



**Bank of China (Hong Kong)  
Limited Phnom Penh Branch**

**Annual Report 2024**



## 中国银行总行介绍

1912年2月，经孙中山先生批准，中国银行正式成立。中国银行是中国国际化和多元化程度最高的银行，目前在中国内地及60多个国家和地区为客户提供全面的金融服务。主要经营商业银行业务，包括公司金融业务、个人金融业务和金融市场业务，并通过全资子公司中银国际控股有限公司开展投资银行业务，通过全资子公司中银集团保险有限公司及中银保险有限公司经营保险业务，通过全资子公司中银集团投资有限公司经营直接投资和投资管理业务，通过控股中银基金管理有限公司经营基金管理业务，通过控股中银航空租赁有限公司经营飞机租赁业务。

## 中国银行（香港）金边分行

中国银行金边分行是经中国银监会批准设立，由中国银行总行直属发起设立，于2017年底因为区域化管理需要合并到中银香港，并更名为**中国银行（香港）金边分行**。金边分行由柬埔寨中央银行核发营业执照，可经营全能商业银行业务。

金边分行成立于2010年12月8日，坐落在柬埔寨首都金边，经营柬埔寨国内及国际所有商业银行业务及服务，在柬埔寨全境有五家经营性机构，覆盖柬埔寨首都金边、主要出海口西哈努克港及吴哥窟所在地暹粒市。目前主要从事公司金融、贸易金融、个人金融及全球市场业务等，产品及服务包括公司及个人各类贷款业务、公司及个人各类存款业务、公司及个人各类外汇买卖业务、外币现钞买卖、国际汇出及汇入汇款、银行卡、收单业务、国际结算、贸易融资、保函、银行同业服务、全球现金管理、资金业务、投行业务、代理业务等。服务对象包括中柬两国公民、外籍人士、中资企业、与中国有贸易投资往来柬国公司及柬埔寨当地主流企业。

金边分行致力建设成为在柬一流银行、中资企业在柬标杆，遵规守法，依法纳税，开业以来积极推动中柬企业及民间交往与合作，搭建中柬企业交流合作平台，积极履行社会责任与推动社会公益，先后向中柬友好协会、柬埔寨红十字协会等进行捐赠，多次为柬埔寨华校捐款捐物，在当地最大华文学校端华公校设立奖助学金，长期赞助“汉语桥”比赛。新冠疫情对柬埔寨支柱产业旅游业造成重大打击，金边分行积极响应柬政府号召，为企业提供纾困贷款支持，共度时艰；配合柬旅游部实施“China Ready”战略，为世界文化遗产吴哥窟景区提供线上线下一体化门票支付解决方案。金边分行在2017年至2018年、2019年至2020年、2023年至2024年被柬埔寨税务局授予金牌纳税人称号。

中国银行（香港）金边分行与您一路同行、一起发展！

分行网站及网址：

网站：[www.bankofchina.com.kh](http://www.bankofchina.com.kh)

地址：柬埔寨金边市莫尼旺大道与安良街拐角315号加华大厦一、二层



### About Bank of China

Bank of China was formally established in February 1912 following the approval of Dr. Sun Yat-sen. As China's most internationalized and diversified bank, Bank of China provides a comprehensive range of financial services to customers across the Chinese mainland as well as 62 countries and regions. The Bank's core business is commercial banking, including corporate banking, personal banking and global markets services. BOC International Holdings Limited, a wholly owned subsidiary, is the Bank's investment banking arm. Bank of China Group Insurance Company Limited and Bank of China Insurance Company Limited, both wholly owned subsidiaries, run the Bank's insurance business. Bank of China Group Investment Limited, a wholly owned subsidiary, undertakes the Bank's direct investment and investment management business. Bank of China Investment Management Co., Ltd., a controlled subsidiary, operates the Bank's fund management business. BOC Aviation Limited, a controlled subsidiary, is in charge of the Bank's aircraft leasing business.

### About Bank of China (Hong Kong) Limited Phnom Penh Branch

Bank of China Limited Phnom Penh Branch was incorporated in Cambodia in November 2010 under the name Bank of China Limited, Phnom Penh Branch, becoming the first Chinese Bank to enter and launch operations in Cambodia. As part of the restructuring exercise of the Bank of China Group in the ASEAN Region, Bank of China (Hong Kong) Limited Phnom Penh Branch was acquired and operates as a subsidiary of Bank of China (Hong Kong) Holdings Limited in November 2017.

Bank of China (Hong Kong) Limited Phnom Penh Branch is principally engaged in Corporate Banking, Personal Banking, International Settlement, Trade Financing and Financial Services.

As the first Chinese Bank to have a presence in Cambodia, with the purpose to enhance financial and economic services whilst exploring new innovations and technology for our advancement to meet the needs of our clients, our objective is to provide a strong support to facilitate commercial and investment activities between Chinese and Cambodian enterprises and for the local community. We are the trusted partner of Chinese Going Global Enterprises and clients dealing with China because of our extensive and close banking relationships with leading local and international banks and comprehensive product range. As at 31 December 2023, the Branches have a total of 218 employees. We offer an efficient team of experts and well-trained workforce complement with multilingual ability, proficient in Cambodian, Chinese and English to effectively communicate and cater to the needs of a diverse set of clients.

In response to an increased demand for services, Bank of China (Hong Kong) Limited Phnom Penh Branch has expanded and set up branches in three big cities across Cambodia- Phnom Penh, Siem Reap and Sihanoukville. The five branches consist of Phnom Penh Main Branch, Intercon Sub-Branch, Olympic Sub-Branch, Siem Reap Sub-Branch and Sihanoukville Sub-Branch.

Since the establishment in 2010, we have achieved remarkable progress and continuous outstanding performance. We hold a strong market position in Cambodia, ranking fifth in Total Assets and Deposits and ninth in Profits and Loans.

Corporate Services: Loan, Settlement, International Remittance, e-Banking, Working Capital Loan, Overdraft, Trade Financing, Project Financing, Syndicated Loan, etc.

Personal Service: Loan, Settlement, International Remittance, Credit Card, ATM, e-Banking, Mobile Banking, Payroll, UnionPay Online Payment Transaction, etc.

Web-Site: [www.bankofchina.com.kh](http://www.bankofchina.com.kh)

Address: Bank of China (Hong Kong) Limited Phnom Penh Branch  
Canada Tower, 1st & 2nd Floor,  
315 Ang Duong St., P.O.BOX 110  
Phnom Penh, Cambodia



## MESSAGE FROM THE COUNTRY MANAGER



2024年，中柬两国关系进一步深化，经贸合作更为密切。作为中资金融机构在柬埔寨的重要窗口，中国银行金边分行始终秉持服务实体经济、促进中柬经贸合作的使命，按照“利润高点稳固、风险管控有效、基础渐次突破”目标，经营业绩稳步增长，为柬埔寨经济发展贡献了积极力量。

2024年分行总资产21.79亿美元，较上年新增1.98%；净利润3,727万元，较上年增长19.43%；实现营业收入6,606万美元，较上年增长7.25%。客户存款9.91亿美元，增长2.32%；客户贷款8.06亿美元，增长3.27%。

在支持实体经济方面，我们加强区域一体化联动营销，带动授信业务稳步提升；积极拓展本地市场，助推柬埔寨本地客户发展，本地客户贷款余额占比达68.5%；注重ESG发展战略，为柬埔寨可再生能源发展注入资金支持，助力本地绿色经济转型。此外，保函业务发生额较上年同期增长34.57%，成为拓展客户和提高客户粘性的重要抓手，为本地企业的工程建设、国际贸易等提供了信用支持。

In 2024, the relationship between Cambodia and China have been deepened, and the economic and trade cooperation are getting stronger. As one of the important key windows for Chinese financial institutions in Cambodia, Bank of China Phnom Penh Branch has always upheld its mission of serving the real economy and promoting Cambodia-China economic and trade cooperation. With the objectives of achieving "stable profit highs, effective risk control, and progressive foundational breakthroughs," the branch has achieved steady business growth positive contributions to Cambodia's economic development.

In 2024, the branch's total assets reached USD 2.18 billion, recording a 1.98% increase year-on-year. Net profit accounted to 37.3 million, up 19.43% compared to the previous year. Operating income reached USD 66.1 million, with a year-on-year increase being 7.25%. Customer deposits stood at USD 991 million, increasing by 2.32%, while customer loans reached USD 806 million, with a growth being 3.27%.

In terms of supporting real economy, we further strengthened the effort of integrated regional co-operation, resulting in steady growth in credit business. We also actively expanded in the local market to support the development for Cambodia's customers, with loan balance penetration of local customer being 68.5%. Emphasizing ESG strategies, we provided financial support for Cambodia's renewable energy development, aiding the green economic transition for Cambodia. In addition, the volume of guarantee business grew by 34.57% year-on-year, and has become a key tool in client acquisition and retention, offering credit support for local enterprises in engineering construction and international trade.

在业务发展方面，我们以多项创新性举措推动中柬两国金融互联互通。2024年6月我行人民币清算系统正式上线，11月22日成功举办人民币清算行开业仪式，邀请中柬两国央行、驻外使馆及重点客户参加，获得近20家媒体报道，极大提升了本地对人民币业务的认知。全年实现人民币跨境结算量106.3亿元，较上年同期增长15.65%，完成人民币清算599.52亿元，市场份额60.32%，持续保持市场第一，并荣膺《财资》2023年度柬埔寨“最佳人民币银行”奖项。我们还积极拓展本地同业人民币清算业务，打造人民币使用生态圈，为中柬贸易投资提供了高效的人民币结算服务，促进了双边贸易的便利化。

为提升服务能力，我们持续优化线上线下和综合服务，线上推进数字化转型深入推进，投产批量开户、手机银行扫银联聚合支付码等功能，手机银行开户数、渗透率和活跃率稳步提升，电子渠道交易笔数大幅提升，为企业和个人客户提供了便捷的金融服务。线下在西哈努克港经济特区和吴哥机场设立离行式服务点，提升金融服务覆盖面，为园区企业和旅游相关产业提供了更加便捷的金融支持。

在合规与风险管理方面，我们加强内控管理，着力化解不良贷款。全年开展多轮次风险排查，实现不良余额、不良率双降，不良率大幅优于同业平均水平。

我们注重人才培养与企业文化建设。执行“培训资助计划”，推行“继任者计划”，选拔多名本地员工到管理岗位，提升了本地人才在管理中的参与度。分行连续三年获得当地“最佳雇主”称号，员工离职率低于本地同业，营造了良好的企业氛围，为当地就业和人才发展做出了贡献。

2025年，尽管面临美元降息、地缘政治等挑战，中国银行金边分行将继续贯彻总行、区域总部战略要求，以“做强一体化，做活本地化”为目标，积极响应中柬两国领导人共同签署的构建“新时代全天候中柬命运共同体”宣言，进一步扩大人民币业务影响力，打通柬币业务难点，加强风险合规管理，持续为柬埔寨经济发展注入金融活力，助力中柬经贸合作迈上新台阶。

最后，我衷心感谢全体员工在过去一年做出的卓越贡献，对柬埔寨国家银行一直以来的指导和支持表示感谢！感谢我们客户的长期信任和合作，我们将持续为您提供更好的服务。

On the business development side, we launched a series of innovative initiatives to promote financial connectivity between Cambodia and China. In June 2024, our RMB clearing system officially went live, followed by a successful RMB Clearing Bank Launch Ceremony on November 22, attended by the National Bank of Cambodia, Chinese Embassy, and key clients of the bank. The event received a wide press coverage from nearly 20 media, significantly raised the awareness of RMB services in the local market. For the full year, cross-border RMB settlement volume has reached RMB 10.6 billion, with a year-on-year increase being 15.65%. Besides, the branch's RMB clearing volume has reached RMB 59.9 billion, maintaining a market-leading share of 60.32%. What's more, the branch was also honored with the "Best RMB Bank in Cambodia" award by

The Asset in 2023. We actively expanded local interbank RMB clearing business, creating an RMB usage ecosystem, offering efficient RMB settlement services for Cambodia-China trade and investment, hence facilitating bilateral trade.

