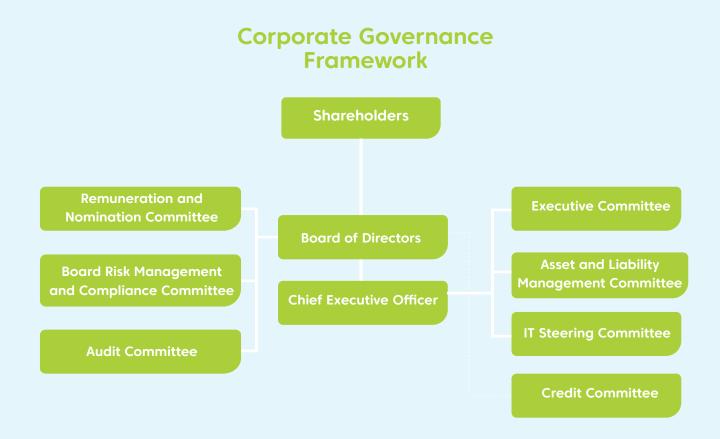
The Board of Wing Bank is responsible for the effectiveness of Wing Bank's internal The Board of Wing Bank is responsible for the effectiveness of Wing Bank's internal controls system. The Board ensures that the system manages Wing Bank's key areas of risk within an acceptable level of risk. This increases the likelihood that Wing Bank's mission, vision, and business objectives will be achieved. The Board continually reviews the system of internal controls to ensure it provides a reasonable assurance against any material misstatement of management and financial information and records or any financial losses or fraud.

The Board maintained its ideal size of five members, including two Independent and three Non-Executive Directors. The Board has established an ongoing process for identifying, evaluating, and managing the significant risks faced by Wing Bank and this process includes enhancing the system of internal controls as and when there are changes to the business environment or regulatory quidelines.

The Wing Bank Management team assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation, and monitoring of suitable internal controls to mitigate and control these risks.

The Board is responsible for ensuring that the current system of internal controls in place is adept and effective to safeguard the shareholders' investment, the interests of stakeholders, customers, regulators, employees, and Wing Bank's assets. Wing Bank believes that good corporate governance practices will enable the bank to be more transparent and accountable as well as bring value creation to all its stakeholders.







## **Audit Committee**

The committee is established by and among the board of directors for primary purpose of assisting the board in:

- Overseeing the integrity of the Bank's financial statements and the Bank's accounting and financial reporting processes and financial statement audits.
- Overseeing the Bank's compliance with legal and regulatory requirements.
- Overseeing the registered public accounting firm's (independent auditor's) qualifications and independence.
- Overseeing the performance of the Bank's independent auditor and internal audit function.
- Overseeing the Bank's systems of disclosure controls and procedures, internal controls over financial reporting, and compliance with ethical standards adopted by the Bank

## **Board Risk Management and Compliance Committee**

This committee is established by and among Board of Director to manage and control the risk and compliance matters in the Bank that requires the involvement from Board of Directors/ Board Committees to the lowest level of management. To closely monitor, control, manage, and identify the risks and non-compliance matter timely and regularly, this committee perform the following tasks:

- Ensure strategies conform to the Bank's risk appetite and levels of exposure as determined and approved by the Board of Directors.
- Reviewing and monitoring the bank-wide risk management policies and systems for the Bank, encompassing Operations, Market and Liquidity and Credit risks respectively;
- Represents the focal point for the formulation and review of all the Bank's risk management infrastructure
- Monitors and reviews the risk dashboard analytics of the Bank on a pro-active basis; and
- Supervise compliance with local regulation
- With this set of responsibilities, BRMCC is mainstreamed into the Bank's overall planning and decision-making process. The Committee not only manages the institution's risk; it also develops strategies that optimize the institution's return.

## **Internal Audit Department**

Internal Audit Department carries out periodic audits to assess the adequacy, effectiveness, and adherence to the system of internal controls and highlights significant findings in respect of any inadequacies or non-adherence. Audits are carried out on branches and Head Office departments, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of these branches and Head Office departments. The annual audit plan and audit scope are reviewed and approved by Wing Bank's Audit Committee. The audit findings are submitted to Wing Bank's Audit Committee for review at its periodic meetings.





## **Compliance Department**

The Compliance Department checks for compliance with applicable laws, regulations, best practice and internal policies and procedures. In addition, the Department also highlights significant findings of any non-compliance to the Wing Bank's Risk Management Committee for review at its periodic meetings. The Department also acts as a coordinator with NBC and the Cambodia Financial Intelligence Unit (CAFIU).

## **Risk Management Department**

Enterprise Risk Management is a process, affected by an entity's Board of Directors, Management and other personnel, applied in strategy setting and across the enterprise designed to identify potential events that may affect the entity, and management risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.

## **Composition of the Board of Directors**

## Name Position/Type of Directorship

Neak Oknha Kith Meng
Rami Bashir Asa'd Sharaf
Su Tieng Teck
Taing Havdy
Vong Sokhal

Chairman of the Board of Director
Non-Executive Director
Independent Director
Independent Director

## **Meeting**

The Board of Directors schedule to meet once every three (3) months and when necessary. In 2022, the Board met 4 times; one time was conducted in person at Wing Bank Bank's head office.

## Responsibility of the Board of Directors and Board Committee

The BOD prescribes standard and establishes policies and guidelines on the management of key operations areas of the Bank.

The BOD must regularly oversight the bank's business operations and performance and ensures that the infrastructure, internal controls, and risk management process are effectively in place to access and manage key business risks including operational, credit, market, liquidity, and reputational risks.

The BOD carries out the various functions and responsibilities laid down according to the guidelines and directive that are issued by the regulators(s) from time to time.

## **Board Committee**

There are three committees at Board level: Audit Committee, Board Risk Management and Compliance Committee, Remuneration and Nomination Committee.

## **Executive Management Committee**

There are 3 Executive Management Committee: Asset and Liability Management Committee (ALCO), Credit Committee (CC), IT Steering Committee (ITSC) and Executive Committee.



## **ORGANIZATIONAL CHART** WING BANK (CAMBODIA) PLC.









## REPORT OF THE BOARD OF DIRECTORS **AND AUDITED FINANCIAL STATEMENTS IN ACCORDANCE WITH CAMBODIAN INTERNATIONAL FINANCIAL REPORTING STANDARDS**

as at 31 December 2022 and for the year then ended

BANK WING Bank (Cambodia) Plc

**REGISTRATION NO.** 00005108

**REGISTERED OFFICE** #721, Preah Monivong Blvd Sangkat Boeung Keng Kang Ti Bei

Khan Boeng Keng Kang Phnom Penh, Kingdom of Cambodia

SHAREHOLDERS WING Holdings Pte Limited

Neak Oknha Kith Meng

## **BOARD OF DIRECTORS**

Neak Oknha Kith MengChairmanMr. Su Tieng TeckDirectorMr. Rami Bashir Asa'd SharafDirector

Mr. Vong SokhalIndependence directorMr. Taing HavdyIndependence director

#### **MANAGEMENT TEAM**

Mr. Han Peng Kwang Chief Executive Officer

Mr. Hor Bunthe Deputy Chief Executive Officer

Lok Chum Teav Mao ChamnanChief Operating OfficerMr. Rajeev Chinthaka MunasingheChief Technology Officer

Mr. Sovithya Sothy

Chief Business Officer (resigned on 30 June 2022)

Mr. Uth Soeurng

Chief Business Officer (appointed on 1 July 2022)

Mr. Doeuk DaravuthRisk and Credit DirectorMs. Heng SreypochCompliance Director

Mr. Thet Vannara Payment and Card Director

Mr. Chiv Dara Finance Director

Ms. Chhith Vita Head of Internal Audit

Mr. Oun Nora Head of Human Resources Business

Mr. Chea Chanraksmei Head of Banking Operation

## **AUDITORS**

Ernst & Young (Cambodia) Ltd.



## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors ("the Directors" or "the Board") hereby submit their report together with the audited financial statements of Wing Bank (Cambodia) Plc ("the Bank") for the year ended 31 December 2022.

### **THE BANK**

WING Bank (Cambodia) Plc (the "Bank") was incorporated in the Kingdom of Cambodia on 18 August 2008 as a private limited Bank under the Registration No. 00005108. The Bank converted from a specialized bank to a commercial bank under a commercial banking license from the National Bank of Cambodia ("NBC") for an indefinite period on 31 December 2020 with its updated Memorandum and Articles of Incorporation endorsed by the Ministry of Commerce ("MOC") on 5 August 2021.

The principal activities of the Bank are undertaking of e-commerce trading, mobile payments, and provision of various types of banking and financial services in the Kingdom of Cambodia.

The registered office of the Bank is located at #721, Preah Monivong Boulevard, Sangkat Boeung Keng Kang Ti Bei, Khan Boeng Keng Kang, Phnom Penh, Kingdom of Cambodia.

#### **FINANCIAL RESULTS**

The financial results of the Bank were as follows:

202	2022		21
	KHR'000		KHR'000
US\$	(Note 2.1)	US\$	(Note 2.1)
10,126,074	41,385,266	16,224,802	66,002,49
(2,117,428)	(8,653,928)	(3,540,988)	(14,404,739)
8,008,646	32,731,338	12,683,814	51,597,75

## **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

The share capital of the Bank as at 31 December 2022 was US\$ 75 million or KHR'000 300 million (2021: US\$ 75 million or KHR'000 300 million).

## **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.

## LOANS AND ADVANCES TO CUSTOMERS

Before the financial statements of the Bank were prepared, the Directors took reasonable steps to ascertain that action 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 that adequate loss allowance has been made for bad and doubtful 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 the allowance for impairment losses in the financial statements of the Bank inadequate to any material extent.





## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

## **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 realized in the ordinary course of business at their value as shown in the accounting records of the Bank had been written down to an amount which they might be expected to realize.

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

#### **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 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 AFTER THE REPORTING PERIOD**

At the date of this report, there have been no other significant events occurring after the reporting period which would require adjustments or disclosures other than those disclosed in the financial statements.

#### THE BOARD OF DIRECTORS

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

Neak Oknha Kith MengChairmanMr. Su Tieng TeekDirectorMr. Rami Bashir Asa'd SharafDirector

Mr. Vong Sokhal Independence director
Mr. Taing Havdy Independence director



## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

## **DIRECTORS' INTERESTS**

Neak Oknha Kith Meng directly owned 20% of the total share of the Bank and 100% of the shareholding of WING Holdings Pte Limited, the Bank's parent Bank. None of other 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 objectives 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 body corporate.

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 Bank in which the Director has a substantial financial interest other than as disclosed in the financial statements.

## STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ascertaining that the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended. In 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 Cambodian International Financial Reporting Standards ("CIFRSs") 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 the Directors 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.





## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

## **APPROVAL OF THE FINANCIAL STATEMENTS**

We, on behalf of the Board of Directors, do hereby confirm that the acBanking financial statements give a true and fair view of the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with CIFRSs.

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



Phnom Penh, Kingdom of Cambodia

30 April 2023

## **INDEPENDENT AUDITOR'S REPORT**

To: The Shareholders of WING Bank (Cambodia) Plc

## **Opinion**

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

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

## **Basis for Opinion**

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics for Professional Accountants and Auditors issued by the Ministry of Economy and Finance of Cambodia, together with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Other Matter**

The financial statements of the Bank as at and for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 12 April 2022.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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





## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



**Ernst & Young (Cambodia) Ltd.**Certified Public Accountants
Registered Auditors

Phnom Penh, Kingdom of Cambodia 30 April 2023



## STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Notes	20	22	20	21
		US\$	KHR'000	US\$	KHR'000
			(Note 2.1)		(Note 2.1)
				(As recla	ssified - Note 37)
ASSETS					
Cash and bank balances, net	4	183,373,258	754,947,703	182,274,494	742,586,289
Statutory deposits	5	30,513,028	125,622,136	13,472,754	54,888,000
Loans and advances to customers, net	6	363,457,095	1,496,352,860	61,533,348	250,686,860
Debt investment, net	7	2,013,107	8,287,962	2,001,488	8,154,062
Other assets	8	27,465,720	113,076,369	9,278,148	37,799,175
Intangible assets	9	3,354,709	13,811,337	1,613,235	6,578,233
Property and equipment	10	13,942,196	57,400,021	6,160,694	25,092,753
Right-of-use assets	11	9,000,332	37,054,367	6,196,508	25,244,574
Deferred tax assets, net	12	663,046	2,729,760	789,301	3,215,612
TOTAL ASSETS		633,782,491	2,609,282,515	283,319,970	1,154,245,558
LIABILITIES AND EQUITY LIABILITIES Deposits from customers	13	299,083,132	1,231,325,254	54,264,108	221,071,976
Deposits from other financial					
institutions	14	96,300,576	396,469,471	-	-
Wallet liabilities	15	110,761,575	456,005,404	119,814,833	488,125,629
Borrowings		99,225	408,509	-	-
Subordinated debt	16	10,013,973	41,227,527	-	-
Payables and other liabilities	17	10,594,188	43,616,273	10,877,012	44,312,947
Lease liabilities	18	9,594,495	39,500,536	6,307,212	25,695,582
Provision for employee benefits	19	181,844	748,652	365,995	1,491,064
Current income tax liabilities	12	1,191,242	4,904,343	3,737,215	15,225,414
TOTAL LIABILITIES		537,820,250	2,214,205,969	195,366,375	795,922,612
EQUITY	0.0	75 000 000	700 000 000	75 000 000	700 000 000
Share capital	20	75,000,000	300,000,000	75,000,000	300,000,000
Regulatory reserves	21	3,816,325	15,557,208	1,680,126	6,826,563
Retained earnings Cumulative translation		17,145,916	70,316,565	11,273,469	46,315,872
differences TOTAL EQUITY		95,962,241	9,202,773 <b>395,076,546</b>	87,953,595	5,180,511 <b>358,322,946</b>
TOTAL LIABILITIES AND EQUITY		633,782,491	2,609,282,515	283,319,970	1,154,245,558
TOTAL LIABILITIES AND EQUILIT		033,702,491	2,007,202,313	203,317,770	1,134,245,550





## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Notes	20:	22	2021		
	110103	US\$	KHR'000	US\$	KHR'000	
			(Note 2.1)		(Note 2.1)	
Fee and commission income	22	54,700,136	223,559,456	48,364,150	196,745,362	
Fee and commission expense	22	(10,613,272)	(43,376,443)	(6,023,416)	(24,503,256)	
Net fee and commission income	22	44,086,864	180,183,013	42,340,734	172,242,106	
Interest income	23	28,258,181	115,491,186	3,874,779	15,762,601	
Interest expense	23	(8,692,681)	(35,526,987)	(176,335)	(717,331)	
Net interest income	23	19,565,500	79,964,199	3,698,444	15,045,270	
Other income	25	1,074,414	4,391,130	860,842	3,501,905	
Net operating profit		64,726,778	264,538,342	46,900,020	190,789,281	
Net impairment losses (reversal						
of impairment losses) on financial instruments	24	(1,237,923)	(5,059,391)	1,042,613	4,241,350	
Personnel expenses	26	(26,238,889)	(107,238,339)	(15,127,089)	(61,536,998)	
Depreciation and amortization	27	(4,103,566)	(16,771,274)	(2,494,048)	(10,145,787)	
General and administrative expenses	28	(23,020,326)	(94,084,072)	(14,096,694)	(57,345,351)	
Profit before income tax		10,126,074	41,385,266	16,224,802	66,002,495	
Income tax expense	12	(2,117,428)	(8,653,928)	(3,540,988)	(14,404,739)	
Net profit for the year		8,008,646	32,731,338	12,683,814	51,597,756	
Other comprehensive income						
Exchange difference on translation		+	4,022,262	-	4,926,750	
Total comprehensive income for the year		8,008,646	36,753,600	12,683,814	56,524,506	



## **STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2022

	Share capital		Regulate	ory reserve
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
2022				
As at 1 January 2022	75,000,000	300,000,000	1,680,126	6,826,563
Net profit for the year	-	-	-	-
Exchange difference on translation	-	-	-	-
Total comprehensive income	-	-	-	-
Transfers from retained earnings to regulatory reserves ( <i>Note 21</i> )	-	-	2,136,199	8,730,645
31 December 2022	75,000,000	300,000,000	3,816,325	15,557,208

	Share co	apital	Regulatory reserve		
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)	
2021					
As at 1 January 2021	28,958,749	115,834,996	128,015	512,575	
Issuance of share capital (Note 20)	35,400,000	141,600,000	-	-	
Conversion of retained earnings to share capital (Note 20)	10,641,251	42,565,004	-	-	
Net profit for the year	-	-	-	-	
Exchange difference on translation	-	-	-	-	
Total comprehensive income	46,041,251	184,165,004	-	-	
Transfers from retained earnings to regulatory reserves (Note 21)		-	1,552,111	6,313,988	
31 December 2021	75,000,000	300,000,000	1,680,126	6,826,563	





Retained	earnings	Cumulative translation differences	То	tal
US\$	KHR'000 (Note 2.1)	US\$	US\$	KHR'000 (Note 2.1)
11,273,469	46,315,872	5,180,511	87,953,595	358,322,94
8,008,646	32,731,338	4,022,262	8,008,646	32,731,33 4,022,26
8,008,646	32,731,338	4,022,262	8,008,646	36,753,60
(2,136,199)	(8,730,645)	-	-	
17,145,916	70,316,565	9,202,773	95,962,241	395,076,54

Retained (	earnings	Cumulative translation differences	Tot	al
US\$	KHR'000 (Note 2.1)	US\$	US\$	KHR'000 (Note 2.1)
10,783,017	43,597,108	253,761	39,869,781	160,198,44
-	-	-	35,400,000	141,600,00
(10,641,251)	(42,565,004)	-	-	
12,683,814	51,597,756	-	12,683,814	51,597,75
-	-	4,926,750	-	4,926,75
2,042,563	9,032,752	4,926,750	48,083,814	198,124,50
(1,552,111)	(6,313,988)	-	-	
11,273,469	46,315,872	5,180,511	87,953,595	358,322,94



## **STATEMENT OF CASH FLOWS**

## for the year ended 31 December 2022

	Notes	20	22	20	21
		US\$	KHR'000	US\$	KHR'000
			(Note 2.1)		(Note 2.1)
				(As reclas	ssified - Note 37)
Net cash generated from (used in) operating activities	29	4,535,914	18,538,282	(17,972,431)	(73,111,849)
Cash flows from investing activities					
Acquisition of intangible assets	9	(2,130,554)	(8,707,574)	(1,140,208)	(4,638,366)
Acquisition of property and equipment	10	(10,096,154)	(41,262,981)	(3,839,579)	(15,619,407)
Proceed from disposal from property and equipment		23,550	96,249	-	-
Purchase of debt investment		-	-	(2,000,000)	(8,136,000)
Placements of capital guarantee		-	-	(6,052,063)	(24,619,792)
Proceeds from term deposits with other banks		91,538,976	374,119,795	37,352,700	151,950,784
Placements of term deposits with other banks		(43,535,614)	(177,930,054)	(90,347,296)	(367,532,800)
Net cash generated from (used in) investing activities		35,800,204	146,315,435	(66,026,446)	(268,595,581)
Cash flows from financing activities					
Payments of lease liabilities	18	(1,439,327)	(5,882,529)	(502,333)	(2,043,491)
Proceed from subordinated debt		10,000,000	40,870,000	-	-
Proceed from borrowings		99,225	405,533	-	-
Proceeds from share capital		7	-	35,400,000	144,007,200
Net cash generate from financing activities		8,659,898	35,393,004	34,897,667	141,963,709
Net increase (decrease) in cash and cash equivalents		48,996,016	200,246,721	(49,101,210)	(199,743,721)
Cash and cash equivalents at beginning of the year		91,142,986	371,316,525	140,244,196	567,287,772
Exchange difference on translation		-	5,389,025		3,772,474
Cash and cash equivalents at end of the year	4	140,139,002	576,952,271	91,142,986	371,316,525

Additional information on operational cash flows from interest

Interest received	25,001,042	102,179,260	(2,916,913)	(11,866,002)
Interest paid	8,215,180	33,575,439	13,573	55,215

## as at 31 December 2022 and for the year then ended

#### 1. BANK INFORMATION

WING Bank (Cambodia) Plc (the "Bank") was incorporated in the Kingdom of Cambodia on 18 August 2008 as a private limited Bank under the Registration No. 00005108. The Bank converted from a specialized bank to a commercial bank under a commercial banking license from the National Bank of Cambodia ("NBC") for an indefinite period on 31 December 2020 with its updated Memorandum and Articles of Incorporation endorsed by the Ministry of Commerce ("MOC") on 5 August 2021.

The principal activities of the Bank are undertaking of e-commerce trading, mobile payments, and provision of various types of banking and financial services in the Kingdom of Cambodia.

The registered office of the Bank is located at #721, Preah Monivong Boulevard, Sangkat Boeung Keng Kang Ti Bei, Khan Boeng Keng Kang, Phnom Penh, Kingdom of Cambodia.

#### **Employees**

As at 31 December 2022, the Bank had 1,796 employees (31 December 2021: 1,143 employees).

### Approval of the financial statements

The financial statements were authorized for issue by the Board of Directors on 30 April 2023.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

## 2.1 Basis of preparation of the financial statements

## **Basis of preparation**

The financial statements have been prepared on a historical cost basis, except any financial assets and liabilities which are measured at fair value.

## Statement of compliance

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

Fiscal year

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

### Presentation of financial statements

The Bank presents its statement of financial position in the order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 34.



## as at 31 December 2022 and for the year then ended

#### 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### 2.1 Basis of preparation of the financial statements (continued)

## **Functional and Presentational Currency**

CIAS 21, The Effects of Changes in Foreign Exchange Rates, requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Bank considers the following:

- $The \ currency \ that \ mainly \ influences \ prices \ for \ financial \ instruments \ and \ services \ (this \ will \ of ten \ be \ the$ (i) currency in which prices for its financial instruments and services are denominated and settled);
- (ii) The currency in which funds from financing activities are generated; and
- (iii) The currency in which receipts from operating activities are usually retained.

Based on the economic substance of underlying circumstances relevant to the Bank, the functional currency of the Bank has been determined to be the US\$. The US\$ is the currency of the primary economic environment in which the Bank operates; and it is the currency that mainly influences the revenue and the expenses.

#### **Translation US\$ into KHR**

The financial statements are presented in US\$ and KHR. Assets and liabilities are translated at the closing rate as at the statement of financial position date while the items in the statements of comprehensive income and cash flows are translated into KHR using the average rate for the year. Exchange differences arising from the translation are recognized and accumulated in the cumulative translation differences presented under equity in the statement of financial position. The translation of the US\$ amounts into KHR is included solely for meeting the presentation requirement pursuant to the Law on Accounting and Auditing.

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

	2022	2021
Closing rate	4,117	4,074
Average rate	4,084	4,068

#### News standards and amendments 2.2

## 2.2.1 Standards issued but not yet effective

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

Effective beginning on or after 1 January 2023

- CIFRS 17, Insurance Contracts (i)
- (ii) Amendments to CIAS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

as at 31 December 2022 and for the year then ended

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## 2.2 News standards and amendments (continued)

## 2.2.1 Standards issued but not yet effective (continued)

- (iii) Amendments to CIAS 1, Presentation of Fiananical Statements, and CIFRS Practice Statement 2, Making Materiality Judgments Disclosure of Accounting Policies
- (iv) Amendments to CIAS 12, Income taxes, Deferred Tax related to Assets and Liability arising from a Single Transaction.

Effective beginning on or after 1 January 2024

- (i) Amendments to CIFRS 16, Leases Lease Liability in a Sales and Leaseback
- (ii) Amendments to CIAS 1, Presentation of Fianancial Statements Classification of liabilities as current and non-current.

## 2.2.2 New and amended accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except that the Branch has adopted the following new accounting pronouncements starting 1 January 2022. Adoption of these pronouncements did not have any significant impact on the Branch's financial position or performance unless otherwise indicated.

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

## 2.3 Financial instruments

The Bank's financial assets and liabilities include cash on hand, balances with the NBC (except statutory deposit), Balances with other financial institutions, loans and advances to customers, debt investments, other assets (except for non-refundable deposits and prepayments), deposits from customers and other financial institutions, and other liabilities (except for tax payable).

## (i) Initial recognition and measurement

Financial assets and financial liabilities are recognized in the Bank's statement of financial position when the Bank becomes a party to the contractual provisions of the instruments.

A financial asset or financial liability is measured initially at fair value plus, for an item not at financial assets at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

## as at 31 December 2022 and for the year then ended

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.3 Financial instruments (continued)

## (ii) Classification

#### Financial assets

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

A financial asset is measured at amortized 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 Solely Payments of Principal and Interest (SPPI).
- A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as 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.

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

## **Business model assessment**

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

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

as at 31 December 2022 and for the year then ended

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.3 Financial instruments (continued)

## (ii) Classification (continued)

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

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

In making the assessment, the Bank considers:

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

## Non-recourse loans

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

- Whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- The fair value of the collateral relative to the amount of the secured financial asset;
- The ability and willingness of the borrower to make contractual payments, notwithstanding a
  decline in the value of collateral;
- Whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- · The 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.

## as at 31 December 2022 and for the year then ended

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.3 Financial instruments (continued)

## (iii) Derecognition

#### **Financial assets**

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) 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 recognized in OCI is recognized in profit and loss.

### **Financial liabilities**

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

#### (iv) 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 derecognized (see (iii)) and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- · Other fees are included in profit and loss as part of the gain or loss on derecognition.
- If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

as at 31 December 2022 and for the year then ended

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.3 Financial instruments (continued)

#### (iv) Modifications of financial assets and financial liabilities (continued)

### Financial assets (continued)

- If the modification of a financial asset measured at amortized 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 recognizes 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 amortized 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 derecognizes 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 recognized at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognized in profit and 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 amortized 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 recognized in profit and loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

## (v) Offsetting

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

### (Vi) 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.

# as at 31 December 2022 and for the year then ended

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.3 Financial instruments (continued)

#### (Vi) Fair value measurement (continued)

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

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

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

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

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

#### (vii) Expected credit losses ("ECLs")

The Bank recognizes a loss allowance for ECLs on financial assets that are debt instruments and loan commitments and are not measured at FVTPL.

Expected Credit Losses (ECLs) represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECLs allowances are measured at amounts equal to either (i) 12-month ECLs or (ii) lifetime ECLs for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach).