Continuously strengthen risk management. In 2023, we implemented In order to enhance service capabilities, we continuous to optimizing the branch's integrated online and offline services. In terms of online services, we deepened transformation efforts by launching account batch opening function, integrated UnionPay QR code for mobile banking etc. The number of mobile banking accounts, penetration rate, and user active rate has steadily increased. Meanwhile, transaction volume of electronic channel recorded significant growth, providing convenient financial services for both corporate and individual clients. In terms of offline services, we established Off-site banking service points at the Sihanoukville Special Economic Zone and Siem Reap Airport, expanding service coverage and hence offering more accessible support to economic-zone enterprises and tourism-related sectors.

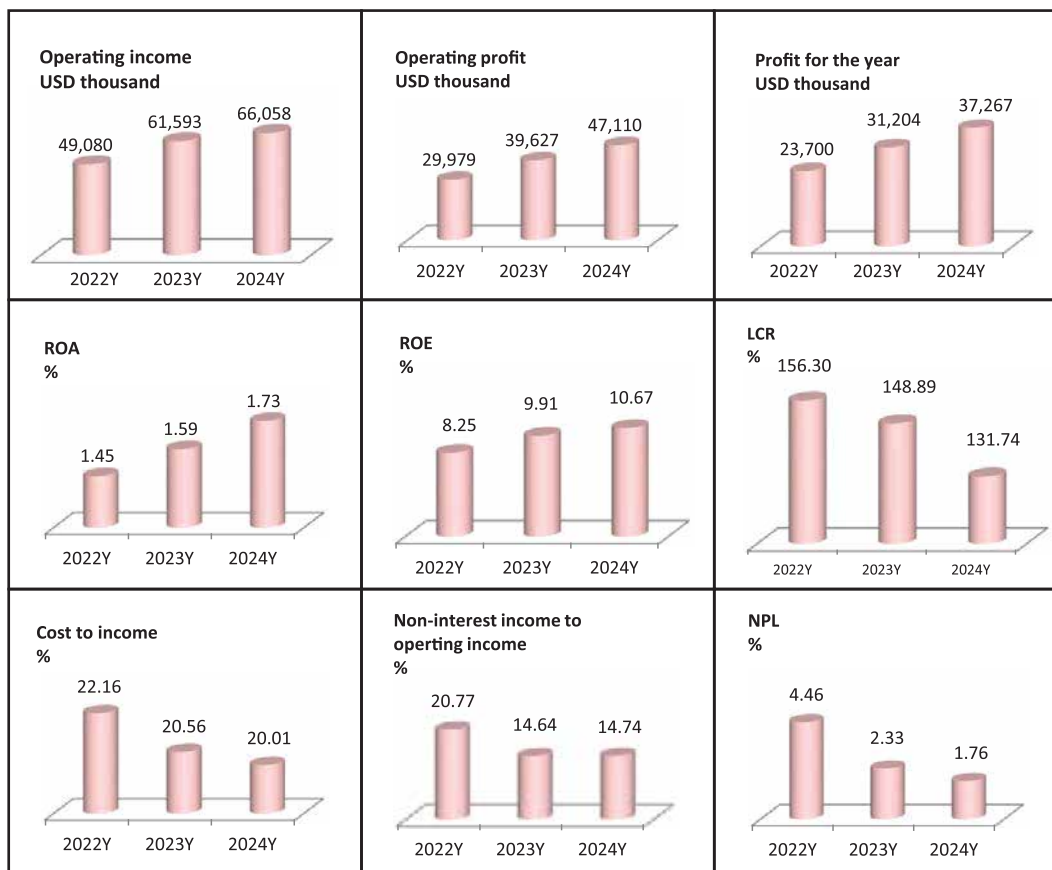
In compliance and risk management, we strengthened internal controls and focused on resolving non-performing loans. Multiple rounds of risk inspections were conducted throughout the year, resulting in reductions in terms of both the absolute amount and non-performing loan ratio. Currently, the branch's NPL ratio has significantly outperformed the industrial average.

On the other hand, we continue to pay close attention to talent development and corporate culture. The branch has implemented "Training Sponsorship Program" and "Succession Program," promoting multiple local employees to managerial roles while increasing local participation in management duties. The branch has been recognized as a "Best Employer" locally for three consecutive years, with an employee turnover rate below the industry average, fostering a positive corporate environment and contributing to local employment and talent growth.

In 2025, despite challenges such as a potential USD interest rate cut and geopolitical uncertainties, Bank of China Phnom Penh Branch will continue to align with the strategies of the Head Office and Regional Headquarters, pursuing the goals of "strengthening integration and enhancing localization," actively responding to the joint declaration signed by Cambodian and Chinese leaders to build a "China-Cambodia Community of Shared Future in the New Era", further expanding the influence of RMB business, resolving challenges in Khmer riel services, and strengthening risk and compliance management. We remain committed to promoting financial vitality into Cambodia's economic development and advancing Cambodia-China trade and economic cooperation to a new high level.

Finally, I sincerely thank all employees for their outstanding contributions over the past year. We also extend our heartfelt gratitude to the National Bank of Cambodia for its continued guidance and support, and to our customers for the long-term trust and cooperation. We will continue to provide you the best banking services in a foreseeable future.

## Financial Highlights



## Notes

1. Non-interest income = net fee and commission income + net trading gains/(losses) + net gains/losses on investment securities + other operating income
2. Operating income = net interest income + non-interest income
3. Return on average total assets = profit for the year ÷ average total assets.  
average total assets = (total assets at the beginning of the year + total assets at the year-end) ÷ 2
4. Return on average equity = profit attributable to equity holders of the bank ÷ weighted average capital and reserves attributable to equity holders of the bank
5. net interest margin = net interest income ÷ average balance of interest-earning assets.  
average balance is average daily balance derived from the bank's management accounts (unaudited).
6. Non-interest income to operating income = non-interest income ÷ operating income
7. Provision Coverage = impairment on loans ÷ balance of NPL.  
average balance of loans = (balance of loans at the beginning of the year + balance of loans at the year-end) ÷ 2

**Profile of “Bank of China (Hong Kong) Limited Phnom Penh Branch”**  
**Last updated on 31 December 2024**

**1. Background**

- **Licensing details**
  - License number: 31
  - Date licensed in 07<sup>th</sup> September 2017
  - Date of permanent license 07<sup>th</sup> September 2017
  - Operations commencement date: 08 December 2010
  - Type of license: Commercial Bank
- **Significant Shareholding (10% and more)**

SHAREHOLD ER'S NAMES  A	NUMBER OF SHARES  B	VALUE KHR “000”  C	% of shareholding  D	Names of Shareholders and %-age of Beneficial Shareholding of Corporate persons in Column “A” E	PEPs  F
Bank of China (Hong Kong) Limited	NIL	603,750,000	100%	BOC Hong Kong 100% (Holdings) Limited	NIL

**2. Business Model (Fund managers/ broker dealers etc)**

★ Please list down in blank cell if the institution has more than the items provided.

- **Customers categories**

No.	Customer Categories	Yes/No
1	Political Expose Persons (PEPs)	<u>Yes</u>
2	Individual	<u>Yes</u>
3	Non-Resident clients	<u>Yes</u>
4	Domestic legal entities	<u>Yes</u>
5	Dealer in precious metals and stones	<u>No</u>
6	Pooled accounts (Lawyers, Accountants, Security Brokers, Nominees, etc.)	<u>Yes</u>
7	Trust and Legal Arrangements	No





8	Money Remittance Companies	No
9	Money Changers	Yes
10	Casino	No
11	Other Cash-intensive customers	No
12	NGOs	Yes
13	Real Estate Business	Yes

○ **Product and Services**

No.	Customer Categories	Yes/No
1	Deposits	<u>Yes</u>
2	Trade finance	<u>Yes</u>
3	Preferred/Premiere/Private/VIP Banking	<u>No</u>
4	International Wire Transfers	<u>Yes</u>
5	Bank Draft	<u>No</u>
6	Foreign Currency Exchange	Yes

○ **Delivery channels**

No.	Customer Categories	Yes/No
1	Conducted directly in the bank premises	<u>Yes</u>
2	Conducted through the bank's partner (including agents)	<u>No</u>
3	Conducted through mobile phone/Internet	<u>Yes</u>
4	Conducted through ATM (Acceptance of cash deposit)	<u>Yes</u>

○ **Geographic regions including external countries/regions to which the Institution has significant exposure**

- Branches

Provinces/Countries	Number of branches
Phnom Penh	03 (including HQ)
Siem Reap	01
Shihanouk Ville	01
<b>Total number of branches</b>	<b>05</b>

### 3. **Board of Directors/ Senior Management**

○ **List members of Board of Directors (BOCHK)**

Name	Position	Nationality	Approval Date	Member of committee(s)	Other Position Hold (in other legal entity (s))	Last fit & proper check	Other
Mr. GE Haijiao	Chairman	Chinese	April 2023	Strategy and Budget Committee	-	-	-
Mr.SUN Yu	Vice Chairman and Chief Executive	Chinese	December 2020	Strategy and Budget Committee; Sustainability Committee	-	-	Re-designated
Mdm.CHENG Eva	Independent Non-executive Director	HK	Oct 2014	Sustainability Committee; The Audit Committee; The Strategy & Budget Committee	-	-	-





Dr.CHOI Koon Shum	Independent Non-executive Director	HK	Jun 2016	Chairman of the Nomination and Remuneration Committee; Member of the Strategy and Budget Committee; Member of the Sustainability Committee. The Audit Committee; The Risk Committee; The Strategy and Budget Committee; The Sustainability Committee; The Nomination and Remuneration Committee	Chairman of Sunwah Group	-	-
Mdm.FUNG Yuen Mei Anita	Independent Non-executive Director	HK	Mar 2022	Audit Committee; Risk Committee; Sustainability Committee	Independent Non- executive director of Hang Lung Properties Limited	-	-
Mr. Law Yee Kwan Quinn	Independent Non-executive Director	HK	Mar 2019	Audit Committee; The Nomination & Remuneration Committee; The Risk Committee, The Strategy and Budget Committee; The Sustainability Committee. Audit Committee; Risk Committee; The Strategy & Budget Committee; The Sustainability Committee	Court member of The Hong Kong University of Science and Technology ("HKUST"), a governing board member of HKUST (Guangzhou), and an advisor of Hong Kong Business Accountants Association	-	-
Mr. Lee Sunny Wai Kwong	Independent Non-executive Director	HK	Sep 2022	Audit Committee; Risk Committee; The Strategy & Budget Committee; The Sustainability Committee	Former Vice President of City University of HK	-	-
Mr LIP Sai Wo	Independent Non-executive Director	HK	Jun 2023	Nomination and Remuneration Committee; Strategy and Budget Committee; Sustainability Committee	Chairman and independent on- executive director of FWD Group Holdings Limited	-	-



○ List members of senior management

Name	Position	Nationality	Approval Date	Member of committee(s)	Other Position Hold (in other legal entity (s))	Last fit & proper check	Other
Mr. Liu Daozhi	CEO	Chinese	12 Feb 2021	Executive Management Committee; Risk Management Committee; ALCO Committee;	NIL	-	-
Ms. Ni Na	Assistant CEO/ Deputy CEO	Chinese	02 Feb 2024	Executive Management Committee; Risk Management Committee; ALCO; AML Committees; Procurement Committee; Operational Risk Committee	NIL	-	-
Mr. Yeung Kin Man	Assistant CEO/ Deputy CEO	Chinese	29 December 2023	Executive Management Committee; Risk Management Committee; AML Committee; Operational Risk Committee; ALCO	NIL	-	

1. Executive Management Committee

No.	Members	Position	Nationality	Approval Date in committee	TOR	others
1	Mr. Liu Daozhi	Chairman	Chinese	12/02/2021		
2	Mr. Yeung Kin Man	Member	Chinese	29/12/2023		
3	Ms. Ni Na	Member	Chinese	02/02/2024		



## 2. Credit Committee

No.	Members	Position	Nationality	Approval Date in committee	TOR	others
1	Mr. Shan Qiang	Member	Chinese	16/12/2022		
2	Mr. Chen Shaoling	Member	Chinese	15/11/2023		
3	Mr. Li Zhi Wei	Member	Chinese	30/11/2024		
4	Mr. Si Zhengqiang	Member	Chinese	07/06/2019		
5	Mr. Luo Yan	Member	Chinese	28/04/2023		
6	Mr. Liu Jianwu	Member	Chinese	07/06/2019		
7	Mr. Li Chenying	Member	Chinese	30/11/2024		
8	Ms. Luo Lili	Member	Chinese	29/04/2024		
9	Ms. Xu Wei	Member	Chinese	30/05/2020		
10	Ms. Kong Bopha	Member	Cambodian	27/10/2021		
11	Mr. Bai Xiaoning	Member	Chinese	15/11/2023		
12	Ms. Tan Sokim	Member	Cambodian	29/04/2024		
13	Mr. Cai Jiaxin	Member	Chinese	29/04/2024		
14	Mr. Feng Tongzan	Member	Chinese	29/04/2024		
15	Mr. Tang Uythai	Member	Cambodian	29/04/2024		
16	Mr. Seng Raksa	Member	Cambodian	29/04/2024		
17	Mr. Kiev Boreyvann	Member	Cambodian	29/04/2024		
18	Mr. Hao Honglei	Member	Chinese	30/11/2024		
19	Ms. Wang Siyun	Member	Chinese	30/11/2024		
20	Mr. Chea Sokun	Member	Chinese	30/11/2024		

## 3. Operational Risk Management and Internal Control Committee

No.	Members	Position	Nationality	Approval Date in committee	TOR	others
1	Ms. Ni Na	Chairman	Chinese	29/04/2024		
2	Mr. Liu Daozhi	Observer	Chinese	11/03/2021		
3	Ms. Shan Qiang	Member	Chinese	16/12/2022		
4	Mr. Xu Wei	Member	Chinese	11/03/2021		
5	Ms. Chen Shaoling	Member	Chinese	05/11/2020		
6	Mr. Luo Yan	Member	Chinese	06/04/2023		
7	Mr. Bai Xiaoning	Member	Chinese	09/06/2023		
8	Mr. Liu Jianwu	Member	Chinese	28/06/2019		
9	Ms. Chhor Chhunvouch	Member	Cambodian	08/06/2018		
10	Ms. Han Weida	Observer	Chinese	08/06/2018		
11	Mr. Cai Jiaxin	Member	Chinese	05/11/2020		
12	Ms. Tan Sokim	Member	Cambodian	05/11/2020		
13	Mr. Zhu Bang	Member	Chinese	06/12/2024		
14	Ms. Kong Bopha	Member	Cambodian	30/03/2022		
15	Mr. Feng Tongzan	Member	Chinese	24/05/2023		
16	Mr. Yeung Kin Man	Member	Chinese	29/04/2024		
17	Mr. Li Zhi Wei	Member	Chinese	06/12/2024		
18	Mr. Hu Honglei	Member	Chinese	06/12/2024		
19	Mr. Tang Uythai	Member	Cambodian	06/12/2024		
20	Ms. Wang Siyun	Member	Chinese	06/12/2024		



#### 4. Procurement Committee

No.	Members	Position	Nationality	Approval Date in committee	TOR	others
1	Mr. Li Zhi Wei	Chairman	Chinese	01/10/2024		
2	Mr. Hu Honglei	Member	Chinese	23/09/2024		
3	Mr. Xu Wei	Member	Chinese	11/11/2020		
4	Mr. Liu Jianwu	Member	Chinese	31/07/2018		
5	Mr. Shan Qiang	Member	Chinese	26/12/2022		
6	Mrs. Kong Bopha	Member	Cambodian	30/09/2021		
7	Mr. Luo Yan	Member	Chinese	27/02/2024		
8	Mr. Bai Xiaoning	Member	Chinese	05/06/2023		
9	Mrs. Chen Shaoling	Member	Chinese	30/10/2023		
10	Mrs. Ly Eng	Secretary	Cambodian	01/10/2024		

#### 5. Risk Management Committee

No.	Members	Position	Nationality	Approval Date in committee	TOR	others
1	Ms. Ni Na	Chairman	Chinese	29/04/2024		
2	Mr. Liu Daozhi	Member	Chinese	30/06/2022		
3	Mr. Yeung Kin Man	Member	Chinese	29/04/2024		
4	Mr. Shan Qiang	Member	Chinese	28/04/2023		
5	Mr. Li Zhi Wei	Member	Chinese	30/11/2024		
6	Mr. Bai Xiaoning	Member	Chinese	15/11/2023		
7	Ms. Chen Shaoling	Member	Chinese	15/11/2023		
8	Mr. Xu Wei	Member	Chinese	17/03/2021		
9	Ms. Chhor Chhunvouch	Member	Cambodian	29/04/2024		
10	Ms. Kong Bopha	Member	Cambodian	30/06/2022		
11	Ms. Tan Sokim	Member	Cambodian	27/10/2022		
12	Mr. Luo Yan	Member	Chinese	28/04/2023		

#### 6. AML Committee

No.	Members	Position	Nationality	Approval Date in committee	TOR	others
1	Ms. Ni Na	Chairman	Chinese	29/04/2024		
2	Mr. Liu Daozhi	Observer	Chinese	12/02/2021		
3	Mr. Liu Jianwu	Member	Chinese	28/03/2018		
4	Mr. Xu Wei	Member	Chinese	04/09/2020		
5	Mr. Chen Shaoling	Member	Chinese	04/09/2020		
6	Ms. Chhor Chhun Vouch	Member	Cambodian	28/03/2018		
7	Mr. Luo Yan	Member	Chinese	06/04/2023		
8	Mr. Cai Jiaxin	Member	Chinese	04/09/2020		
9	Ms. Tan Sokim	Member	Cambodian	04/09/2020		
10	Ms. Kong Bopha	Member	Cambodian	29/03/2022		
11	Ms. Han Weida	Observer	Chinese	29/03/2022		
12	Mr. Feng Tongzan	Member	Chinese	24/05/2023		
13	Mr. Yeung Kin Man	Member	Chinese	29/04/2024		
14	Mr. Hu Honglei	Member	Chinese	06/12/2024		
15	Mr. Tang Uythai	Member	Cambodian	06/12/2024		
16	Ms. Wang Siyun	Member	Chinese	06/12/2024		





## 7. ALCO Committee

No.	Members	Position	Nationality	Approval Date in committee	TOR	others
1	Mr. Liu Daozhi	Chairman	Chinese	22/02/2021		
2	Mr. Yeung Kin Man	Member	Chinese	08/01/2024		
3	Mrs. Ni Na	Member	Chinese	31/03/2024		
4	Mr. Xu Wei	Member	Chinese	11/11/2020		
5	Mr. Luo Yan	Member	Chinese	04/04/2023		
6	Mr. Shan Qiang	Member	Chinese	26/12/2022		
7	Mr. Bai Xiaoning	Member	Chinese	05/06/2023		
8	Mrs. Chen Shaoling	Member	Chinese	30/10/2023		
9	Mrs. Kong Bopha	Member	Cambodian	01/04/2024		
10	Mr. Li Zhi Wei	Secretary	Chinese	01/10/2024		



ធនាគារចិន(ហុងកុង) សាខាភ្នំពេញ  
中國銀行(香港) 金邊分行  
BANK OF CHINA (HONG KONG) PHNOM PENH BRANCH