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

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

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.3 Financial instruments (continued)

### (vii) Expected credit losses ("ECLs") (continued)

#### Staging assessment

A three-stage approach for impairment of financial assets is used, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

For non-credit-impaired financial instruments:

- Stage 1 is comprised all financial instruments which have not experienced a SICR since initial recognition or is considered of low credit risk as of the reporting date. The criteria for determining whether an account should be assessed under Stage 1 are as follows: (i) current or past due up to 14 days for short term financial assets; (ii) current or past due up to 29 days for long term financial assets; or (iii) no significant increase in the probability of default. The Bank recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 is comprised all financial instruments which have experienced a SICR as of reporting date
  compared to initial recognition. A SICR is generally deemed present in accounts with (i) 15 to 30
  days past due for short term financial assets; (ii) 30 to 89 days past due for long term financial
  assets; or (iii) with significant increase in probability of default. The Bank recognizes a lifetime ECL
  for Stage 2 financial instruments.

For credit-impaired financial instruments:

Stage 3 is comprised all financial assets that have objective evidence of impairment as a result
of one or more loss events that have occurred after initial recognition with a negative impact on
the estimated future cash flows of a loan or a portfolio of loans. The Bank's criteria for Stage 3
accounts are generally aligned with the definition of 'default' which is explained in the next
paragraph. The Bank recognizes a lifetime ECL for Stage 3 financial instruments.

## **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 realizing security (if any is held); or
- The Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due for short-term facilities or more than 90 days past due for long-term facilities.

## Credit risk at initial recognition

The Bank uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

# as at 31 December 2022 and for the year then ended

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Financial instruments (continued)

#### (vii) Expected credit losses ("ECLs") (continued)

#### Significant increase in credit risk

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

The Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due for short-term facilities or more than 90 days past due for long-term facilities.

Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument which returns to being measured as 12-month ECLs.

#### **Measurement of ECLs**

ECLs is a probability-weighted estimate of credit loss 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); and
- 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.

## **ECLs parameters and methodologies**

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

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

ECLs 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.

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

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



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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.3 Financial instruments (continued)

#### (vii) Expected credit losses ("ECLs") (continued)

#### ECLs parameters and methodologies (continued)

or sale of collateral) during the workout period and discounted by the effective interest rate to the date of default.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortization. The EAD of a financial asset is its gross carrying amount at the time of default. 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 ECLs 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.

### Forward-looking information

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

A broad range of forward-looking information are considered as economic inputs, such as GDP growth, exchange rate, interest rate, unemployment rate and other economic indicators. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

### Post-model overlays

It is unlikely that changes in economic conditions be reflected in macroeconomic scenarios applied by the Bank and, thus, the effects of Covid-19 cannot be reflected in models. The Bank applies post-model overlays or adjustments to ensure reasonably sufficient provision for expected credit losses on loans and advances to customers. The overlays are estimated based on loan classification criteria stipulated in the recent NBC circular on classification and provisioning requirement on restructured loan.

#### 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 derecognized and ECL is measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cashflows 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

## as at 31 December 2022 and for the year then ended

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.3 Financial instruments (continued)

### (vii) Expected credit losses ("ECLs") (continued)

#### Credit-impaired financial assets

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

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

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

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 31 days for short-term facilities or 90 days for long-term facilities is considered credit-impaired even when the regulatory definition of default is different.

## Presentation of allowance for ECLs in the statement of financial position

Allowance for ECLs are presented in the statement of financial position for financial assets measured at amortized 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 recognized in profit and loss in the statement of comprehensive income. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

## 2.4 Cash and cash equivalents

For statement of cash flow purposes, cash and cash equivalents consist of cash on hand, unrestricted balances with the NBC, balances with other financial institutions, and other short-term highly-liquid investments with an original maturity of three month or less where the Bank has full ability to withdraw for general purpose whenever needed and subject to an insignificant risk of changes in value.



as at 31 December 2022 and for the year then ended

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.5 Statutory deposits

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

#### 2.6 Balances with other financial institutions

Balances with other financial institutions comprise deposits and placements stated at cost less ECLs.

### 2.7 Loans and advances to customers

'Loans and advances to customers' caption in the statement of financial position includes Loans and advances to customers measured at amortized cost; they are initially measured at fair value plus adjustment on direct transaction costs, and subsequently at their amortized cost using the effective interest rate method.

#### 2.8 Other assets

Other assets are carried at cost less impairment if any.

#### 2.9 Debt investment

Debt investment is carried at amortized cost using the effective interest rate method.

### 2.10 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment, if any. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. The carrying amounts are reviewed at each financial year-end to assess whether they are recorded in excess of their recoverable amount, and where carrying values exceed this recoverable amount, assets are written down to their recoverable amount.

Depreciation is charged in the statement of comprehensive income using a straight-line basis over the estimated useful lives of the individual assets:

Leasehold improvement	Shorter of lease term or 10 years
Office equipment	4 years
Computer equipment	4 years
Office furniture and fixture	5 years
Motor vehicles	4 years

Work-in-progress is not depreciated until it is ready for intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

When assets are sold, their cost and accumulated depreciation are removed from the accounts. Any resulting gain or loss from their disposal is included in the statement of comprehensive income. Gains

# as at 31 December 2022 and for the year then ended

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.10 Property and equipment (continued)

and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in 'other gain (loss) – net' in the statement of comprehensive income. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained profits.

Fully depreciated items of property and equipment are retained in the financial statements until they are disposed of or written off.

## 2.11 Intangible assets

Intangible assets, which comprise of acquired computer software licenses and related costs, are stated at cost less accumulated amortization and impairment loss. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire the specific software and bring it to use.

Intangible assets are amortized on a straight-line basis over their estimated useful life of 4 to 5 years.

Software under development includes the costs of developing new software not fully completed as at reporting date. Software under development is not amortized until such time as the relevant software is completed and put into operational use.

Costs associated with the development or maintenance of computer software are recognized as expenses when incurred.

#### 2.12 Leases

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

## The Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The Bank's leased assets are office rental for the branches.

If ownership of the leased asset transfers to the Bank at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.





as at 31 December 2022 and for the year then ended

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.10 Property and equipment (continued)

#### Lease liabilities

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Bank uses its incremental borrowing rate ("IBR") at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and lease of low-value assets. The Bank leases ATM spaces and equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

## 2.13 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 recognized 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.

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 recognized in profit or loss. Impairment losses recognized 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 recognized 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 amortization, if no impairment loss had been recognized.

# as at 31 December 2022 and for the year then ended

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.14 Employee benefits

#### **Short-term employee benefits**

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Bank.

#### Pension fund scheme

The Bank pays monthly contributions for the compulsory pension scheme to the National Social Security Fund (NSSF), a publicly administered social security scheme for pension in Cambodia. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due.

Retrospective seniority indemnity

The Bank accrued for retroactive seniority payment equal to fifteen (15) days per year of employees' wages which is being paid as follows:

- · Equal to three days payable every June; and
- Equal to three days payable every December.

The retroactive seniority payment shall not exceed six (6) months of employee's average wage of each retrospective year. Employees are not entitled to the payment if they resign before receiving it.

The estimated amount of retroactive seniority payment was recognized under other liabilities (Note 19).

#### 2.15 Provisions

Provisions are recognized 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 recognized as finance cost.

### 2.16 Share capital

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

## 2.17 Regulatory reserve

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

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



as at 31 December 2022 and for the year then ended

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.17 Regulatory reserve (continued)

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

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

- (i) In case the regulatory provision is lower than provision calculated under CIFRS 9, the Bank shall recognize the provision calculated in accordance with CIFRS 9; and
- (ii) In case the regulatory provision is higher than provision calculated under CIFRS 9, the Bank shall recognize the provision calculated in accordance with CIFRS 9 and transfer the difference from retained earnings or accumulated loss account to the regulatory reserve.

### 2.18 Wallet liabilities

Wallet liabilities are stated at costs and consists of amount deposited with the Bank by WING Cash Express agents (WCXs), customers and merchants to support their operations and transactions.

### 2.19 Interest income/expenses

### **Effective interest rate**

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

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

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

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

### Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit- impaired) or to the

# as at 31 December 2022 and for the year then ended

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.19 Interest income/expenses

### Calculation of interest income and expense (continued)

amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

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

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

#### **Presentation**

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

#### 2.20 Fees and commissions

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

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.

The Bank provides money transfer and payroll processing services to its customers, and revenue from contracts with customers is recognized when services are rendered to the customers at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those services.

Fee and commission income, including transaction, payroll processing and other commission fees, are recognized as the related services are performed.

### 2.21 Expense recognition

Expenses are recognized when it is probable that decrease in future economic benefits related to a decrease in asset or increase in liability has occurred and that the decrease in economic benefits can be measured reliably. Expenses that may arise in the course of ordinary regular activities of the Bank include, among others, the operating expenses on the Bank's operations. Expenses are recognized as incurred.

- 1. Fee and commission expense are charged to profit or loss when the expense is incurred. Fees on deposits are amortized on a straight-line basis over the term of the related deposits.
- 2. Operating expenses are recognized on an accrual basis.

#### 2.22 Income tax

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

The Bank has determined that interest and penalties related to income taxes, including uncertain tax



as at 31 December 2022 and for the year then ended

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.22 Income tax

treatments, do not meet the definition of income taxes, and therefore has accounted for them under CIAS 37, Provisions, Contingent Liabilities and Contingent Assets, and has recognized the related expenses in 'other expenses'.

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

#### (i) Current tax

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

### (ii) Deferred tax

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet rates.

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

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted during the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

as at 31 December 2022 and for the year then ended

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.23 Contingent assets

Where it is not possible that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognized in the statement of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is virtually certain. Possible realizations, 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 virtually certain.

## 2.24 Contingent liabilities

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

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

#### a. Classification of financial assets

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

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

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

as at 31 December 2022 and for the year then ended

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### b. Fair value of financial instruments

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

#### c. Leases

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

Extension and termination options

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

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

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

#### d. Expected credit losses on financial assets

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

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



# as at 31 December 2022 and for the year then ended

#### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Recognition of deferred tax assets e.

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

#### f. **Functional currency**

CIAS 21 requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Bank considers the following:

- The currency that mainly influences prices for financial instruments and services (this will often be the currency in which prices for its financial instruments and services are denominated and settled);
- The currency in which funds from financing activities are generated; and
- (iii) The currency in which receipts from operating activities are usually retained.

### Impairment of non-financial assets

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

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

## Estimated useful lives of property and equipment, and software costs

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



as at 31 December 2022 and for the year then ended

# 4. CASH AND BANK BALANCES, NET

	2022		20:	21
	US\$	KHR'000	US\$	KHR'000
		(Note 2.1)		(Note 2.1)
Cash on hand	8,220,029	33,841,859	1,285,547	5,237,318
Balances with other financial institutions				
Current accounts	83,162,585	342,380,363	84,220,830	343,115,661
Time deposits	43,535,614	179,236,122	91,538,976	372,929,789
	126,698,199	521,616,485	175,759,806	716,045,450
Balances with the NBC				
Current accounts	42,435,222	174,705,809	5,636,609	22,963,546
Time deposits with original maturities of less				
than 3 months	6,321,166	26,024,240	-	-
	48,756,388	200,730,049	5,636,609	22,963,546
Cash and bank balances	183,674,616	756,188,393	182,681,962	744,246,314
Allowance for ECLs	(301,358)	(1,240,690)	(407,468)	(1,660,025)
Cash and bank balances, net	183,373,258	754,947,703	182,274,494	742,586,289

Movements of allowance for ECLs on bank balances were as follows:

	2022		2021	
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
As at 1 January	407,468	1,660,025	296,814	1,200,612
(Reversal of) allowance for the year (Note 24)	(106,110)	(433,672)	110,654	450,140
Exchange difference on translation	-	14,337	-	9,273
As at 31 December	301,358	1,240,690	407,468	1,660,025

Cash and bank balances by currency are as follows:

	202	2	202	1
	US\$	KHR'000 (Note 2.1)	US\$	KHR'000 (Note 2.1)
US\$	169,954,600	699,703,087	159,535,272	649,946,698
KHR	13,720,016	56,485,306	23,146,690	94,299,616
	183,674,616	756,188,393	182,681,962	744,246,314

# as at 31 December 2022 and for the year then ended

## 4. CASH AND BANK BALANCES, NET (continued)

Ranges of interest rates (per annum) are as follows:

 Current accounts
 Nil
 Nil

 Time deposits
 Nil - 6.00%
 Nil - 6.00%

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

	2022		202	1
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Cash on hand	8,220,029	33,841,859	1,285,547	5,237,318
Balances with other financial institutions	83,162,585	342,380,363	84,220,830	343,115,661
Balances with the NBC				
Current accounts	42,435,222	174,705,809	5,636,609	22,963,546
Time deposits with original maturities of				
less than 3 months	6,321,166	26,024,240	-	-
As at 31 December	140,139,002	576,952,271	91,142,986	371,316,525

## 5. STATUTORY DEPOSITS

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
requirement (i)	23,013,028	94,744,636	5,972,754	24,333,000
ital guarantee (ii)	7,500,000	30,877,500	7,500,000	30,555,000
	30,513,028	125,622,136	13,472,754	54,888,000

## (i) Reserve requirement

Under NBC Prakas No. B7-020-230 dated 18 March 2020, commercial banks are required to maintain certain cash reserves with the NBC in the form of compulsory deposits, computed at 7% of customer deposits and borrowings in KHR and other currencies. The reserve requirement on customers' deposits and borrowings bears no interest.