企業文化宣傳

CORPORATE CULTURE



深知 所以更近  
Understanding Brings Us Closer

誠實守信

Remain committed to honesty and trustworthiness

穩健審慎

Be prudent and cautious in work

依法合規

Be compliant with law and regulations

以義取利

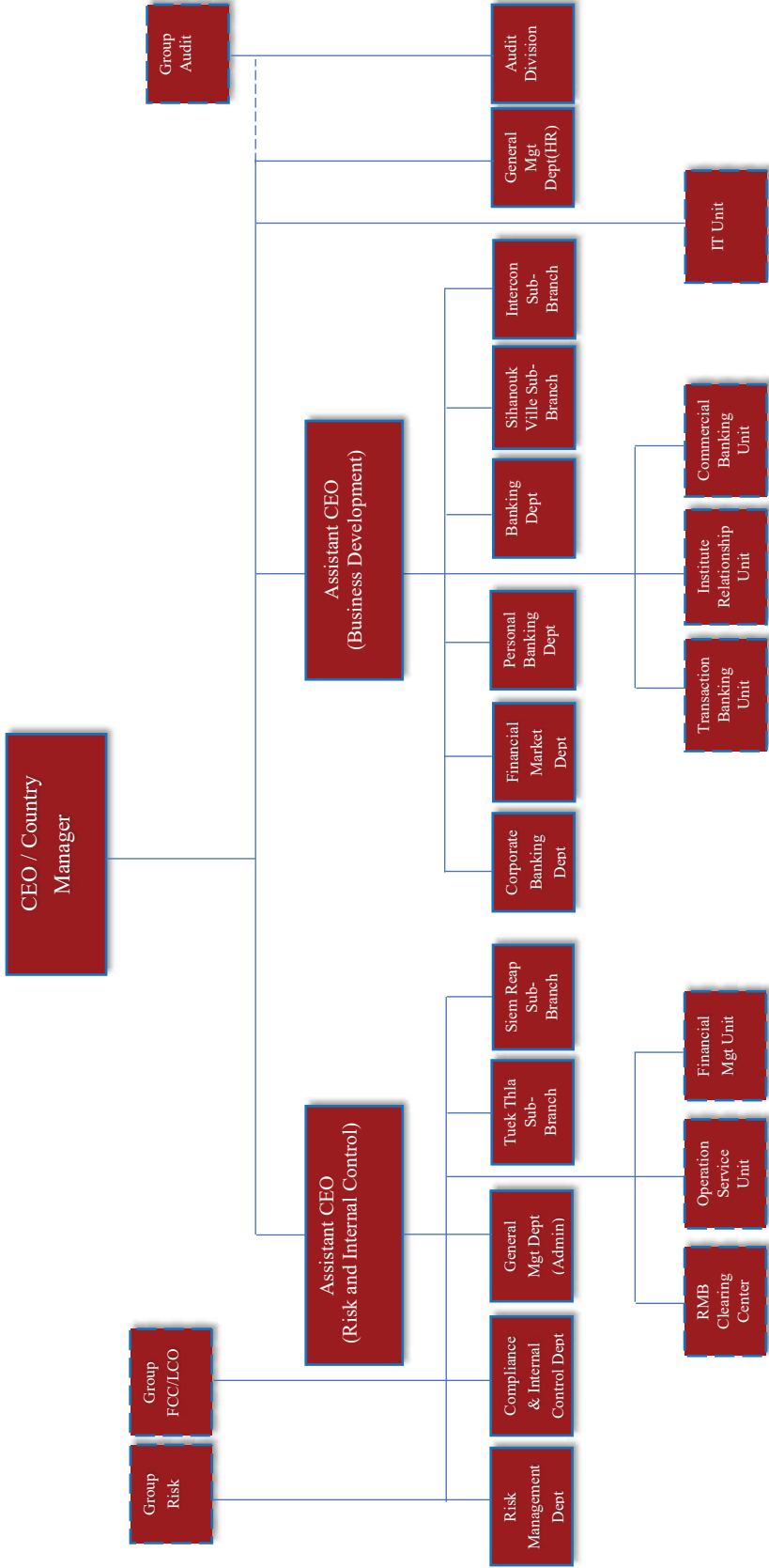
Seek interest without compromising moral principles

守正創新

Uphold fundamental principles and break new ground

# Organizational Structure

2024 Bank of China Phnom Penh Branch Organization Chart



Note: Transaction Banking Department, Institution Relationship Department, Commercial Banking Dept and RMB Clearing Center build-in team with Corporate Banking Department. Operational Service Department, Financial Management Department and IT Department build-in team with General Management Department, these departments report directly to Assistant CEO.

# **BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH**

Report of the Executive Management  
and  
Audited financial statements in accordance with  
Cambodian International Financial Reporting Standards

as at 31 December 2024 and for the year then ended



**BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH**

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## REPORT OF EXECUTIVE MANAGEMENT

The Executive Management ("the Management") of Bank of China (Hong Kong) Limited Phnom Penh Branch ("the Branch") presents its report, together with the Branch's financial statements as at 31 December 2024 and for the year then ended.

### THE BRANCH

The Branch was incorporated in Cambodia on 12 July 2010 and originally named Bank of China Limited Phnom Penh Branch, a branch of Bank of China Limited, under the Registration Number Co. 0034Br/2010 and was granted a banking license from the National Bank of Cambodia (NBC or the central bank) on 11 November 2010 for an indefinite period. The Branch commenced its operations on 8 December 2010.

In 2017, the Branch was completely acquired by Bank of China (Hong Kong) Limited from Bank of China Limited. Subsequently, the Branch changed its name from Bank of China Limited Phnom Penh Branch to Bank of China (Hong Kong) Limited Phnom Penh Branch with new registration number 00014630 from the Ministry of Commerce. On 7 September 2017, the Branch obtained an updated banking license under the new name from the NBC to carry out banking operations for an indefinite period.

Bank of China (Hong Kong) Limited (BOCHK or the Head Office), is a bank incorporated and registered in Hong Kong, and listed on the Hong Kong Stock Exchange. BOCHK's core business is commercial banking, including corporate banking, personal banking and financial market services, providing a comprehensive range of financial services to customers across Hong Kong as well as in nine countries and regions.

The Branch's registered office address is at Canadia Tower, 1st and 2nd Floor, 315 Ang Doung Street Corner of Monivong Blvd., Phnom Penh, Cambodia. As at 31 December 2024, the Branch has four sub-branches, two in Phnom Penh, one in Siem Reap and another one in Preah Sihanouk province.

### PRINCIPAL ACTIVITIES

The principal activities of the Branch are the operations of core banking business and the provision of related financial services in Cambodia. There were no changes to the nature of the principal activities during the year.

### FINANCIAL RESULTS

The financial performance of the Branch for the year is set out in the statement of comprehensive income.

### HEAD OFFICE'S CAPITAL CONTRIBUTIONS

There were no movements in the head office's capital contributions of the Branch during the year.

## REPORT OF EXECUTIVE MANAGEMENT (continued)

### BAD AND DOUBTFUL LOANS AND ADVANCES

Before the financial statements of the Branch were drawn up, the Management took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and advances or making of allowance for impairment losses, 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 and based on the best of knowledge, the Management is 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 Branch inadequate to any material extent.

### ASSETS

Before the financial statements of the Branch were drawn up, the Management took reasonable steps to ensure that any assets which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Branch have been written down to an amount that might be expected to be realised.

At the date of this report and to the best of their knowledge, the Management is not aware of any circumstances which would render the values attributed to the assets in the financial statements of the Branch misleading in any material respect.

### VALUATION METHODS

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

### CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- (a) no charge on the assets of the Branch which has arisen since the end of the financial year which secures the liabilities of any other person, and
- (b) no contingent liability in respect of the Branch that has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent liability or other liability of the Branch 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 Management, will or may have a material effect on the ability of the Branch to meet its obligations when they become due.

### CHANGE OF CIRCUMSTANCES

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



## REPORT OF EXECUTIVE MANAGEMENT (continued)

### ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Branch for the financial year were not, in the opinion of the Management, materially affected by any items, transactions or events of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any items, transactions or events of a material and unusual nature likely, in the opinion of the Management, to substantially affect the results of the operations of the Branch for the year in which this report is made.

### THE BRANCH MANAGEMENT

The members of the Management of the Branch during the year and as at the date of this report are:

Mr. Liu Daozhi	Chief Executive Officer
Mr. Yeung Kin Man	Assistant Chief Executive Officer (appointed on 8 January 2024)
Mrs. Ni Na	Assistant Chief Executive Officer (appointed on 31 March 2024)

### AUDITOR

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

### MANAGEMENT'S INTERESTS

None of the Executive Management has an interest in the shares of the Branch.

### MANAGEMENT'S BENEFITS

As at 31 December 2024 and for the year then ended, no arrangement existed, to which the Branch was a party, whose object was to enable the Management of the Branch to acquire benefits by means of the acquisition of shares in or debentures of the Branch or any other corporate body.

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

### STATEMENT OF EXECUTIVE MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Management is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Branch as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"). The Management oversees preparation of these financial statements which are required to:





## REPORT OF EXECUTIVE MANAGEMENT (continued)

### STATEMENT OF EXECUTIVE MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS (continued)

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii) comply with the disclosure requirements and guidelines of CIFRSs or, if there have been any departures in the interest of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Branch will continue operations in the foreseeable future; and
- v) effectively control and direct the Branch in all material decisions affecting the operations and performance and ascertain that these have been properly reflected in the financial statements.

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

The Management confirms that the Branch has complied with the above requirements in preparing the financial statements.

### APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the respective financial position of the Branch as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with CIFRSs

Signed in accordance with a resolution of the Executive Management


Mr. Liu Daozhi  
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia  
31 March 2025

Reference: 12504253/68718448

## INDEPENDENT AUDITOR'S REPORT

**To: The Head Office of Bank of China (Hong Kong) Limited Phnom Penh Branch**

### *Our opinion*

We have audited the financial statements of Bank of China (Hong Kong) Limited Phnom Penh Branch ("the Branch"), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in Head Office's equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Branch as at 31 December 2024, and of 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 Branch 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 Branch for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 29 March 2024.

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

The other information obtained at the date of the auditor's report is the Report of the Executive Management. The 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 Executive Management for the Financial Statements***

Management is responsible for the preparation of financial statements 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 Branch'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 Branch or to cease operations, or has no realistic alternative but to do so.

Executive management are responsible for overseeing the Branch'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 Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch'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 Branch 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.

***Auditor's Responsibilities for the Audit of the Financial Statements*** (continued)

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.



Hong Khav  
Partner

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

Phnom Penh, Kingdom of Cambodia

31 March 2025



# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

	Notes	2024		2023	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Assets</b>					
Cash on hand	4	21,477,698	86,447,734	23,671,855	96,699,528
Placements with the National Bank of Cambodia (“NBC”)	5	303,043,658	1,219,750,724	250,538,739	1,023,450,749
Placements with other banks	6	566,633,297	2,280,699,020	869,769,947	3,553,010,235
Loans and advances	7	856,184,791	3,446,143,784	871,146,969	3,558,635,368
Investment securities	8	293,478,432	1,181,250,689	-	-
Other assets	9	831,039	3,344,932	910,315	3,718,637
Statutory deposits	10	128,903,789	518,837,751	113,810,000	464,913,850
Right-of-use assets	11	1,733,825	6,978,646	2,169,909	8,864,078
Property and equipment	12	1,430,409	5,757,396	1,480,356	6,047,254
Deferred tax assets	13.3	5,725,666	23,045,805	3,563,110	14,555,304
<b>Total assets</b>		<b>2,179,442,604</b>	<b>8,772,256,481</b>	<b>2,137,061,200</b>	<b>8,729,895,003</b>
<b>LIABILITIES AND HEAD OFFICE'S EQUITY</b>					
<b>LIABILITIES</b>					
Deposits from other banks and financial institutions	14	44,041,877	177,268,555	34,622,763	141,433,987
Deposits from customers	15	991,031,692	3,988,902,560	968,533,554	3,956,459,568
Borrowings	16	742,318,578	2,987,832,276	784,791,648	3,205,873,882
Lease liabilities	11	1,899,750	7,646,494	2,339,659	9,557,507
Current income tax liabilities	13.2	11,112,670	44,728,497	8,077,549	32,996,788
Other liabilities	17	21,029,392	84,643,303	8,329,256	34,025,011
<b>Total liabilities</b>		<b>1,811,433,959</b>	<b>7,291,021,685</b>	<b>1,806,694,429</b>	<b>7,380,346,743</b>
<b>HEAD OFFICE'S EQUITY</b>					
Head office's capital contributions	18.1	150,000,000	600,000,000	150,000,000	600,000,000
Regulatory reserves	18.2	-	-	5,696,656	23,270,840
Retained earnings		218,008,645	886,456,584	174,670,115	709,945,675
Cumulative differences on exchange translation		-	(5,221,788)	-	16,331,745
<b>TOTAL HEAD OFFICE'S EQUITY</b>		<b>368,008,645</b>	<b>1,481,234,796</b>	<b>330,366,771</b>	<b>1,349,548,260</b>
<b>TOTAL LIABILITIES AND HEAD OFFICE'S EQUITY</b>		<b>2,179,442,604</b>	<b>8,772,256,481</b>	<b>2,137,061,200</b>	<b>8,729,895,003</b>

The attached notes 1 to 31 form part of these financial statements.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

## STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2024

	Notes	2024		2023	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	19	82,469,026	335,731,405	74,848,735	307,628,301
Interest expense	19	(26,146,210)	(106,441,221)	(22,274,338)	(91,547,529)
<b>Net interest income</b>	19	<b>56,322,816</b>	<b>229,290,184</b>	<b>52,574,397</b>	<b>216,080,772</b>
Net fee and commission income	20	6,202,789	25,251,554	6,124,918	25,173,413
Other gains – net	22	3,532,439	14,380,559	2,894,092	11,894,718
<b>Total operating profit</b>		<b>66,058,044</b>	<b>268,922,297</b>	<b>61,593,407</b>	<b>253,148,903</b>
Personnel expenses	23	(8,717,423)	(35,488,629)	(7,943,391)	(32,647,337)
Depreciation charges	24	(1,510,782)	(6,150,394)	(1,469,081)	(6,037,923)
Other operating expenses	25	(2,992,505)	(12,182,488)	(3,094,499)	(12,718,391)
Credit impairment losses	21	(5,726,851)	(23,314,010)	(9,459,798)	(38,879,770)
<b>Profit before income tax</b>		<b>47,110,483</b>	<b>191,786,776</b>	<b>39,626,638</b>	<b>162,865,482</b>
Income tax expense	13.1	(9,843,046)	(40,071,040)	(8,422,157)	(34,615,065)
<b>Profit for the year</b>		<b>37,267,437</b>	<b>151,715,736</b>	<b>31,204,481</b>	<b>128,250,417</b>
<i>Other comprehensive income that will not be reclassified to profit or loss:</i>					
Exchange difference on translation		-	(21,553,533)	-	(10,353,305)
<i>Other comprehensive income that will be reclassified to profit or loss:</i>					
Gain on investment securities at fair value	8	374,437	1,524,333	-	-
<b>Total comprehensive income for the year</b>		<b>37,641,874</b>	<b>131,686,536</b>	<b>31,204,481</b>	<b>117,897,112</b>

The attached notes 1 to 31 form part of these financial statements.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

## STATEMENT OF CHANGES IN HEAD OFFICE'S EQUITY for the year ended 31 December 2024

	Head office's capital contributions		Regulatory reserves		Retained earnings		Cumulative differences on exchange translation	Total	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>As at 1 January 2024</b>	<b>150,000,000</b>	<b>600,000,000</b>	<b>5,696,656</b>	<b>23,270,840</b>	<b>174,670,115</b>	<b>709,945,675</b>	<b>16,331,745</b>	<b>330,366,771</b>	<b>1,349,548,260</b>
Profit for the year	-	-	-	-	37,267,437	151,715,736	-	37,267,437	151,715,736
Fair value of Investment securities	-	-	-	-	374,437	1,524,333	-	374,437	1,524,333
Exchange difference on translation	-	-	-	-	-	-	(21,553,533)	-	(21,553,533)
Total comprehensive income for the year	-	-	-	-	37,641,874	153,240,069	(21,553,533)	37,641,874	131,686,536
Transfer to retained earnings	-	-	(5,696,656)	(23,191,087)	5,696,656	23,191,087	-	-	-
Exchange difference on translation	-	-	-	(79,753)	-	79,753	-	-	-
Total transactions recognized directly in equity	-	-	(5,696,656)	(23,270,840)	5,696,656	23,270,840	-	-	-
<b>As at 31 December 2024</b>	<b>150,000,000</b>	<b>600,000,000</b>	<b>-</b>	<b>-</b>	<b>218,008,645</b>	<b>886,456,584</b>	<b>(5,221,788)</b>	<b>368,008,645</b>	<b>1,481,234,796</b>
<b>As at 1 January 2023</b>	<b>150,000,000</b>	<b>600,000,000</b>	<b>1,675,370</b>	<b>6,897,498</b>	<b>147,486,920</b>	<b>598,068,600</b>	<b>26,685,050</b>	<b>299,162,290</b>	<b>1,231,651,148</b>
Profit for the year	-	-	-	-	31,204,481	128,250,417	-	31,204,481	128,250,417
Exchange differences on translation	-	-	-	-	-	-	(10,353,305)	-	(10,353,305)
Total comprehensive income for the year	-	-	-	-	31,204,481	128,250,417	(10,353,305)	31,204,481	117,897,112
Transfer to regulatory reserves	-	-	4,021,286	16,527,485	(4,021,286)	(16,527,485)	-	-	-
Exchange difference on translation	-	-	-	(154,143)	-	154,143	-	-	-
Total transactions recognized directly in equity	-	-	4,021,286	16,373,342	(4,021,286)	(16,373,342)	-	-	-
<b>As at 31 December 2023</b>	<b>150,000,000</b>	<b>600,000,000</b>	<b>5,696,656</b>	<b>23,270,840</b>	<b>174,670,115</b>	<b>709,945,675</b>	<b>16,331,745</b>	<b>330,366,771</b>	<b>1,349,548,260</b>

The attached notes 1 to 31 form part of these financial statements.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

## STATEMENT OF CASH FLOWS for the year ended 31 December 2024

	Notes	2024		2023	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>OPERATING ACTIVITIES</b>					
Profit before income tax		47,110,483	191,786,776	39,626,638	162,865,482
Adjustments for:					
Depreciation charges		1,510,782	6,150,394	1,469,081	6,037,923
Credit impairment losses	21	5,726,851	23,314,010	9,459,798	38,879,770
Change in working capital:					
Reserve requirement with the NBC		(15,093,789)	(61,446,815)	(13,730,933)	(56,434,135)
Loans and advances		11,418,476	46,484,616	(35,568,746)	(146,187,546)
Other assets		79,276	322,733	67,777	278,563
Deposits from banks		9,419,114	38,345,213	(6,325,698)	(25,998,619)
Deposits from customers		22,498,138	91,589,920	42,803,471	175,922,266
Other liabilities		13,226,087	53,843,400	2,627,084	10,797,315
<b>Cash generated from operations</b>		<b>95,895,418</b>	<b>390,390,247</b>	<b>40,428,472</b>	<b>166,161,019</b>
Income tax paid	13.2	(8,970,481)	(36,518,828)	(5,916,908)	(24,318,492)
<b>Net cash generated from operating activities</b>		<b>86,924,937</b>	<b>353,871,419</b>	<b>34,511,564</b>	<b>141,842,527</b>
<b>Cash flows from investing activities</b>					
Purchase of Investment securities at fair value		(293,136,234)	(1,193,357,609)	-	-
Placements with NBC - maturity more than three months		14,113,279	57,455,159	(8,932,986)	(36,714,572)
Placements with other banks - maturity more than three month		(4,634,286)	(18,866,178)	(213,152,803)	(876,058,020)
Purchases of property and equipment	12	(545,637)	(2,221,288)	(363,780)	(1,495,136)
<b>Net cash used in investing activities</b>		<b>(284,202,878)</b>	<b>(1,156,989,916)</b>	<b>(222,449,569)</b>	<b>(914,267,728)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings	16	17,703,332,110	72,070,265,020	7,996,175,981	32,864,283,282
Repayments of borrowings	16	(17,747,255,528)	(72,249,077,254)	(7,722,858,139)	(31,740,946,952)
Payment of principal portion of lease liabilities		(919,023)	(3,741,343)	(895,966)	(3,682,419)
<b>Net cash (used in)/generated from financing activities</b>		<b>(44,842,441)</b>	<b>(182,553,577)</b>	<b>272,421,876</b>	<b>1,119,653,911</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(242,120,382)</b>	<b>(985,672,074)</b>	<b>84,483,871</b>	<b>347,228,710</b>
Cash and cash equivalents at the beginning of the year		876,429,961	3,580,216,394	791,946,090	3,260,442,052
Currency translation differences		-	(41,448,264)	-	(27,454,368)
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b>634,309,579</b>	<b>2,553,096,056</b>	<b>876,429,961</b>	<b>3,580,216,394</b>
<i>Additional information on operational cash flow from interest:</i>					
Interest received		80,012,348	325,730,269	69,543,766	285,824,878
Interest paid		24,155,794	98,338,237	21,749,140	89,388,965

The attached notes 1 to 31 form part of these financial statements.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2024

### **1. BACKGROUND INFORMATION**

Bank of China (Hong Kong) Limited Phnom Penh Branch (“the Branch”) was incorporated in Cambodia on 12 July 2010 and originally named Bank of China Limited Phnom Penh Branch, a branch of Bank of China Limited, under the Registration Number Co. 0034Br/2010 and was granted a banking license from the National Bank of Cambodia (NBC or the central bank) on 11 November 2010 for an indefinite period. The Branch commenced its operations on 8 December 2010.

In 2017, the Branch was completely acquired by Bank of China (Hong Kong) Limited from Bank of China Limited. Subsequently, the Branch changed its name from Bank of China Limited Phnom Penh Branch to Bank of China (Hong Kong) Limited Phnom Penh Branch with new registration number 00014630 from the Ministry of Commerce. On 7 September 2017, the Branch obtained an updated banking license under the new name from the NBC to carry out banking operations for an indefinite period.

Bank of China (Hong Kong) Limited (BOCHK or the Head Office), is a bank incorporated and registered in Hong Kong, and listed on the Hong Kong Stock Exchange. BOCHK’s core business is commercial banking, including corporate banking, personal banking and financial market services, providing a comprehensive range of financial services to customers across Hong Kong as well as in nine countries and regions.

The principal activities of the Branch are the operation of core banking business and the provision of related financial services in Cambodia.

The Branch’s registered office address is at Canadia Tower, 1st and 2nd Floor, 315 Ang Doung Street Corner of Monivong Blvd., Phnom Penh, Cambodia. As at 31 December 2024, the Branch has four sub-branches, two in Phnom Penh, one in Siem Reap and another one in Preah Sihanouk province.

The financial statements were authorised for issue by the Executive Management on 31 March 2025.

### **2. MATERIAL ACCOUNTING POLICY INFORMATION**

The 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***

The Branch’s financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

#### **2.2 *Fiscal year***

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

#### **2.3 *Measurement and functional currency***

The national currency of Cambodia is the Khmer Riel (“KHR”). However, as the Branch transacts its business and maintains its accounting records primarily in United States dollar (“US\$”), management has determined the US\$ to be the Branch’s measurement and functional currency as it reflects the economic substance of the underlying events and circumstances of the Branch.



# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.3 Measurement and functional currency (continued)

#### *Presentation currency*

The financial statements are presented in US\$, which is the Branch's functional and presentation currency.

#### *Transactions and balances*

Transactions in currencies other than US\$ are translated into US\$ at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US\$ which are outstanding at the reporting date are translated into US\$ at the rate of exchange ruling at that date. Exchange differences arising on translation are recognized in profit or loss.

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

The translation of the US\$ amounts into thousands KHR ("KHR'000") is presented in the financial statements to comply with the Law on Accounting and Audit dated 11 April 2016 using the closing and average rates for the year then ended.