### (ii) Capital guarantee

Under the NBC's Prakas No. B7-01-136 dated 15 October 2001, the Bank is required to maintain a statutory deposit 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 cease its operations in Cambodia.

#### (iii) Interest rate

During the year, the statutory deposits earned interest at the rate of ranged from 0.08% to 0.65% (2021: 0.04% to 0.06%) per annum.





as at 31 December 2022 and for the year then ended

# 6. LOANS AND ADVANCES TO CUSTOMERS, NET

	2022		20:	21
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Overdraft	36,305,762	149,470,822	-	-
Short-term	51,583,489	212,369,224	26,047,408	106,117,140
Long-term	276,425,751	1,138,044,817	36,083,122	147,002,639
Loans and advances to customers – gross	364,315,002	1,499,884,863	62,130,530	253,119,779
Accrued interest receivables	2,087,667	8,594,925	209,634	854,049
	366,402,669	1,508,479,788	62,340,164	253,973,828
Unamortized loan processing fees	(1,430,513)	(5,889,422)	(456,569)	(1,860,062)
Carrying amount- gross	364,972,156	1,502,590,366	61,883,595	252,113,766
Allowance for ECLs	(1,515,061)	(6,237,506)	(350,247)	(1,426,906)
	363,457,095	1,496,352,860	61,533,348	250,686,860

Movements of allowance for ECLs on loans and advances to customers were as follows:

	2022		202	21
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
As at 1 January	350,247	1,426,906	-	-
Allowance for the year	1,164,814	4,760,595	350,247	1,424,805
Exchange difference on translation	-	50,005	-	2,101
As at 31 December	1,515,061	6,237,506	350,247	1,426,906

A reconciliation of changes in carrying amount of loans and advances to customers and corresponding allowance for ECLs by stage for loans and advances to customers measured at amortized cost is as follows:

	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
	/1 077 011		45 (04	/1 007 505
As at 1 January 2022	61,837,911	-	45,684	61,883,595
New assets originated or purchased	302,999,674	-	-	302,999,674
Payments and assets derecognized	-	-	88,887	88,887
Transfer to stage 1	(14,040,549)	-	-	(14,040,549)
Transfer to stage 2	-	11,498,917	-	11,498,917
Transfer to stage 3	-	-	2,541,632	2,541,632
As at 31 December 2022	350,797,036	11,498,917	2,676,203	364,972,156
KHR'000 (Note 2.1)	1,444,231,397	47,341,041	11,017,928	1,502,590,366



# as at 31 December 2022 and for the year then ended

# 6. LOANS AND ADVANCES TO CUSTOMERS, NET (continued)

	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
As at 1 January 2021	-	-	-	-
New assets originated or purchased	61,883,595	-	-	61,883,595
Payments and assets derecognized	-	-	-	-
Transfer to stage 1	(45,684)	-	-	(45,684)
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	45,684	45,684
As at 31 December 2021	61,837,911	-	45,684	61,883,595
KHR'000 (Note 2.1)	251,927,649	-	186,117	252,113,766

Loans and advances to customers based on original contract terms are analyzed as follows:

## A. By industry sector:

	2022		202	21
	US\$	US\$ KHR'000		KHR'000
		(Noted 2.1)		(Noted 2.1)
Instant lending	3,078,396	12,673,756	800,837	3,262,610
Personal lending	85,505,757	352,027,202	18,036,885	73,482,269
Commercial lending	119,873,012	493,517,190	30,259,502	123,277,211
Business lending	156,514,991	644,372,218	12,786,371	52,091,676
	364,972,156	1,502,590,366	61,883,595	252,113,766

## B. By maturity:

Please see Note 32 on Liquidity risk under Financial risk management.

## C. By currency:

	202	22	202	21
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
US\$	321,874,909	1,325,159,000	58,049,838	236,495,040
KHR	43,097,247	177,431,366	3,833,757	15,618,726
	364,972,156	1,502,590,366	61,883,595	252,113,766



as at 31 December 2022 and for the year then ended

## 6. LOANS AND ADVANCES TO CUSTOMERS, NET (continued)

## D. By residency, relationship, exposure:

	2022	2	202	21
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Residency				
Residents	364,972,156	1,502,590,366	61,883,595	252,113,766
Relationship				
Non-related parties	364,972,156	1,502,590,366	61,883,595	252,113,766
Exposure				
Large	61,757,278	254,254,714	8,000,000	32,592,000
Non-large	303,214,878	1,248,335,652	53,883,595	219,521,766
	364,972,156	1,502,590,366	61,883,595	252,113,766

### 7. DEBT INVESTMENT, NET

On 30 November 2021, the Bank subscribed to guaranteed bonds with total amount of US\$ 2,000,000, issued by Cambodia Airport Investment Co., Ltd.

Movements of debt investment is as follows:

	2022 2021		21		
	US\$	KHR'000	US\$	KHR'000	
		(Noted 2.1)		(Noted 2.1)	
As at 1 January	2,001,488	8,154,062	-	-	
Addition	-	-	2,000,000	8,136,000	
Interest income (Note 23)	110,477	451,519	9,167	37,292	
Interest received	(98,858)	(404,033)	-	-	
Impairment losses allowance	-	-	(7,679)	(31,238)	
Exchange difference on translation	-	86,414	-	12,008	
As at 31 December	2,013,107	8,287,962	2,001,488	8,154,062	

The bond has interest rate of 5.5% per annum and maturity period of three years (2021 to 2024) effective from 30 November 2021. Interest is payable annually in arrears on 29 November of each year, with the first payment to be made on 29 November 2022. Interest is computed on the basis of a 365-day year.

as at 31 December 2022 and for the year then ended

## 7. DEBT INVESTMENT, NET (CONTINUED)

Movements of allowance for ECLs on debt investment were as follows:

(	2022 2021		21	
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
As at 1 January	7,679	31,284	-	-
Allowance for the year	-	-	7,679	31,238
Currency translation difference	-	330	-	46
As at 31 December	7,679	31,614	7,679	31,284

## 8. OTHER ASSETS

	20	022	2021	
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Amounts due from related parties (*)	9,690,156	39,894,374	3,945,969	16,075,878
Allowance for ECLs	(1,500,000)	(6,175,500)	(1,500,000)	(6,111,000)
Net amounts due from related parties (Note 31)	8,190,156	33,718,874	2,445,969	9,964,878
Deposits	3,487,586	14,358,392	1,286,265	5,240,244
Fee and other receivables	2,633,964	10,844,027	634,762	2,586,020
	6,121,550	25,202,419	1,921,027	7,826,264
Allowance for ECLs	(110,503)	(454,941)	(20,171)	(82,177)
	6,011,047	24,747,478	1,900,856	7,744,087
Mobile PIN prepayment	3,851,654	15,857,260	1,908,717	7,776,113
Prepayment and advances	9,412,863	38,752,757	3,022,606	12,314,097
	27,465,720	113,076,369	9,278,148	37,799,175

<sup>\*</sup>Amounts due from related parties includes financial assets amounting US\$ 1,609,555 (2021: USD 1,609,555).

Movements of allowance for ECLs on amounts due from related parties were as follows:

	202	22	20	21
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
As at 1 January	1,500,000	6,111,000	3.000.000	12,135,000
Reversal for the year	-	-	(1,500,000)	(6,102,000)
Exchange difference on translation	-	64,500	-	78,000
As at 31 December	1,500,000	6,175,500	1,500,000	6,111,000



as at 31 December 2022 and for the year then ended

# 8. OTHER ASSETS (CONTINUED)

Movements of allowance for ECLs on deposits and fee and other receivables were as follows:

	2022 2021		21	
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
As at 1 Issuer	20 171	00 177	71 7/4	12/0/7
As at 1 January	20,171	82,177	31,364	126,867
Allowance (reversal) for the year	90,332	369,187	(11,193)	(45,533)
Exchange difference on translation	-	3,577	-	843
As at 31 December	110,503	454,941	20,171	82,177

## 9. INTANGIBLE ASSETS

		2022		
	Computer and banking software	Work in progress	Tot	al
	US\$	US\$	US\$	KHR'000
				(Note 2.1)
Cost				
As at 1 January	2,011,437	1,085,900	3,097,337	12,624,465
Additions	278,139	1,852,415	2,130,554	8,707,574
Transfer	566,125	(566,125)	ı <b>-</b>	ļ <b>-</b>
Exchange difference on translations	-	-	ı <b>-</b>	191,188
As at 31 December	2,855,701	2,372,190	5,227,891	21,523,227
Less: Accumulated amortization				
As at 1 January	1,484,102	-	1,484,102	6,046,232
Amortization during the year	389,080	-	389,080	1,590,170
Exchange difference on translations	-	-	-	75,488
As at 31 December	1,873,182	-	1,873,182	7,711,890
Carrying amount				
As at 31 December	982,519	2,372,190	3,354,709	13,811,337



as at 31 December 2022 and for the year then ended

		2021		
	Computer and banking software Work in progress Total			
	US\$	US\$	US\$	KHR'000
				(Note 2.1)
Cost				
As at 1 January	1,957,129	-	1,957,129	7,916,587
Additions	54,308	1,085,900	1,140,208	4,638,366
Exchange difference on translations	-	-	-	69,512
As at 31 December	2,011,437	1,085,900	3,097,337	12,624,465
Less: Accumulated amortization				
As at 1 January	1,032,465	-	1,032,465	4,176,321
Amortization during the year	451,637	-	451,637	1,837,259
Exchange difference on translations	-	-	-	32,652
As at 31 December	1,484,102	-	1,484,102	6,046,232
Carrying amount				
As at 31 December	527,335	1,085,900	1,613,235	6,578,233

## 10. PROPERTY AND EQUIPMENT

	Leasehold improvements	Office equipment	Computer equipment
	US\$	US\$	US\$
2022			
Cost			
As at 1 January 2022	1,823,248	197,077	9,273,634
Additions	3,040,167	638,390	1,496,316
Transfer	1,038,579	3,705	1,748,317
Disposal/Write-off	-	-	(80,558)
Exchange difference on translation	_		<u>-</u>
As at 31 December 2022	5,901,994	839,172	12,437,709
Less: Accumulated depreciation			
As at 1 January 2022	1,503,932	60,886	6,381,434
Depreciation during the year (Note			
27)	343,234	84,592	2,013,713
Disposal/Write-off	-	-	(79,909)
Exchange difference on translation	-	-	-
As at 31 December 2022	1,847,166	145,478	8,315,238
Carrying amount			
As at 31 December 2022	4,054,828	693,694	4,122,471

As at 31 December 2022, the Bank's additions to property and equipment amounting US\$159,187 or KHR'000 650,598 remain outstanding.





as at 31 December 2022 and for the year then ended

Office furniture and fixture	Motor vehicles	Work in progress	Tot	tal
US\$	US\$	US\$	US\$	KHR'000 (Note 2.1)
485,622	75,000	2,801,601	14,656,182	59,703,371
624,515	-	4,455,953	10,255,341	41,913,579
-	-	(2,790,601)	ı <del>-</del>	-
-	(75,000)	-	(155,558)	(635,766)
	_	-		939,124
1,110,137	-	4,466,953	24,755,965	101,920,308
484,950	64,286	-	8,495,488	34,610,618
23,998	ı <del>-</del>	-	2,465,537	10,076,649
-	(67,347)	-	(147,256)	(601,835)
-	-	-	-	434,855
508,948	(3,061)	-	10,813,769	44,520,287
601,189	3,061	4,466,953	13,942,196	57,400,021



# as at 31 December 2022 and for the year then ended

# 10. PROPERTY AND EQUIPMENT (continued)

	Leasehold improvements	Office equipment	Computer equipment
	US\$	US\$	US\$
2021			
Cost			
As at 1 January 2021	1,583,815	94,041	8,578,125
Additions	239,433	103,036	695,509
Exchange difference on translation	-	-	-
As at 31 December 2021	1,823,248	197,077	9,273,634
Less: Accumulated depreciation			
As at 1 January 2021	1,470,098	33,972	4,851,520
Depreciation during the year (Note 27)	33,834	26,914	1,529,914
Exchange difference on translation	-	-	-
As at 31 December 2021	1,503,932	60,886	6,381,434
Carrying amount			
As at 31 December 2021	319,316	136,191	2,892,200

## 11. RIGHT-OF-USE ASSETS

The Bank leases office space, including its head office and branches, for its operation. Information about lease for which the Bank is a lessee is presented below:

	2022		20	21
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Building				
Cost				
As at 1 January	7,477,454	30,463,148	1,036,880	4,194,180
Additions	4,052,773	16,563,683	6,440,574	26,200,255
Exchange difference on translation	-	443,114	-	68,713
As at 31 December	11,530,227	47,469,945	7,477,454	30,463,148
Less: Accumulated depreciation				
As at 1 January	1,280,946	5,218,574	848,355	3,431,596
Charges during the year	1,248,949	5,104,455	432,591	1,759,780
Exchange difference on translation	-	92,549	-	27,198
As at 31 December	2,529,895	10,415,578	1,280,946	5,218,574
Carrying amount				
As at 31 December	9,000,332	37,054,367	6,196,508	25,244,574





as at 31 December 2022 and for the year then ended

Office furniture and fixture	Motor vehicles	Work in progress	То	tal
US\$	US\$	US\$	US\$	KHR'000
				(Note 2.1)
485,622	75,000	-	10,816,603	43,753,159
-	-	2,801,601	3,839,579	15,619,407
-	-		-	330,805
485,622	75,000	2,801,601	14,656,182	59,703,371
484,160	45,918	-	6,885,668	27,852,527
790	18,368	-	1,609,820	6,548,748
-	-	-	-	209,343
484,950	64,286	-	8,495,488	34,610,618
672	10,714	2,801,601	6,160,694	25,092,753

as at 31 December 2022 and for the year then ended

#### 12. **INCOME TAX**

Current income tax liabilities

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
As at 1 January	3,737,215	15,225,414	2,837,895	11,479,285
Income tax expense	1,991,173	8,137,924	3,663,645	14,903,708
Income tax paid	(4,138,769)	(16,915,149)	(2,650,316)	(10,781,485)
Withholding credit	(398,377)	(1,628,167)	(114,009)	(463,789)
Currency translation difference	-	84,321	-	87,695
As at 31 December	1,191,242	4,904,343	3,737,215	15,225,414