Assets, liabilities, head office's capital contribution and regulatory reserve included in the statement of financial position are translated at the closing rate prevailing at the end of each reporting date, whereas income and expense items presented in the statement of comprehensive income are translated at the average rate for the year then ended. Resulting exchange differences arising from the translation of head office's capital contribution and regulatory reserve are recognised directly in equity; all others resulting exchange differences are recognised in the other comprehensive income. Such translation should not be construed as a representation that the US\$ amounts represent, or have been or could be, converted into KHR at that or any other rate. All values in KHR are rounded to the nearest thousand ("KHR'000"), except if otherwise indicated.

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

	2024	2023
Closing rate	4,025	4,085
Average rate	4,071	4,110

### 2.4 Amendments to CIFRSs issued and adopted by the Branch

The Branch has applied the following amendments for their annual reporting period commencing on 1 January 2024:

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

The amendments listed above did not have any significant impact on the amounts recognised in prior, the current or future periods.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.5 Standards and amendments to CIFRSs issued but not yet effective

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

- Lack of exchangeability - Amendments to IAS 21

In August 2023, the International Accounting Standards Board (“IASB”) issued amendments to IAS 21 to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Branch’s financial statements.

- Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Branch is currently not intending to early adopt the Amendments.

- Annual Improvements to IFRS Accounting Standards - Volume 11

On 18 July 2024, the IASB issued the Annual Improvements to IFRS Accounting Standards-Volume 11. It contains amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7.

The improvements are not expected to have a material impact on The Branch’s financial statements.

- Power Purchase Agreements - Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendments include:

- Clarifying the application of the ‘own-use’ requirements
- Permitting hedge accounting if these contracts are used as hedging instruments
- Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Branch’s financial statements.

- IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group and the Bank is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.5 Standards and amendments to CIFRSs issued but not yet effective (continued)

- IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

The standard is not expected to have a material impact on the Branch's financial statements.

### 2.6 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand, unrestricted placements with the NBC and other banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value

Overdrafts are presented as liabilities in the statement of financial position.

### 2.7 Fair value measurement

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of CIFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are authorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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 the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is authorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

Information about the assumptions made in measuring fair values is included in Note 28 – Management of insurance and financial risks.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.8 Financial instruments

#### 2.8.1 Financial assets

##### i) Classification

Financial assets at amortised cost

The Branch classifies its financial assets as measured at amortised cost and they are cash on hand, placements with the NBC and other banks, loans and advances at amortised cost and other financial assets.

The classification depends on the Branch's model for managing financial assets and the contractual terms of the financial assets cash flows.

The Branch classifies its financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal outstanding.

The Branch reclassifies financial assets when and only when their business model for managing those assets changes.

Financial assets at fair value through other comprehensive income ("FVOCI")

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

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

##### ii) Recognition and derecognition

Financial assets are recognised when the Branch becomes a party to the contractual provision of the instruments. Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Branch commits to purchase or sell the assets.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Branch has transferred substantially all the risks and rewards of ownership. A gain or loss on derecognition of a financial asset measured at amortised cost is recognised in profit or loss when the financial asset is derecognised.

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

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.8 *Financial instruments* (continued)

#### 2.8.1 *Financial assets* (continued)

##### iii) *Measurement*

At initial recognition, the Branch measures financial assets at its fair value plus, in the case of financial assets not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Branch's business model for managing the assets and the cash flow characteristics of the assets. The Branch classifies its debt instruments as financial assets measured at amortised cost.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest (SPPI), are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in finance income using the effective interest rate method.

##### iv) *Reclassification of financial assets*

The Branch reclassifies financial assets when and only when their business model for managing those assets changes.

##### v) *Impairment*

The Branch assesses on a forward-looking basis the expected credit losses (ECLs) associated with its debt instrument assets carried at amortised cost and with the exposure arising from credit commitments (including undrawn overdrafts and revolving facilities) and financial guarantee contracts. The Branch recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Branch applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories:

- Debt instruments measured at amortised cost; and
- Credit commitments (including undrawn overdrafts and revolving facilities) and financial guarantee contracts



# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.8 *Financial instruments* (continued)

#### 2.8.1 *Financial assets* (continued)

##### v) *Impairment* (continued)

The three-stage approach is based on the change in credit risk since initial recognition:

##### (a) Stage 1: 12-month ECL

Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-month ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

##### (b) Stage 2: Lifetime ECL – not credit impaired

Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

##### (c) Stage 3: Lifetime ECL – credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and interest income is calculated on the net carrying amount of the financial assets.

#### 2.8.2 *Financial liabilities*

Financial liabilities are recognised when the Branch becomes a party to the contractual provision of the instruments. Financial liabilities of the Branch include deposits from banks, deposits from customers, borrowings and other financial liabilities.

Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss.

Financial liabilities that are not classified as fair value through profit or loss are measured at amortised cost. The financial liabilities measured at amortised cost are Deposits from other banks and financial institutions, deposits from customers, borrowings and other financial liabilities.

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

### 2.9 *Credit commitments and financial guarantee contracts*

Credit commitments (including undrawn overdrafts and revolving facilities) provided by the Branch are measured at the amount of the loss allowance. The Branch has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For credit commitments (including undrawn overdrafts and revolving facilities), the expected credit losses are recognised as provisions (presented with other liabilities). However, for contracts that include both a loan and an undrawn commitment and that the Branch cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## **2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

### **2.9 Credit commitments and financial guarantee contracts (continued)**

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under CIFRS 9 'Financial Instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of CIFRS 15 'Revenue from Contracts with Customers', where appropriate.

These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee.

Any increase in the liability relating to guarantees is reported in profit or loss within operating expenses.

### **2.10 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### **2.11 Property and equipment**

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is recognized as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

The estimated useful lives are as follows:

Leasehold improvements	Shorter of its contractual lease term and its economic lives of 5 years
Office equipment	3 - 5 years
Computer equipment	3 years
Motor vehicles	6 years

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## **2. MATERIAL ACCOUNTING POLICY INFORMATION** (continued)

### **2.11 Property and equipment** (continued)

Depreciation on work-in-progress commences when the assets are ready for their intended use. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

### **2.12 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Any impairment loss is charged to profit or loss in the period in which it arises. Reversal of impairment losses is recognised in profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

### **2.13 Leases**

#### *The Branch as a lessee*

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

Contracts may contain both lease and non-lease components. The Branch allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the lease assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.13 Leases (continued)

#### 2.13.1 Lease liabilities

Lease liabilities include the net present value of the lease payments from fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Branch, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The economic circumstance and the observable interest rate set the foundation in determining the incremental borrowing rate. On this basis, the applicable incremental borrowing rate is calculated through the adjustment of the reference interest rate, which is determined according to the situation of the Branch and the underlying asset, the lease term, the amount of lease liability and other specific conditions of the lease.

Lease payments are allocated between principal and interest expense. The interest expense was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### 2.13.2 Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct cost, and
- restoration cost, if any

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Branch is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Subsequently the right-of-use asset is measured at cost less depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

#### 2.13.3 Recognition exemptions

Payments associated with all short-term leases and low-value items are recognised on a straight-line basis as an expense in profit or loss. Low-value items comprise small items of office equipment and short-term lease comprise car rentals.

### 2.14 Current and deferred income tax

The income tax expense is the tax payables on the current's period taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the reporting date in the country where the Branch operates and generates taxable income.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## **2. MATERIAL ACCOUNTING POLICY INFORMATION** (continued)

### **2.14 Current and deferred income tax** (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **2.15 Provision**

Provisions are recognised when the Branch has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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

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

### **2.16 Regulatory reserves**

A regulatory reserve is established for the difference between the allowance for ECLs as determined in accordance with CIFRS 9 and the regulatory allowance in accordance with NBC Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisioning for banks and financial institutions. The Branch shall compare the regulatory allowance with the provision in accordance with CIFRS 9, and:

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



# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.16 Regulatory reserves (continued)

On 5 February 2025, the NBC issued a letter No. B30-025-170 Sor Chor Nor on calculation of regulatory provision. The NBC requires all banks and financial institutions to calculate regulatory provision using facilities' gross carrying amount which include accrued interest receivables ("AIR") based on applicable accounting standards multiplying its respective rates determined by regulations. This new implementation shall start from the audited financial statements for the year 2024.

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

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

### 2.17 Employee benefits

#### 2.17.1 Short-term employee benefits

Short-term employee benefits are accrued in the year in which the associated services are rendered by the employees of the Branch.

#### 2.17.2 Pension fund scheme

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

#### 2.17.3 Other employee benefits - seniority payments

In June 2018, the Cambodian government amended the Labour Law introducing the seniority pay scheme. Subsequently on 21 September 2018, Prakas No. 443 K.B/Br.K.Kh.L, was issued providing guidelines on the implementation of the law. In accordance with the law/Prakas, each entity is required to pay each employee with unspecified duration employment contract the following seniority scheme:

- Annual service - effective January 2019, 15 days of their average monthly salary and benefits each year payable every six month on 30 June and 31 December (7.5 days each payment).
- Past years of seniority service - employees are entitled to 15 days of their salary per year of service since the commencement of employment up to 31 December 2018 and still continue working with the Branch. The past seniority payment depends on each staff's past services and shall not exceed six months of average gross salaries. On 22 March 2019, the Ministry of Labour and Vocational Training issued guideline number 042/19 K.B/S.N.N.Kh.L, to delay the payment of the past years of seniority service which will be payable three days each in June and in December.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.17 Employee benefits (continued)

#### 2.17.3 Other employee benefits - seniority payments (continued)

The annual service pay is considered as short-term employee benefits. These are accrued in the year in which the associated services are rendered by the employees of the Branch.

The past years of seniority service is classified as long-term employee benefits, other than those payable within the next 12 months. Past seniority liability is recognised at the present value of defined obligations at the reporting period using the projected unit credit method to better estimate the ultimate cost to the Branch that employees have earned in return for their service in the current and prior period. That obligation arises as employees render the services that the Branch expected to pay in the future reporting periods. The present value of the past seniority payment is determined by discounting the estimated future payments by references to the high quality corporate bond of the currency that the liability is denominated.

### 2.18 Interest income and expense

#### *Effective interest rate*

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

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

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

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

#### *Amortised cost and gross carrying amount*

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

#### *Calculation of interest income and expense*

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

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.18 Interest income and expense (continued)

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

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

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

#### *Presentation*

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

- Interest expense presented in the statement of profit or loss and other comprehensive income includes interest on financial liabilities measured at amortised cost and lease liabilities.

### 2.19 Fee and commission income

The Branch earns fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income are recognised when the Branch has satisfied its performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates or amount agreed with customers, and net of expenses directly related to it. The Branch generally satisfies its performance obligation and recognises the fee and commission income on the following basis:

- Transaction-based fee and commission income is recognised on the completion of the transaction. Such fees include fees related to service charges and fees, credit card related fees and fees on loans, advances and financing. These fees constitute a single performance obligation.
- For a service that is provided over a period of time, fee and commission income is recognised on an equal proportion basis over the period during which the related service is provided or credit risk is undertaken. This basis of recognition most appropriately reflects the nature and pattern of provision of these services to the customers over time. Fees for these services will be billed periodically over time. Such fees include guarantee fees and commitment fees.

Commitment fees for loans, advances and financing that are likely to be drawn down are deferred (together with related direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate on the financial instrument.

### 2.20 Rounding of amounts

All KHR amounts disclosed in the financial statements and notes have been rounded off to the nearest KHR'000 units unless otherwise stated.

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in accordance with CIFRSs requires the use of judgments, estimates and assumptions that affect the reported amounts and disclosures of assets and liabilities at the date of financial statements and the reported amounts and disclosures of revenues and expenses during the reporting period. The resulting accounting judgments and estimates will, by definition, seldom equal the related actual results.

Judgments, estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 3.1 *Critical judgments in applying accounting policies*

The following are the critical judgements, apart from those involving estimation, that management has made in the process of applying the Branch's accounting policies that have the most significant effect on the amounts recognised in the financial statement

##### *(i) Significant increase in credit risk*

As explained in Note 3.1, ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. CIFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Branch takes into account qualitative and quantitative reasonable and supportable forward-looking information.

##### *(ii) Business model assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Branch determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Branch monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Branch's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

##### *(iii) Establishing groups of assets with similar credit risk characteristics*

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

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

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

### 3.1 Critical judgments in applying accounting policies (continued)

#### (iv) Models and assumptions used

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

### 3.2 Key sources of estimation uncertainty

#### (i) Calculation of loss allowance

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

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

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

#### (ii) Taxes

Taxes are calculated on the basis of the tax laws and regulations and its current interpretation. However, these regulations are subject to periodic variation and the ultimate determination of tax expense will be made following inspection by the General Department of Taxation ("GDT"). The Branch's tax returns are subject to periodic examination by the GDT. As the application of tax laws and regulations to many types of transactions are susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the GDT.

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.

## 4. CASH ON HAND

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
By currency:				
US\$	19,272,363	77,571,261	21,512,848	87,879,984
KHR	1,968,760	7,924,259	2,052,121	8,382,914
Others	236,575	952,214	106,886	436,630
	<b>21,477,698</b>	<b>86,447,734</b>	<b>23,671,855</b>	<b>96,699,528</b>



# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 5. PLACEMENTS WITH THE NATIONAL BANK OF CAMBODIA (“NBC”)

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Current accounts	293,181,115	1,180,053,989	226,432,814	924,978,046
Negotiable certificates of deposit (i)	10,011,570	40,296,569	24,124,849	98,550,008
	<b>303,192,685</b>	<b>1,220,350,558</b>	<b>250,557,663</b>	<b>1,023,528,054</b>
Less: Allowance for expected credit loss	(149,027)	(599,834)	(18,924)	(77,305)
	<b>303,043,658</b>	<b>1,219,750,724</b>	<b>250,538,739</b>	<b>1,023,450,749</b>

The Branch has pledged Negotiable Certificates of Deposit (“NCD”) amounting to US\$10,011,570 (2023: US\$9,115,397) with the NBC as collateral for settlement clearing facility. As at 31 December 2024, the Branch had yet utilised the overdraft on settlement clearing facility.

NCD amounted to US\$15,009,452 as at 31 December 2023 had been used to settle with borrowing in form of Liquidity-Providing Collateralized Operation (“LPCO”) on 15 February 2024 (refer to Note 16(iv)).

Movements of allowance for ECLs:

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
As at 1 January	18,924	77,305	33,850	139,360
Provision (Reversal of provision) for ECLs (Note 21)	130,103	529,649	(14,926)	(61,346)
Exchange difference on translation	-	(7,120)	-	(709)
As at 31 December	<b>149,027</b>	<b>599,834</b>	<b>18,924</b>	<b>77,305</b>

Annual interest rates of Placements with the NBC are as follows:

	2024	2023
Current accounts	Nil	Nil
Negotiable certificates of deposit	0.50% - 1.50%	0.05% - 3.48%

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 6. PLACEMENTS WITH OTHER BANKS

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<i>Placements with local banks</i>				
Current accounts	56,240	226,366	56,520	230,884
Fixed deposits	35,180,041	141,599,665	78,260,685	319,694,898
<i>Placements with overseas banks</i>				
Current accounts	56,466,478	227,277,574	605,081,434	2,471,757,660
Fixed deposits	476,766,392	1,918,984,728	187,110,751	764,347,418
	<b>568,469,151</b>	<b>2,288,088,333</b>	<b>870,509,390</b>	<b>3,556,030,860</b>
Less: Allowance for expected credit loss	(1,835,854)	(7,389,313)	(739,443)	(3,020,625)
	<b>566,633,297</b>	<b>2,280,699,020</b>	<b>869,769,947</b>	<b>3,553,010,235</b>

Movements of allowance for ECLs are as follow:

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
As at 1 January	739,443	3,020,625	405,003	1,667,397
Provision for ECLs (Note 21)	1,096,411	4,463,489	334,440	1,374,548
Exchange difference on translation	-	(94,801)	-	(21,320)
As at 31 December	<b>1,835,854</b>	<b>7,389,313</b>	<b>739,443</b>	<b>3,020,625</b>

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

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash on hand (Note 4)	21,477,698	86,447,734	23,671,855	96,699,528
Placements with the NBC:				
Current accounts	293,181,115	1,180,053,989	226,432,814	924,978,046
Placements with other banks:				
Current accounts	56,522,718	227,503,940	605,137,954	2,471,988,544
Fixed deposits with maturity three months or less	263,128,048	1,059,090,393	21,187,338	86,550,276
	<b>634,309,579</b>	<b>2,553,096,056</b>	<b>876,429,961</b>	<b>3,580,216,394</b>

Annual interest rates applicable to Placements with other banks are as follows:

	2024	2023
Current accounts	0.00% - 0.50%	0.00% - 0.50%
Fixed deposits	1.00% - 5.62%	0.85% - 6.20%

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 7. LOANS AND ADVANCES

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<i>At amortised cost:</i>				
Long-term loans	847,270,436	3,410,263,505	859,243,210	3,510,008,513
Short-term loans				
Overdrafts	27,593,002	111,061,833	31,216,755	127,520,444
Trade finance	16,726,116	67,322,617	12,518,757	51,139,122
Credit cards	79,038	318,128	108,346	442,593
<b>Gross carrying amount</b>	<b>891,668,592</b>	<b>3,588,966,083</b>	<b>903,087,068</b>	<b>3,689,110,672</b>
Less: Allowance for expected credit loss	(35,483,801)	(142,822,299)	(31,940,099)	(130,475,304)
<b>Net carrying amount</b>	<b>856,184,791</b>	<b>3,446,143,784</b>	<b>871,146,969</b>	<b>3,558,635,368</b>

Movements of allowance for ECLs are as follow:

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
As at 1 January	31,940,099	130,475,304	22,495,091	92,612,290
Provision for ECLs (Note 21)	3,543,702	14,426,411	9,445,008	38,818,983
Exchange difference on translation	-	(2,079,416)		(955,969)
<b>As at 31 December</b>	<b>35,483,801</b>	<b>142,822,299</b>	<b>31,940,099</b>	<b>130,475,304</b>

### 7.1 Allowance for expected credit loss

Allowance for expected credit losses by stages are as follow:

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
12-month ECL (Stage 1)	14,640,128	58,926,515	10,159,570	41,501,843
Lifetime ECL-not credit impaired (Stage 2)	9,725,389	39,144,691	7,827,153	31,973,920
Lifetime ECL-credit impaired (Stage 3)	11,118,284	44,751,093	13,953,376	56,999,541
	<b>35,483,801</b>	<b>142,822,299</b>	<b>31,940,099</b>	<b>130,475,304</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 7. LOANS AND ADVANCES (continued)

### 7.2 By industry

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Construction	211,682,151	852,020,658	225,527,103	921,278,216
Utilities	165,648,478	666,735,124	109,318,698	446,566,881
Manufacturing	144,357,660	581,039,582	177,166,567	723,725,426
Financial institutions	101,726,079	409,447,468	142,026,563	580,178,510
Real estate	77,655,297	312,562,570	69,831,221	285,260,538
Wholesale and retails	63,237,017	254,528,993	51,270,222	209,438,857
Personal lending	58,070,135	233,732,293	47,037,090	192,146,513
Hotels and restaurants	11,081,897	44,604,635	13,135,519	53,658,595
Agriculture, forestry and fishing	11,081,426	44,602,740	13,538,688	55,305,540
Rental and operational leading	8,798,930	35,415,693	11,399,874	46,568,485
Information media and telecommunications	8,066,790	32,468,830	12,491,845	51,029,187
Transport and storage	7,203,277	28,993,190	8,715,598	35,603,218
Other non-financial services	3,386,608	13,631,097	3,303,074	13,493,057
Other lending	19,672,847	79,183,210	18,325,006	74,857,649
<b>Total gross carrying amount</b>	<b>891,668,592</b>	<b>3,588,966,083</b>	<b>903,087,068</b>	<b>3,689,110,672</b>

### 7.3 By loan classification

	2024			
	Performing US\$	Under-performing US\$	Non-performing US\$	Total US\$
Gross carrying amount	847,098,198	28,396,302	16,174,092	891,668,592
Allowance for expected credit losses	(14,640,128)	(9,725,389)	(11,118,284)	(35,483,801)
<b>Total</b>	<b>832,458,070</b>	<b>18,670,913</b>	<b>5,055,808</b>	<b>856,184,791</b>
<b>KHR'000 (Note 2.3)</b>	<b>3,350,643,732</b>	<b>75,150,425</b>	<b>20,349,627</b>	<b>3,446,143,784</b>
	2023			
	Performing US\$	Under-performing US\$	Non-performing US\$	Total US\$
Gross carrying amount	849,952,692	31,373,708	21,760,668	903,087,068
Allowance for expected credit losses	(10,159,570)	(7,827,153)	(13,953,376)	(31,940,099)
<b>Total</b>	<b>839,793,122</b>	<b>23,546,555</b>	<b>7,807,292</b>	<b>871,146,969</b>
<b>KHR'000 (Note 2.3)</b>	<b>3,430,554,903</b>	<b>96,187,677</b>	<b>31,892,788</b>	<b>3,558,635,368</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 7. LOANS AND ADVANCES (continued)

### 7.4 By maturity

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Not later than 1 year	170,347,243	685,647,653	217,031,676	886,574,396
Later than 1 year and no later than 3 years	131,377,986	528,796,394	158,941,321	649,275,296
Later than 3 year and no later than 5 years	224,861,570	905,067,819	201,467,781	822,995,885
Later than 5 years	365,081,793	1,469,454,217	325,646,290	1,330,265,095
<b>Total gross carrying amount</b>	<b>891,668,592</b>	<b>3,588,966,083</b>	<b>903,087,068</b>	<b>3,689,110,672</b>

### 7.5 By exposure

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Large exposure	386,609,298	1,556,102,424	535,449,938	2,187,312,997
Non-large exposure	505,059,294	2,032,863,659	367,637,130	1,501,797,675
<b>Total gross carrying amount</b>	<b>891,668,592</b>	<b>3,588,966,083</b>	<b>903,087,068</b>	<b>3,689,110,672</b>

Large exposure is defined by the NBC as overall credit exposure to any individual beneficiary which exceeds 10% of the Branch's net worth.