Deferred tax assets, net

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred taxes relate to the same fiscal authority. The offset amounts are as follows:

	2022		20	021
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Deferred tax assets	2,517,600	10,364,960	2,145,141	8,739,303
Deferred tax liabilities	(1,854,554)	(7,635,200)	(1,355,840)	(5,523,691)
Deferred tax assets, net	663,046	2,729,760	789,301	3,215,612



as at 31 December 2022 and for the year then ended

## 12. INCOME TAX (continued)

Deferred tax assets and liabilities arises from the following:

	20	22	2021	
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Deferred tax assets:				
Allowance for ECLs	95,230	392,063	155,734	634,462
Reversal of provision	-	-	300,000	1,222,200
Lease liabilities	1,918,899	7,900,107	1,261,442	5,139,115
Employee benefits	36,369	149,731	294,297	1,198,966
Accelerated tax depreciation and amortization	89,550	368,677	-	-
Unearned processing fee and others	377,552	1,554,382	133,668	544,560
	2,517,600	10,364,960	2,145,141	8,739,303
Deferred tax liabilities:				
Right-of-use assets	(1,800,066)	(7,410,872)	(1,239,302)	(5,048,916)
Unrealized foreign exchange	(54,488)	(224,328)	(9,234)	(37,619)
Accelerated tax depreciation and amortization	-	-	(107,304)	(437,156)
	(1,854,554)	(7,635,200)	(1,355,840)	(5,523,691)
As at 31 December	663,046	2,729,760	789,301	3,215,612

Income tax expense

	2022		2021	
	US\$	KHR'000	US\$ KHR'0	
		(Noted 2.1)		(Noted 2.1
	1,991,173	8,137,924	3,663,645	14,903,7
	126,255	516,004	(122,657)	(498,96
2	2,117,428	8,653,928	3,540,988	14,404,73

The reconciliation of income tax computed at the statutory tax rate of 20% to the income tax expense shown in profit or loss is as follows:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.1)		(Note 2.1)
Profit before income tax	10,126,074	41,385,266	16,224,802	66,002,495
Income tax using statutory rate at 20%	2,025,215	8,277,053	3,244,960	13,200,497
Non-deductible expenses	92,213	376,875	463,823	1,886,832
Over provision in respect of prior years	-	-	(167,795)	(682,590)
Income tax expense	2,117,428	8,653,928	3,540,988	14,404,739

In accordance with Cambodian Law on Taxation, the Bank has an obligation to pay corporate income tax of either the tax on income at the rate of 20% of taxable income or the minimum tax at 1% of gross revenue, whichever is higher.

On 28 June 2022, the Bank received the gold certificate of tax compliance from the GDT which entitles the Bank for minimum tax exemption for the years of 2022 and 2023.

# as at 31 December 2022 and for the year then ended

#### **DEPOSITS FROM CUSTOMERS** 13.

	2022		2021	
	US\$ KHR'000		US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Demand deposits	52.049.435	214,287,524	39,226,886	159.810.334
·	• •	, ,		, ,
Saving deposits	83,525,318	343,873,734	4,556,616	18,563,654
Term deposits	163,508,379	673,163,996	10,480,606	42,697,988
	299,083,132	1,231,325,254	54,264,108	221,071,976

Deposits from customers are analyzed as follows:

#### A. By maturity:

Please see Note 32 on Liquidity risk under Financial risk management.

#### В. By currency:

	202	22	2021		
	US\$ KHR'000 US\$		US\$	KHR'000	
		(Noted 2.1)		(Noted 2.1)	
US\$	258,548,440	1,064,443,927	40,121,371	163,454,465	
KHR	40,534,692	166,881,327	14,142,737	57,617,511	
	299,083,132	1,231,325,254	54,264,108	221,071,976	

#### C. **Customer type:**

(	2022		2021		
	US\$	KHR'000	US\$	KHR'000	
		(Noted 2.1)		(Noted 2.1)	
Individuals	225,786,887	929,564,614	44,404,620	180,904,422	
Domestic corporations	73,296,245	301,760,640	9,859,488	40,167,554	
	299,083,132	1,231,325,254	54,264,108	221,071,976	

## By residency status:

	202	2022		2021		
	US\$	KHR'000	US\$	KHR'000		
		(Noted 2.1)		(Noted 2.1)		
Residents	294,089,178	1,210,765,146	53,813,708	219,237,046		
Non-residents	4,993,954	20,560,108	450,400	1,834,930		
	299,083,132	1,231,325,254	54,264,108	221,071,976		





as at 31 December 2022 and for the year then ended

#### **DEPOSITS FROM CUSTOMERS (CONTINUED)** 13.

## By relationship:

	2022		202	21
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Related parties	15,257,927	62,816,885	10,754,690	43,814,607
Non-related parties	283,825,205	1,168,508,369	43,509,418	177,257,369
	299,083,132	1,231,325,254	54,264,108	221,071,976

## By interest rate (per annum):

	2022	2021
Demand deposits	Nil to 3.00%	Nil to 0.55%
Saving deposits	Nil to 5.00%	Nil to 1.25%
Term deposits	Nil to 8.00%	Nil to 5.50%

#### **DEPOSITS FROM OTHER FINANCIAL INSTITUTIONS** 14.

	2022		
	US\$ KHR'000		
		(Noted 2.1)	
Demand deposits	816,114	3,359,941	
Saving deposits	9,582,879	39,452,713	
Term deposits	85,901,583	353,656,817	
	96,300,576	396,469,471	

Deposits from other financial institutions are analyzed as follows:

#### By maturity: A.

Please see Note 32 on Liquidity risk under Financial risk management.

#### В. By currency:

2022	
US\$	KHR'000
	(Noted 2.1)
91,904,631	378,371,366
4,395,945	18,098,105
96,300,576	396,469,471

# as at 31 December 2022 and for the year then ended

#### 14. **DEPOSITS FROM OTHER FINANCIAL INSTITUTIONS**

## By residency and relationship:

	2022	
	US\$	KHR'000
		(Noted 2.1)
dency		
idents	96,300,576	396,469,471
nship		
related parties	96,300,576	396,469,471

## By interest rate (per annum):

	2022
Demand deposits	Nil
Saving deposits	0.25% to 3.00%
Term deposits	2.00% to 7.15%

#### 15. **WALLET LIABILITIES**

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
WCV	07 107 /0/	750 051 704	07 501 071	701 000 510
WCX agents	87,187,686	358,951,704	93,521,971	381,008,510
Merchants	18,224,089	75,028,574	13,664,260	55,668,195
Customers	5,349,800	22,025,126	12,628,602	51,448,924
	110,761,575	456,005,404	119,814,833	488,125,629

#### A. By maturity:

Please see Note 32 on Liquidity risk under Financial risk management.

#### В. By currency:

	2022		202	21
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
US\$	53,347,224	219,630,521	64,491,102	262,736,749
KHR	57,414,351	236,374,883	55,323,731	225,388,880
	110,761,575	456,005,404	119,814,833	488,125,629



as at 31 December 2022 and for the year then ended

## 15. WALLET LIABILITIES (CONTINUED)

## C. By residency and relationship:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Residency				
Residents	110,761,575	456,005,404	119,814,833	488,125,629
Relationship				
Non-related parties	110,761,575	456,005,404	119,814,833	488,125,629

### 16. SUBORDINATED DEBT

This represents a long-term and unsecured borrowing from shareholders based on subordinated loan agreements dated 26 December 2022 with the following terms and conditions:

Total credit facilities US\$ 10,000,000 Total outstanding amount US\$ 10,013,973

Maturity 5 years starting from the disbursement date of signed

agreement

Principal repayment At maturity date

Interest repayment Interest will be paid every 1st of following month and

calculated on the basis of actual of days in a year of 365 days

Range of interest rate 8.5% per annum

Movements of the subordinated debt is as follows:

	2022		
	US\$	KHR'000	
		(Note 2.1)	
As at 1 January	-	-	
Additions	10,000,000	40,870,000	
Interest expense (Note 23)	13,973	57,108	
Exchange difference on translation	-	300,419	
As at 31 December	10,013,973	41,227,527	





# as at 31 December 2022 and for the year then ended

#### **PAYABLES AND OTHER LIABILITIES 17.**

	2022		202	21
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Refundable deposits	4,643,200	19,116,054	4,168,050	16,980,636
Bonus	2,145,699	8,833,843	1,334,282	5,435,865
Accrued transaction fees	1,506,692	6,203,051	109,850	447,529
Other taxes	508,864	2,094,995	325,189	1,324,820
Deferred income	307,736	1,266,949	211,765	862,731
Accrued Wing Cash Express ("WCX") operating fees	94,141	387,578	43,113	175,642
Accrued marketing and human				
resource expenses	78,869	324,704	45,172	184,031
Current seniority indemnity payment	-	-	1,105,490	4,503,766
Electronic money payables	-	-	1,738,049	7,080,812
Other payables	1,308,987	5,389,099	1,796,052	7,317,115
	10,594,188	43,616,273	10,877,012	44,312,947

Other payables comprise professional fees and accruals to suppliers.

#### 18. **LEASE LIABILITIES**

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Present value of lease liabilities				
Current	1,059,006	4,359,928	668,392	2,723,029
Non-current	8,535,489	35,140,608	5,638,820	22,972,553
	9,594,495	39,500,536	6,307,212	25,695,582
Maturity analysis – contractual undiscounted cash flows				
Less than 1 year	1,786,600	7,355,432	1,141,150	4,649,045
Between 2 years and 5 years	5,718,940	23,544,876	3,948,289	16,085,330
More than 5 years	5,840,235	24,044,247	3,637,791	14,820,361
Total undiscounted lease liabilities	13,345,775	54,944,555	8,727,230	35,554,736



as at 31 December 2022 and for the year then ended

#### 18. **LEASE LIABILITIES (CONTINUED)**

Movements of lease liabilities during the year are as follows:

	2022		20	21
	US\$ KHR'000		US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
As at 1 January	6,307,212	25,695,582	256,517	1,037,611
Additions	4,052,773	16,563,683	6,440,574	26,200,255
Accretion of interest (Note 23)	673,837	2,753,972	112,454	457,463
Payment	(1,439,327)	(5,882,529)	(502,333)	(2,043,491)
Exchange difference on translation	-	369,828	-	43,744
	9,594,495	39,500,536	6,307,212	25,695,582

#### i. Amounts recognized in the statement of profit or loss:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Interest on lease liabilities	673,837	2,753,972	112,454	457,463
Depreciation of right-of-use assets	1,248,949	5,104,455	432,951	1,759,780
Expenses relating to leases of short-term and low-value assets (Note 28)	1,004,843	4,106,793	706,614	2,874,506
	2,927,629	11,965,220	1,252,019	5,091,749

#### 19. PROVISION FOR EMPLOYEE BENEFITS

(	2022		2021	
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
As at 1 January	365,995	1,491,064	223,243	903,018
Reversal during the year	(123,555)	(504,969)	-	-
Paid during the year	(60,596)	(247,656)	-	-
Allowance during the year	-	-	142,752	580,715
Exchange difference on translation	-	10,213	-	7,331
As at 31 December	181,844	748,652	365,995	1,491,064



# as at 31 December 2022 and for the year then ended

#### 20. **SHARE CAPITAL**

(	2022		2021	
	Ownership %	Amount US\$	Ownership %	Amount US\$
WING Holdings Pte Limited	80	60,000,000	80	60,000,000
Neak Oknha Kith Meng	20	15,000,000	20	15,000,000
	100	75,000,000	100	75,000,000
KHR'000 (Note 2.1)		300,000,000		300,000,000

On 6 January 2021, the Bank obtained approval from the NBC to operate as a commercial bank and increase its share capital from US\$ US\$28,958,749 to US\$75,000,000. The share capital was increased by US\$35,400,000 and US\$10,641,251 through cash contribution and conversion of retained earnings on 31 March 2021 and 31 May 2021, respectively. The Memorandum and Articles of Incorporation had been updated to reflect this change and was endorsed by the Ministry of Commerce ("MOC") on 5 August 2021.

As at 31 December 2022, the authorized share capital comprised 75,000,000 shares (2021: 75,000,000 shares) at par value of US\$1 per share. All authorized shares have been issued and fully paid up in cash and transfers from retained earnings amounting to US\$28,600,000 or KHR'000 116,344,800.

#### 21. **REGULATORY RESERVE**

Regulatory reserve represents the variance of impairment loss allowance on financial instruments between CIFRSs and regulatory provision in accordance with the NBC's requirements.

As at 31 December 2022, the Bank transferred US\$ 2,136,199 or KHR'000 8,730,645 (2021: US\$ 1,552,111 or KHR'000 6,313,988) from retained earnings to regulatory reserves.

#### 22. **NET FEE AND COMMISSION INCOME**

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.1)		(Note 2.1)
Fee and commission income				
Transaction fees	52,030,064	212,646,872	46,490,554	189,123,574
Payroll processing fees	2,594,822	10,605,038	1,854,966	7,546,001
Other commission fee	75,250	307,546	18,630	75,787
	54,700,136	223,559,456	48,364,150	196,745,362
Fee and commission expense				
Transaction fees	8,968,114	36,652,682	4,572,702	18,601,752
Bill payment fees	1,645,158	6,723,761	1,450,714	5,901,504
	10,613,272	43,376,443	6,023,416	24,503,256
Net fee and commission income	44,086,864	180,183,013	42,340,734	172,242,106





as at 31 December 2022 and for the year then ended

## 23. NET INTEREST INCOME

	2022		20	21
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Interest income				
Loans and advances to customers	25,748,786	105,235,289	658,341	2,678,131
Cash equivalent at other banks	2,398,918	9,804,378	3,207,271	13,047,178
Debt investment	110,477	451,519	9,167	37,292
	28,258,181	115,491,186	3,874,779	15,762,601
Interest expense				
Deposits from customers	8,002,973	32,708,151	63,881	259,868
Lease liabilities	673,837	2,753,972	112,454	457,463
Subordinated debt	13,973	57,108	-	-
Others	1,898	7,756	-	-
	8,692,681	35,526,987	176,335	717,331
Net interest income	19,565,500	79,964,199	3,698,444	15,045,270

#### 24. NET IMPAIRMENT LOSSES (REVERSAL OF) ON FINANCIAL INSTRUMENTS

	2022		20	21
	US\$ KHR'000		US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Addition to/(Reversal of):				
Balance with other banks	(106,110)	(433,672)	110,654	450,140
Loans and advances to customers	1,164,814	4,760,595	350,247	1,424,805
Debt investment	-	-	7,679	31,238
Related party balance	-	-	(1,500,000)	(6,102,000)
Write-off	88,887	363,281	-	-
Other assets	90,332	369,187	(11,193)	(45,533)
	1,237,923	5,059,391	(1,042,613)	(4,241,350)

## 25. OTHER INCOME

	20	2022		21
	US\$	US\$ KHR'000		KHR'000
		(Noted 2.1)		(Noted 2.1)
Gains on foreign exchange	939,894	3,841,347	840,193	3,417,905
Gain on disposal of property and equipment	13,108	53.572	_	_
Other income	121,412	496,211	20,649	84,000
	1,074,414	4,391,130	860,842	3,501,905



as at 31 December 2022 and for the year then ended

#### 26. **PERSONNEL EXPENSES**

	2022		20	21
	US\$ KHR'000		US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Salaries and wages	20,718,896	84,678,128	11,185,582	45,502,948
Bonus and incentives	2,877,037	11,758,450	2,028,275	8,251,023
Overtime	863,603	3,529,545	549,184	2,234,081
Employee benefit	847,943	3,465,543	805,307	3,275,989
Staff insurance	345,192	1,410,800	219,237	891,856
Other employee benefits	586,218	2,395,873	339,504	1,381,101
	26,238,889	107,238,339	15,127,089	61,536,998

#### 27. **DEPRECIATION AND AMORTIZATION**

	20	2022		21
	US\$ KHR'000		US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Depreciation of property and equipment	2,465,537	10,076,649	1,609,820	6,548,748
Depreciation of right-of-use assets	1,248,949	5,104,455	432,591	1,759,780
Amortization of intangible assets	389,080	1,590,170	451,637	1,837,259
	4,103,566	16,771,274	2,494,048	10,145,787





as at 31 December 2022 and for the year then ended

#### 28. **GENERAL AND ADMINISTRATIVE EXPENSES**

	2022		20	21
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
Marketing and advertisement	6,829,482	27,912,093	2,772,238	11,277,464
Bank charges	3,645,613	14,899,620	3,346,598	13,613,961
Software and hardware supports	2,545,649	10,404,067	485,499	1,975,010
Telecommunications	2,040,944	8,341,338	2,461,717	10,014,265
Rental (Note 18)	1,004,843	4,106,793	706,614	2,874,506
Travelling	891,700	3,644,378	287,814	1,170,827
Internet services	660,516	2,699,529	476,375	1,937,894
Professional fees	557,417	2,278,163	321,306	1,307,073
Utilities	468,338	1,914,097	167,861	682,859
Security	354,266	1,447,885	108,543	441,553
Recruitment	313,536	1,281,422	238,887	971,792
Postage and stationery	232,231	949,128	57,620	234,398
Insurance	203,598	832,105	54,606	222,137
Training	199,995	817,380	59,305	241,253
Repairs and maintenance	189,619	774,973	82,379	335,118
Communication	134,110	548,108	92,162	374,915
Others (*)	2,748,469	11,232,993	2,377,170	9,670,326
	23,020,326	94,084,072	14,096,694	57,345,351

Others pertain to uniform, team building, membership fees, other operating and miscellaneous expenses.



# **NOTES TO THE FINANCIAL STATEMENTS** as at 31 December 2022 and for the year then ended

# **CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES**

	Notes	2022		2021	
		US\$	KHR'000 US\$	KHR'000	
		(	Note 2.1)	(N	ote 2.1)
				(As reclassified - Note 3	
OPERATING ACTIVITIES					
Profit before income tax		10,126,074	41,385,266	16,224,802	66,002,495
Adjustments for:					
Depreciation and					
amortization	27	2,854,617	11,666,819	2,061,457	8,386,007
Depreciation of right-of-use	27	1,248,949	5,104,455	432,591	1,759,780
assets Gain on disposal of property	21	1,240,949	5,104,455	432,391	1,759,760
and equipment	25	(13,108)	(53,572)	-	_
(Reversal of) provision for		, , ,	, , ,		
employee benefits	19	(123,555)	(504,969)	142,752	580,715
Finance costs on lease	18				
liabilities		673,837	2,753,972	112,454	457,463
Loans written off	24	88,887	363,281	-	-
Impairment losses (reversal					
of impairment) on financial instruments	24	1,149,036	4,696,110	(1,042,613)	(4,241,350)
mod differits	2-7	16,004,737	65,411,362	17,931,443	72,945,110
Changes in:			30, 111,002	,,,,,,,,,	12,710,110
Balances with the NBC		(17,040,274)	(69,643,600)	(5,972,754)	(24,297,163)
Loans and advances to		,	(	(=, , = ,	, , , , , , , , , , , , , , , , , , , ,
customers		(303,177,448)	(1,239,086,230)	(62,631,827)	(254,786,272)
Other assets		(18,687,900)	(76,377,447)	(2,616,526)	(10,644,027)
Deposits from customers		244,819,024	1,000,575,351	54,264,108	220,746,391
Deposits from other financial					
institutions		96,300,576	393,580,454	-	-
Wallet liabilities		(9,053,258)	(37,000,666)	(20,385,108)	(82,926,620)
Payables and other liabilities		(430,178)	(1,758,137)	4,088,549	16,632,217
Cash generated from		(430,176)	(1,730,137)	4,000,347	10,032,217
(used in) operations		8,735,279	35,701,087	(15,322,115)	(62,330,364)
Income tax paid	12	(4,138,769)	(16,915,149)	(2,650,316)	(10,781,485)
Seniority payment	19	(60,596)	(247,656)	-	-
Net cash generated from					
(used in) operating activities		4,535,914	18,538,282	(17,972,431)	(73,111,849)



as at 31 December 2022 and for the year then ended

### 30. COMMITMENTS AND CONTINGENCIES

### A. Loan commitments

As at 31 December 2022, there are no contractual amounts for off-balance sheet financial instruments that commit the bank to extend credit to customers.

### B. Taxation contingencies

The Bank received the following tax notifications from the General Department of Taxation ("GDT"):

- On 22 April 2019, comprehensive tax audit for the year ended 2017;
- On 28 August 2019, comprehensive tax audit for the year ended 2018; and
- On 20 April 2020, comprehensive tax audit for the year ended 2019.

To date, there has not been any official results from the GDT for all the above comprehensive tax audits.

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. 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.

### 31. RELATED PARTIES

### A. Related parties and relationships

Related parties	Relationships
WING Holdings Pte Limited	Parent Bank owned by Neak Oknha Kith Meng - 100%
Every Bright Rich Trading Bank Ltd	Entity under common shareholder
Mobile Refresh Bank Limited	
Royal Group Co., Ltd	
Royal Railway Co., Ltd	
Key management personnel	Persons participating in the administration, direction, management or the design and implementation of the internal controls of the Bank.



# as at 31 December 2022 and for the year then ended

#### 31. **RELATED PARTIES (continued)**

#### В. Transactions with related parties

	Nature	2022		20	21
		US\$	KHR'000	US\$	KHR'000
			(Noted 2.1)		(Noted 2.1)
Mobile Refresh Bank Limited	Payments on behalf	-	-	3,640,627	14,810,071
Royal Group Co., Ltd		4,890,924	20,135,934	2,057,681	8,370,646
J Trust Royal Bank Plc	Interest income	1,443,724	5,943,812	3,138,307	12,766,633
Cam GSM Co.,Ltd	Telecom-munication	731,421	3,011,260	475,401	1,933,931
EZECOM CO., LTD	Internet services	485,248	1,997,766	379,314	1,543,049
Telcotech Ltd	Payments on behalf	10,439	42,977	-	-
		7,561,756	31,131,749	9,691,330	39,424,330
Key management personnel	Remuneration	3,538,436	14,567,741	2,813,821	11,446,624

#### C. **Balances with related parties**

Amounts due from related parties (Note 8)

	Relationship	2022		20	21
		US\$	KHR'000	US\$	KHR'000
			(Noted 2.1)		(Noted 2.1)
Wing Tower Property Development Co., Ltd	Affiliate	6,948,605	28,607,407	2,057,681	8,382,992
Wing Holdings Pte Limited	Parent	961,782	3,959,656	-	-
Every Bright Rich Trading Bank Ltd	Affiliate	170,214	700,773	128,060	521,716
Mobile Refresh Bank Limited	Affiliate	109,555	451,038	109,555	446,327
Royal Railway Co., Ltd	Affiliate	-	-	150,673	613,843
		8,190,156	33,718,874	2,445,969	9,964,878





as at 31 December 2022 and for the year then ended

#### **31. RELATED PARTIES (continued)**

## Balances with related parties (continued)

Deposits from related parties (Note 13)

	Relationship	2022		2021	
		US\$	KHR'000 (Noted 2.1)	US\$	KHR'000 (Noted 2.1)
Telcotech Ltd	Affiliate	6,264,343	25,790,300	6,403,944	26,089,668
Securities PLC SBI Royal	Affiliate	5,160,848	21,247,211	461,817	1,881,442
Cam GSM Co.,Ltd	Affiliate	1,634,914	6,730,941	2,110,117	8,596,617
EZECOM CO., LTD	Affiliate	1,195,585	4,922,223	711,454	2,898,464
Royal Cambodian Limousine Service Co.,Ltd.	Affiliate	626,879	2,580,861	977,990	3,984,331
Northbridge Development Bank Limited	Affiliate	341,393	1,405,515	66,648	271,524
GSS Global Security Solutions Co., Ltd	Affiliate	33,965	139,834	14,595	59,460
Others	Affiliate	-	-	8,125	33,101
		15,257,927	62,816,885	10,754,690	43,814,607

Deposits with related party

	Relationship	2022		20	21
		US\$	KHR'000	US\$	KHR'000
			(Noted 2.1)		(Noted 2.1)
J Trust Royal Bank Plc.	Affiliate	71,253,169	293,349,297	111,688,289	455,018,089



## as at 31 December 2022 and for the year then ended

#### **32.** FINANCIAL RISK MANAGEMENT

The Bank's Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework.

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

### 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, Balances with other financial institutions, debt investment 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, country and sector risk.

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.

### Management of credit risk

At each reporting date, the Bank may apply the following practical expedients to assess the credit risk:

- the low credit risk exception (i.e., no credit-impaired loans at the inception date); and
- the rebuttable presumption that credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The credit risk of a financial instrument is low if:

- the instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the borrower's ability to fulfil its obligations.



as at 31 December 2022 and for the year then ended

## **32. FINANCIAL RISK MANAGEMENT (CONTINUED)**

## A. Credit risk (continued)

### **Concentration of risk**

Type of credit exposure

	2022				
	Maximum credit	Maximum credit	Fully subject to collateral/ credit enhancement	Partially subject to collateral/ credit enhancement	Unsecured and not subject to collateral/ credit enhancement
	US\$	KHR'000 (Note 2.1)	%	%	%
Balance sheet items					
Cash and bank balances					
– gross (*)	175,454,587	722,346,534	0%	0%	100%
Debt investment - gross	2,000,000	8,234,000	100%	0%	0%
Loans and advances to					
customers - gross	364,972,156	1,502,590,366	100%	0%	0%
Other assets	7,731,105	25,202,419	0%	0%	100%
Total	550,157,848	2,258,373,319			

### (\*) Excluded cash on hand

			2021		
	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 2.1)	%	%	%
Balance sheet items		(11016 2.1)			
Cash and bank balances – gross (*)	181,396,415	739,008,996	0%	0%	100%
Debt investment - gross	2,000,000	8,148,000	100%	0%	0%
Loans and advances to customers - gross	61,883,595	252,113,766	100%	0%	0%
Other assets	3,530,582	7,826,264	0%	0%	100%
Total	248,810,592	1,007,097,026	-		

<sup>(\*)</sup> Excluded cash on hand



# as at 31 December 2022 and for the year then ended

#### FINANCIAL RISK MANAGEMENT (CONTINUED) **32.**

- A. Credit risk (continued)
- ii. Concentration of risk (continued)

## Concentration of risk by industrial sectors

	2022				
	Bank balances - gross	Debt investment	Loans and advances to customers - gross	Other assets	Total
	US\$	US\$	US\$	US\$	US\$
Financial institutions	175,454,587	-	-	-	175,454,587
Instant lending		-	3,078,396	-	3,078,396
Personal lending	-	-	85,505,757	-	85,505,757
Commercial lending	-	-	119,873,012	-	119,873,012
Business lending	-	-	156,514,991	-	156,514,991
Others	-	2,000,000	-	7,731,105	9,731,105
Total	175,454,587	2,000,000	364,972,156	7,731,105	550,157,848
KHR'000 (Note 2.1)	722,346,534	8,234,000	1,502,590,366	31,828,959	2,264,999,860

			2021		
			Loans and advances to		
	Bank balances	Debt	customers	Other	
	- gross	investment	- gross	assets	Total
	US\$	US\$	US\$	US\$	US\$
Financial institutions	181,396,415	-	-	-	181,396,415
Instant lending	-	-	838,846	-	838,846
Personal lending	-	-	18,138,431	-	18,138,431
Commercial lending	-	-	30,413,932	-	30,413,932
Business lending	-	-	12,492,386	-	12,492,386
Others	-	2,000,000	-	3,530,582	5,530,582
Total	181,396,415	2,000,000	61,883,595	3,530,582	248,810,592
KHR'000 (Note 2.1)	739,008,996	8,148,000	252,113,766	14,383,591	1,013,654,353



as at 31 December 2022 and for the year then ended

### 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### A. Credit risk (continued)

### ii. Concentration of risk (continued)

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

(	2022		20	21
	US\$	KHR'000	US\$	KHR'000
		(Noted 2.1)		(Noted 2.1)
By residency:				
Residents	364,972,156	1,502,590,366	61,883,595	252,113,766
By relationship:				
Non-related parties	364,972,156	1,502,590,366	61,883,595	252,113,766
By exposure:				
Large exposures (*)	61,757,278	254,254,714	8,000,000	32,592,000
Non-large exposures	303,214,878	1,248,335,652	53,883,595	219,521,766
	364,972,156	1,502,590,366	61,883,595	252,113,766

(\*) A "large exposure" is defined under the NBC's Prakas as the overall gross exposure of the aggregate balance of loans and advances with 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 authorized loans or commitments.

### iii. Collateral held

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 other financial institutions, debt investment and other assets

Collateral is generally not sought for these assets.

## Loans and advances to customers

Certain loans and advances to customers is typically collateralized to a substantial extent. In particular, residential mortgage exposures are generally fully secured by residential properties.

The table below summarizes the Bank's security coverage of its financial assets.



## as at 31 December 2022 and for the year then ended

#### 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### A. Credit risk (continued)

### iii. Collateral held (continued)

	2022				
		Time		Unsecured credit	
	Properties	deposits	Others	exposure	Total
	US\$	US\$	US\$	US\$	US\$
Bank balances - gross	-	-	-	175,454,587	175,454,587
Debt investment	-	-	-	2,000,000	2,000,000
Loans and advances to					
customers - gross	276,388,003	-	85,505,757	3,078,396	364,972,156
Other assets	-	ı <b>-</b>	-	7,731,105	7,731,105
Total	276,388,003	-	85,505,757	188,264,088	550,157,848
KHR'000 (Note 2.1)	1,137,889,408		352,027,202	775,083,249	2,264,999,859

	2021				
		Time		Unsecured credit	
	Properties	deposits	Others	exposure	Total
	US\$	US\$	US\$	US\$	US\$
Bank balances - gross	-	-	-	181,396,415	181,396,415
Debt investment	-	-	-	2,000,000	2,000,000
Loans and advances to					
customers - gross	42,906,318	-	18,138,431	838,846	61,883,595
Other assets	-	-	-	3,530,582	3,530,582
Total	42,906,318	-	18,138,431	187,765,843	248,810,592
KHR'000 (Note 2.1)	174,800,340	-	73,895,968	764,958,044	1,013,654,352

## iv. Credit quality of gross loans and advances to customers

The Bank aligns its credit assessment following the NBC guideline Prakas B7.017-344, it has defined each credit grading according to its credit quality as follows:

### Normal

Outstanding facility is repaid on 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 counterparty.

### 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 counterparty at the future date, if not corrected in a timely manner, and close attention by the Institution.

Weaknesses include but are not limited to a declining trend in the business operations of the counterparty 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.



as at 31 December 2022 and for the year then ended

#### 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Credit risk (continued)

### iv. Credit quality of gross loans and advances to customers

### 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 counterparty. 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,
- Unfavorable economic and market conditions that would adversely affect the business and profitability of the counterparty in the future,
- Weakened financial condition and/or inability of the counterparty to generate enough cash flow to service the payments,
- Difficulties experienced by the counterparty in repaying other facilities granted by the Institution or by other institutions when the information is available, and
- Breach of financial covenants by the counterparty.

### 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 counterparty.

### **Recognition of ECLs**

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

3-Stage approach	Stage 1	Stage 2	Stage 3
	Performing	Underperforming	Nonperforming
Recognition of ECLs	12 months ECLs	Lifetime ECLs	Lifetime ECLs
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

## as at 31 December 2022 and for the year then ended

#### FINANCIAL RISK MANAGEMENT (CONTINUED) 32.

### Credit risk (continued)

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

The Bank will measure ECLs by using the general approach. The general approach consists of segregating the customers into three different stages according to the staging criteria by assessing the credit risk. 12-month ECLs will be computed for stage 1, while lifetime ECLs will be computed for stage 2 and stage 3. At each reporting date, the Bank will assess credit risk of each account as compared to the risk level at origination date.

Long-term facilities (more than one year)

Stage	Credit Risk Status	Grade	Day Passed Due ("DPD")	Default indicator
1	No significant increase in credit risk	Normal	0 ≤ DPD ≤ 30	Performing
2	Credit risk increased significantly	Special mention	31≤ DPD ≤ 90	Underperforming
		Substandard	91 ≤ DPD < 180	
3	Credit impaired assets	Doubtful	180 ≤ DPD <360	Nonperforming
		Loss	DPD ≥ 360	

### **Recognition of ECLs**

Short-term facilities (one year or less)

Stage	Credit Risk Status	Grade	DPD	Default Indicator
1	No significant increase in credit risk	Normal	0 ≤ DPD ≤ 14	Performing
2	Credit risk increased significantly	Special mention	15 ≤ DPD ≤ 30	Underperforming
		Substandard	31 ≤ DPD ≤ 60	
3	Credit impaired assets	Doubtful	61 ≤ DPD ≤ 90	Nonperforming
		Loss	DPD ≥ 91	

The Bank will use the DPD information and NBC's classification for staging criteria. Also, the Bank will incorporate credit scoring or more forward-looking elements in the future when information is more readily available.

As for financial assets that are short term in nature, simplified approach will be adopted where no staging criteria is required. In this case, it will be either performing (stage 1) or non-performing.

The credit quality of the Bank's gross financing is based on classifications as discloses in Note 6.



as at 31 December 2022 and for the year then ended

#### FINANCIAL RISK MANAGEMENT (CONTINUED) **32.**

### Credit risk (continued)

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

### Allowance for ECLs

The following table shows the reconciliation from the opening to the closing balance of the loss allowance by class of financial instrument.

	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
As at 1 January 2022	319,345	-	30,902	350,247
New assets originated or				
purchased	1,164,814	-	-	1,164,814
Transfer to stage 1	(447,512)	447,512	-	-
Transfer to stage 2	-	(368,294)	-	(368,294)
Transfer to stage 3	-	-	368,294	368,294
As at 31 December 2022	1,036,647	79,218	399,196	1,515,061
KHR'000 (Note 2.1)	4,267,876	326,141	1,643,490	6,237,506

### Allowance for ECLs

	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
As at 1 January 2021	-	-	-	-
New assets originated or purchased	350,247	-	-	350,247
Transfer to stage 1	(30,902)	-	-	(30,902)
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	30,902	30,902
As at 31 December 2021	319,345	-	30,902	350,247
KHR'000 (Note 2.1)	1,301,012	-	125,895	1,426,906

#### B. 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 optimizing 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 unfavorable interest rate movement is regularly monitored against the risk tolerance limits set.



# as at 31 December 2022 and for the year then ended

#### **32.** FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market risk (continued)

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

### Interest rate risk (continued)

				2022			
	Up to 1				Over 5	Non-interest	
	month	1-3 months	3-12 months	1 to 5 years	years	bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets							
Bank balances -							
gross	131,918,973	-	43,535,614	-	-	-	175,454,587
Debt investment	-	-	-	2,000,000	-	-	2,000,000
Loans and advances							
to customers - gross	6,824,370	3,039,307	77,824,160	78,312,070	198,972,249	-	364,972,156
Other assets	-	-	-	-	-	7,731,105	7,731,105
	138,743,343	3,039,307	121,359,774	80,312,070	198,972,249	7,731,105	550,157,848
Financial liabilities							
Deposits from customers	95,262,397	24,000,838	101,514,105	26,256,357	_	52,049,435	299,083,132
Deposits from other	73,202,377	24,000,000	101,514,105	20,230,337		32,047,433	277,003,132
financial institutions	17,243,746	11,065,144	40,142,833	17,449,860	-	10,398,993	96,300,576
Wallet liabilities	-	_	_	-	-	110,761,575	110,761,575
Borrowings	-	_	-	-	99,225	-	99,225
Subordinated debt	-	-	-	10,000,000	-	-	10,000,000
Lease liabilities	-		_	-	_	13,345,775	13,345,775
Other liabilities	-	-	-	-	-	9,695,349	9,695,349
	112,506,143	35,065,982	141,656,938	53,706,217	99,225	196,251,127	539,285,632
Interest sensitivity							, , ,
gap	26,237,200	(32,026,675)	(20,297,164)	26,605,853	198,873,024	(188,520,022)	10,872,216
In KHR'000 (Note 2.1)	108,018,551	(131,853,821)	(83,563,423)	109,536,297	818,760,240	(776,136,931)	44,760,913





as at 31 December 2022 and for the year then ended

#### **32.** FINANCIAL RISK MANAGEMENT (CONTINUED)

- Market risk (continued)
  - (i) Interest rate risk (continued)

				2021			
	Up to 1	1-3	3-12	1 to 5	Over 5	Non-interest	
	month	months	months	years	years	bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets							
Bank balances - gross	89,857,439	-	91,538,976	-	-	-	181,396,415
Debt investment	-	-	-	2,000,000	-	-	2,000,000
Loans and advances to customers - gross	43,880	77,351	25,343,058	12,348,560	24,070,746	-	61,883,595
Other assets	-	-	-	-	-	3,530,582	3,530,582
	89,901,319	77,351	116,882,034	14,348,560	24,070,746	3,530,582	248,810,592
Financial liabilities							
Deposits from customers	4,788,314	60,608	5,203,058	4,985,242	-	39,226,886	54,264,108
Wallet liabilities	-	-	-	-	-	119,814,833	119,814,833
Lease liabilities	-	-	-	-	-	8,727,230	8,727,230
Other liabilities	-	-	-	-	-	9,197,337	9,197,337
	4,788,314	60,608	5,203,058	4,985,242	-	176,966,286	192,003,508
Interest sensitivity gap	85,113,005	16,743	111,678,976	9,363,318	24,070,746	(173,435,704)	56,807,084
In KHR'000 (Note 2.1)	346,750,382	68,211	454,980,148	38,146,158	98,064,219	(706,577,057)	231,432,061

#### (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.

## as at 31 December 2022 and for the year then ended

#### FINANCIAL RISK MANAGEMENT (CONTINUED) **32.**

### Market risk (continued)

## (ii) Foreign currency exchange risk (continued)

## Concentration of currency risk

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

		2022			
	Denomination				
		US\$ equivalents			
	US\$	KHR	Total		
Financial assets					
Cash and bank balances - gross	169,954,600	13,720,016	183,674,616		
Debt investment	2,000,000	-	2,000,000		
Loans and advances to customers – gross	321,874,909	43,097,247	364,972,156		
Other assets	5,023,947	2,707,158	7,731,105		
	498,853,456	59,524,421	558,377,877		
Financial liabilities					
Deposits from customers	258,548,440	40,534,692	299,083,132		
Deposits from other financial institutions	91,904,631	4,395,945	96,300,576		
Wallet liabilities	53,347,224	57,414,351	110,761,575		
Borrowings	99,225	-	99,225		
Subordinated debt	10,013,973	-	10,013,973		
Lease liabilities	9,594,495	-	9,594,495		
Other liabilities	9,216,961	478,388	9,695,349		
	432,724,949	102,823,376	535,548,325		
Net asset position	66,128,507	(43,298,955)	22,829,552		
KHR'000 (Note 2.1)	272,251,063	(178,261,798)	93,989,265		



as at 31 December 2022 and for the year then ended

### 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### B. Market risk (continued)

### (ii) Foreign currency exchange risk (continued)

Concentration of currency risk (continued)

	2021				
	Denomination				
	I	US\$ equivalents			
	US\$	KHR	Total		
Financial assets					
Cash and bank balances - gross	159,535,272	23,146,690	182,681,962		
Debt investment	2,000,000	-	2,000,000		
Loans and advances to customers – gross	58,049,838	3,833,757	61,883,595		
Other assets	2,294,298	1,236,284	3,530,582		
	221,879,408	28,216,731	250,096,139		
Financial liabilities					
Deposits from customers	40,121,371	14,142,737	54,264,108		
Wallet liabilities	64,491,102	55,323,731	119,814,833		
Lease liabilities	6,307,212	-	6,307,212		
Other liabilities	9,129,886	67,451	9,197,337		
	120,049,571	69,533,919	189,583,490		
Net asset position	101,829,837	(41,317,188)	60,512,649		
KHR'000 (Note 2.1)	419,233,440	(170,102,863)	249,130,577		

### Sensitivity analysis

Considering that other risk variables remain constant, the foreign currency revaluation sensitivity for the Bank as at reporting date is summarized below. Only exposures in currencies that accounts for more than 1 percent of the net open position are shown in its specific currency in the table below. For other currencies, these exposures are grouped as 'Others'.

### Sensitivity analysis

	20	22	2021		
	- 1%	+ 1%	- 1%	+ 1%	
	Depreciation US\$	Appreciation US\$	Depreciation US\$	Appreciation US\$	
US\$	(1,420,698)	1,420,698	(1,743,835)	1,743,835	
KHR	(141,154)	141,154	(137,262)	137,262	
	(1,561,852)	1,561,852	(1,881,097)	1,881,097	
KHR'000 (Note 2.1)	(6,430,145)	6,430,145	(7,744,475)	7,744,475	



## as at 31 December 2022 and for the year then ended

#### **32.** FINANCIAL RISK MANAGEMENT (CONTINUED)

#### C. Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due. The consequence of this may be the failure to meet obligations to repay and fulfil commitments to creditors. The Bank manages this risk by ensuring it has sufficient funds to pay off its short-term liquidity needs.

The Bank's objective is to maintain a balance between continuity of funding and flexibility. The Bank's investment requirement is funded by additional paid-up capital from shareholders.

### Maturity analysis for financial liabilities and financial assets

The following tables set out the remaining contractual maturities of the Bank's financial liabilities and financial assets:

(			2022			
	On demand					
	and up to 1		>3-12	>1 to 5	Over 5	
	month	>1-3 months	months	years	years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets						
Cash and bank						
balances – gross	140,139,002	-	43,535,614	-	-	183,674,616
Debt investment	-	-	-	2,000,000	-	2,000,000
Loans and advances						
to customers - gross	6,824,370	3,039,307	77,824,160	78,312,070	198,972,249	364,972,156
Other assets	4,243,519	-	3,487,586	-		7,731,105
	151,206,891	3,039,307	124,847,360	80,312,070	198,972,249	558,377,877
Financial liabilities						
Deposits from						
customers	147,311,832	24,000,838	101,514,105	26,256,357	-	299,083,132
Deposits from other						
financial institutions	27,642,739	11,065,144	40,142,833	17,449,860	-	96,300,576
Wallet liabilities	110,761,575	-	-	-	-	110,761,575
Borrowings	-	-	-	-	99,225	99,225
Subordinated debt	-	-	-	10,013,973	-	10,013,973
Lease liabilities	-	-	-	9,594,495	-	9,594,495
Other liabilities	2,812,309	2,239,840	-	-	4,643,200	9,695,349
	288,528,455	37,305,822	141,656,938	63,314,685	4,742,425	535,548,325
Net liquidity gap						
	(137,321,564)	(34,266,515)	(16,809,578)	16,997,385	194,229,824	22,829,552
In KHR'000 (Note 2.1)	(565,352,881)	(141,075,242)	(69,205,031)	69,978,234	799,644,185	93,989,265

as at 31 December 2022 and for the year then ended

### 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### C. Liquidity risk

Maturity analysis for financial liabilities and financial assets

	2021					
	On demand					
	and up to 1		>3-12	>1 to 5	Over 5	
	month	>1-3 months	months	years	years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets						
Cash and bank						
balances - gross	91,142,986	-	91,538,976	-	-	182,681,962
Debt investment	-	-	-	2,000,000	-	2,000,000
Loans and						
advances to						
customers - gross	43,880	77,351	25,343,058	12,348,560	24,070,746	61,883,595
Other assets	2,244,318	-	1,286,264	-	-	3,530,582
	93,431,184	77,351	118,168,298	14,348,560	24,070,746	250,096,139
Financial liabilities						
Deposits from						
customers	44,015,200	60,608	5,203,058	4,985,242	-	54,264,108
Wallet liabilities	119,814,833	_	_	_	_	119,814,833
Lease liabilities	-	_	_	6,307,212	_	6,307,212
Other liabilities	3,651,892	1,377,395	_	-,007,-12	4,168,050	9,197,337
2	167,481,925	1,438,003	5,203,058	11,292,454	4,168,050	189,583,490
Net liquidity gap	(74,050,741)	(1,360,652)	112,965,240	3,056,106	19,902,696	60,512,649
				· · ·	<u> </u>	<u>·</u>
In KHR'000 (Note 2.1)	(301,682,718)	(5,543,296)	460,220,388	12,450,576	81,083,584	246,528,533

As part of the management of liquidity risk arising from financial liabilities, the Bank hold liquid assets comprising cash and cash equivalents, which can be readily to meet liquidity requirements. In addition, the Bank maintain agreed lines of credit with other banks.

### D. 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.

## as at 31 December 2022 and for the year then ended

#### FINANCIAL RISK MANAGEMENT (CONTINUED) 32.

#### E. **Capital management**

For the purpose of the Bank's capital management, capital incudes issued and paid up capital. The primary objective of the Bank's capital management is to maximise the shareholder's value. The Bank manages its capital and makes adjustments to it, in the light of changes in economic conditions.

### Regulatory capital

The NBC, sets and monitors capital requirements for the Bank as a whole.

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

The Bank has complied with all externally imposed capital requirement throughout the year.

### Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital.

On 10 February 2023, the Bank received approval from the NBC to include the subordinated debt (Note 16), as part of Tier II capital for the purpose of Net Worth calculation.

#### 33. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date 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.

The fair value of the Bank's financial instruments such as cash and short-term funds, deposits from customers, other assets, payables and other liabilities 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:

### Cash and bank balances

The fair values of cash and bank balances with maturity of less than one year approximate their carrying amounts.



as at 31 December 2022 and for the year then ended

### 33. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

### B. Loans and advances to customers

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

### C. Deposits from customers and other banks

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.

### D. Other financial assets and liabilities

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

### E. 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 liabilities 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.

The table below summarizes the fair value hierarchy of financial asset and liability which are not measured at fair value in the statement of financial position but for which fair value is disclosed.

as at 31 December 2022 and for the year then ended

#### **33.** FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	2022		202	1
	Carrying amount	Fair value - Level 3	Carrying amount	Fair value - Level 3
	US\$	US\$	US\$	US\$
Loans and advances to cus-				
tomers	364,315,002	364,315,002	62,130,530	62,130,530
KHR'000 (Note 2.1)	1,499,884,863	1,499,884,863	255,791,392	255,791,392
Borrowings	99,261	99,261	-	-
KHR'000 (Note 2.1)	408,658	408,658	-	-
Subordinated debt	10,000,000	10,000,000	-	-
KHR'000 (Note 2.1)	41,170,000	41,170,000	-	-





as at 31 December 2022 and for the year then ended

# 34. MATURITY PROFILE OF ASSETS AND LIABILITIES

		2022			2021	
	Less than	More than		Less than	More than	
	one year	one year	Total	one year	one year	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets						
Cash and bank						
balances - gross	183,674,616	-	183,674,616	182,681,962	-	182,681,962
Debt investment	-	2,020,786	2,020,786	-	2,009,167	2,009,167
Loans and advances						
to customers - gross	87,687,837	277,284,319	364,972,156	25,464,289	36,419,306	61,883,595
Other assets	7,731,105	-	7,731,105	3,530,582	-	3,530,582
	279,093,558	279,305,105	558,398,663	211,676,833	38,428,473	250,105,306
Non-financial assets						
Statutory deposits	-	30,513,028	30,513,028	-	13,472,754	13,472,754
Other assets	19,845,118	-	19,845,118	5,767,737	-	5,767,737
Intangible assets	-	5,227,891	5,227,891	-	3,097,337	3,097,337
Property and						
equipment	-	24,755,965	24,755,965	-	14,656,182	14,656,182
Right-of-use assets	-	11,530,227	11,530,227	-	7,477,454	7,477,454
Deferred tax assets	-	663,046	663,046	-	789,301	789,301
	19,845,118	72,690,157	92,535,275	5,767,737	39,493,028	45,260,765
	298,938,676	351,995,262	650,933,938	217,444,570	77,921,501	295,366,071
Less: Allowance for						
ECLs			(1,934,601)			(785,565)
Accumulated depreciations						
and amortization			(15,216,846)			(11,260,536)
Total assets			633,782,491			283,319,970
KHR'000 (Note 2.1)			2,609,282,515			1,154,245,558



as at 31 December 2022 and for the year then ended

## 34. MATURITY PROFILE OF ASSETS AND LIABILITIES (CONTINUED)

		2022			2021	
	Less than	More than		Less than	More than	
	one year	one year	Total	one year	one year	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Financial liabilities						
Deposits from						
customers	272,826,775	26,256,357	299,083,132	49,278,866	4,985,242	54,264,108
Deposits from other	70.050.71/	17 440 070	0/ 700 57/			
financial institutions	78,850,716	17,449,860	96,300,576	-	-	-
Borrowings	-	99,225	99,225	-	-	-
Subordinated debt	-	10,013,973	10,013,973	-	-	-
Wallet liabilities	110,761,575	-	110,761,575	119,814,833	-	119,814,833
Lease liabilities	1,059,006	8,535,489	9,594,495	668,392	5,638,820	6,307,212
Other liabilities	5,134,388	4,643,200	9,777,588	5,066,518	4,168,050	9,234,568
	468,632,460	66,998,104	535,630,564	174,828,609	14,792,112	189,620,721
Non-financial						
liabilities						
Other liabilities	508,864	307,736	816,600	1,430,679	211,765	1,642,444
Provision for employee benefits	-	181,844	181,844	-	365,995	365,995
Current income tax						
liability	1,191,242	-	1,191,242	3,737,215	-	3,737,215
	1,700,106	489,580	2,189,686	5,167,894	577,760	5,745,654
Total liabilities	470,332,566	67,487,684	537,820,250	179,996,503	15,369,872	195,366,375
	, , , , , , , , , , , ,	, , ,				
KHR'000 (Note 2.1)	1,936,359,174	277,846,795	2,214,205,969	733,305,753	62,616,859	795,922,612



as at 31 December 2022 and for the year then ended

### 35. SUBSEQUENT EVENTS

Other than as disclosed elsewhere in these financial statements, at the date of this report, there are no events which occurred subsequent to 31 December 2022 that had significant impact on the statement of financial position of the Bank as at 31 December 2022.

### **36. TAX CONTINGENCY**

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

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



as at 31 December 2022 and for the year then ended

#### **RECLASSIFICATION OF CORRESPONDING FIGURES 37.**

Certain corresponding figures have been reclassified to correct errors in classification and conform with current period's presentation, as follows:

	2021				
	As previously				
	presented	Reclassification	As recla	ssified	
	US\$	US\$	US\$	KHR'000	
				(Note 2.1)	
STATEMENT OF FINANCIAL POSITION					
Loans and advances to customers, net	61,542,515	(9,167)	61,533,348	250,686,860	
Debt investment, net	1,992,321	9,167	2,001,488	8,154,062	
Intangible assets	2,598,857	(985,622)	1,613,235	6,578,233	
Property and equipment	5,175,072	985,622	6,160,694	25,092,753	
Other assets	13,201,307	(3,923,159)	9,278,148	37,799,175	
Wallet liabilities	123,737,992	(3,923,159)	119,814,833	488,125,629	
Wallet liabilities	123,737,772	(3,723,137)	117,014,033	400,123,027	
STATEMENT OF CASH FLOWS					
Cash flow from operating activities					
Profit before income tax	12,683,814	3,540,988	16,224,802	66,002,495	
Adjustments for:					
Net interest income	(3,698,444)	3,698,444	-	-	
Income tax expense	3,540,988	(3,540,988)	-	-	
Finance costs on lease liabilities	-	112,454	112,454	457,463	
Changes in:					
Loans and advances to					
customers	(61,673,961)	(957,866)	(62,631,827)	(254,786,272)	
Deposit from customers	54,213,800	50,308	54,264,108	220,746,391	
Interest received	2,916,913	(2,916,913)	-	-	
Interest paid	(13,573)	13,573	-	-	
Other assets	(3,491,169)	874,643	(2,616,526)	(10,644,027)	
Wallet liabilities	(19,510,465)	(874,643)	(20,385,108)	(82,926,620)	
Cash flows from investing activities					
Acquisition of intangible assets	(2,125,830)	985,622	(1,140,208)	(4,638,366)	
Acquisition of property and equipment	(2,853,957)	(985,622)	(3,839,579)	(15,619,407)	



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