### 7.6 By relationship

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Non-related parties	891,668,592	3,588,966,083	903,087,068	3,689,110,672
<b>Total gross loans</b>	<b>891,668,592</b>	<b>3,588,966,083</b>	<b>903,087,068</b>	<b>3,689,110,672</b>

### 7.7 By residency

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Residents	891,668,592	3,588,966,083	897,210,275	3,665,103,973
Non-residents	-	-	5,876,793	24,006,699
<b>Total gross loans</b>	<b>891,668,592</b>	<b>3,588,966,083</b>	<b>903,087,068</b>	<b>3,689,110,672</b>

### 7.8 By interest rate (per annum)

	2024	2023
Long-term loans	2.70% - 8.00%	2.70% - 8.60%
Short-term loans	3.60% - 8.00%	2.60% - 7.00%



# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 8. INVESTMENT SECURITIES

	2024	
	US\$	KHR'000 (Note 2.3)
Investment securities cost	300,000,000	1,207,500,000
Discount	(10,597,635)	(42,655,481)
Accrued interest receivable	3,733,868	15,028,819
	293,136,233	1,179,873,338
Allowance for ECLs	(32,238)	(129,758)
	293,103,995	1,179,743,580
Fair valuation gain through OCI	374,437	1,507,109
<b>Investment securities at fair value</b>	<b>293,478,432</b>	<b>1,181,250,689</b>

The Branch purchased U.S. government bonds amounting to US\$ 300,000,000 through its Head Office, Bank of China (Hong Kong) Limited, which acts as the custodian for such investments. These investment securities have maturity terms ranging from 175 days to 344 days and earns interest ranging from 4.22% to 4.84% per annum. This investment was bought with the intention for both collecting contractual cash flows and selling in the near future.

## 9. OTHER ASSETS

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Prepayments and advances	472,387	1,901,358	457,214	1,867,719
Security deposits	337,730	1,359,363	415,895	1,698,931
Contract assets related to fees from trade finance	20,422	82,199	36,158	147,705
Others	500	2,012	1,048	4,282
	<b>831,039</b>	<b>3,344,932</b>	<b>910,315</b>	<b>3,718,637</b>

## 10. STATUTORY DEPOSITS

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Reserve requirement	113,903,789	458,462,751	98,810,000	403,638,850
Capital guarantee deposit	15,000,000	60,375,000	15,000,000	61,275,000
	<b>128,903,789</b>	<b>518,837,751</b>	<b>113,810,000</b>	<b>464,913,850</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 10. STATUTORY DEPOSITS (continued)

### 10.1 Reserve requirement

Under NBC Prakas No. B7-023.005 dated 9 January 2023, commercial banks are required to maintain certain cash reserves with the NBC, computed at 7.0% of customer deposits and borrowings in KHR. Reserve requirement for customer deposits and borrowings in foreign currencies are in accordance with dates and rates as follows:

- From 1 January 2023 to 31 December 2023, reserve requirement shall be at the rate of 9%
- From 1 January 2024 onward, reserve requirement shall be at the rate of 12.5%

On 23 November 2023, the NBC responded a letter to the Association of Banks in Cambodia allowing commercial banks to maintain reserve requirement in foreign currencies at rate of 7% until 31 December 2024. The reserve requirement in foreign currencies will remain at rate of 7% until 31 December 2025 based on the NBC's announcement dated 21 August 2024.

Reserve requirement deposits do not earn any interest.

### 10.2 Capital guarantee deposit

Under NBC Prakas No. B7-01-136 dated 15 October 2001, banks are required to maintain a capital guarantee of 10% of registered capital with the NBC. This deposit is not available for use in the Branch's day-to-day operations but is refundable when the Branch voluntarily ceases to operate the business in Cambodia.

The capital guarantee deposit earned interest at rate of 1.33% and 1.31% per annum for first and second semester, respectively (2023: 1.19% and 1.33% per annum).

## 11. RIGHT-OF-USED ASSETS AND LEASE LIABILITIES

The Branch has leased several buildings for its branch offices and ATM locations. Lease of branch offices generally have lease terms between 2 and 10 years, while ATM space generally have lease terms between 1.5 and 5 years. The Branch applies recognition exemption to leases of office equipment that are considered as low-value assets and short term leases.

Set out below are movements of the right-of-use assets and the carrying amount of lease liabilities:

	<i>Right-of-use assets</i>		
	<i>Offices US\$</i>	<i>ATMs US\$</i>	<i>Total US\$</i>
<b>At 1 January 2024</b>	2,106,382	63,527	2,169,909
Additions	266,267	212,847	479,114
Depreciation expense	(847,856)	(67,342)	(915,198)
<b>At 31 December 2024</b>	<b>1,524,793</b>	<b>209,032</b>	<b>1,733,825</b>
<b>KHR'000 (Note 2.3)</b>	<b>6,137,292</b>	<b>841,354</b>	<b>6,978,646</b>
<b>At 1 January 2023</b>	2,811,306	39,516	2,850,822
Additions	147,981	60,282	208,263
Depreciation expense	(852,905)	(36,271)	(889,176)
<b>At 31 December 2023</b>	<b>2,106,382</b>	<b>63,527</b>	<b>2,169,909</b>
<b>KHR'000 (Note 2.3)</b>	<b>8,604,570</b>	<b>259,508</b>	<b>8,864,078</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 11. RIGHT-OF-USED ASSETS AND LEASE LIABILITIES (continued)

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

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
At 1 January	2,339,659	9,557,507	3,027,362	12,463,649
Additions	479,114	1,950,473	208,263	855,961
Accretion of interest (Note 19)	74,562	303,542	68,151	280,099
Payments	(993,585)	(4,044,885)	(964,117)	(3,962,519)
Exchange difference on translation	-	(120,143)	-	(79,683)
<b>At 31 December</b>	<b>1,899,750</b>	<b>7,646,494</b>	<b>2,339,659</b>	<b>9,557,507</b>
Current	371,521	1,495,373	758,639	3,099,040
Non-current	1,528,229	6,151,121	1,581,020	6,458,467
	<b>1,899,750</b>	<b>7,646,494</b>	<b>2,339,659</b>	<b>9,557,507</b>
Maturity analysis – contractual undiscounted cash flows				
Less than one year	976,854	3,931,837	795,365	3,249,066
More than one year	1,005,699	4,047,938	1,597,603	6,526,208
<b>Total undiscounted lease liabilities</b>	<b>1,982,553</b>	<b>7,979,775</b>	<b>2,392,968</b>	<b>9,775,274</b>

The amounts related to leases, recognized in the statement of comprehensive income, are as follows:

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Depreciation of right-of-use assets (Note 24)	915,198	3,725,771	889,176	3,654,513
Interest expense on lease liabilities (Note 19)	74,562	303,542	68,151	280,099
Rental expenses related to short- term and low value leases (Note 25)	82,563	336,114	77,669	319,220
<b>Total amount recognized in the statement of comprehensive income</b>	<b>1,072,323</b>	<b>4,365,427</b>	<b>1,034,996</b>	<b>4,253,832</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 12. PROPERTY AND EQUIPMENT

	Leasehold improvement US\$	Furniture and equipment US\$	Computer equipment US\$	Motor vehicles US\$	Work in progress US\$	Total US\$
<b>Cost</b>						
At 1 January 2024	5,523,697	1,290,579	1,604,921	636,601	-	9,055,798
Additions	-	80,401	145,014	213,750	106,472	545,637
Transfers	106,472	-	-	-	(106,472)	-
Write-off	-	(118,349)	(19,989)	(205,000)	-	(343,338)
<b>At 31 December 2024</b>	<b>5,630,169</b>	<b>1,252,631</b>	<b>1,729,946</b>	<b>645,351</b>	<b>-</b>	<b>9,258,097</b>
<b>Accumulated depreciation</b>						
At 1 January 2024	(4,555,524)	(1,134,931)	(1,270,609)	(614,378)	-	(7,575,442)
Depreciation charge	(307,452)	(71,447)	(186,972)	(29,713)	-	(595,584)
Write-off	-	118,349	19,989	205,000	-	343,338
<b>At 31 December 2024</b>	<b>(4,862,976)</b>	<b>(1,088,029)</b>	<b>(1,437,592)</b>	<b>(439,091)</b>	<b>-</b>	<b>(7,827,688)</b>
<b>Net book value</b>						
<b>31 December 2024</b>	<b>767,193</b>	<b>164,602</b>	<b>292,354</b>	<b>206,260</b>	<b>-</b>	<b>1,430,409</b>
<b>KHR'000 (Note 2.3)</b>	<b>3,087,952</b>	<b>662,523</b>	<b>1,176,725</b>	<b>830,196</b>	<b>-</b>	<b>5,757,396</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 12. PROPERTY AND EQUIPMENT (continued)

	Leasehold improvement US\$	Furniture and equipment US\$	Computer equipment US\$	Motor vehicles US\$	Work in progress US\$	Total US\$
<b>Cost</b>						
At 1 January 2023	5,388,332	1,209,450	1,457,635	636,601	-	8,692,018
Additions	-	81,129	147,286	-	135,365	363,780
Transfers	135,365	-	-	-	(135,365)	-
<b>At 31 December 2023</b>	<b>5,523,697</b>	<b>1,290,579</b>	<b>1,604,921</b>	<b>636,601</b>	<b>-</b>	<b>9,055,798</b>
<b>Accumulated depreciation</b>						
At 1 January 2023	(4,256,611)	(1,062,235)	(1,088,979)	(587,712)	-	(6,995,537)
Depreciation charge	(298,913)	(72,696)	(181,630)	(26,666)	-	(579,905)
<b>At 31 December 2023</b>	<b>(4,555,524)</b>	<b>(1,134,931)</b>	<b>(1,270,609)</b>	<b>(614,378)</b>	<b>-</b>	<b>(7,575,442)</b>
<b>Net book value</b>						
<b>31 December 2023</b>	<b>968,173</b>	<b>155,648</b>	<b>334,312</b>	<b>22,223</b>	<b>-</b>	<b>1,480,356</b>
<b>KHR'000 (Note 2.3)</b>	<b>3,954,987</b>	<b>635,822</b>	<b>1,365,665</b>	<b>90,780</b>	<b>-</b>	<b>6,047,254</b>



# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 13. INCOME TAX

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

Details of estimated current income tax expense are as follows:

### 13.1 Income tax expense

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Current income tax	12,059,814	49,095,503	8,868,090	36,447,850
Deferred income tax	(2,162,556)	(8,803,765)	(444,602)	(1,827,314)
Over provision of income tax in prior period	(54,212)	(220,698)	(1,331)	(5,471)
<b>Income tax expense</b>	<b>9,843,046</b>	<b>40,071,040</b>	<b>8,422,157</b>	<b>34,615,065</b>

Reconciliation of income tax expense and accounting profit:

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Profit before income tax</b>	<b>47,110,483</b>	<b>191,786,776</b>	<b>39,626,638</b>	<b>162,865,482</b>
Tax calculation at 20%	9,422,097	38,357,355	7,925,328	32,573,097
Effect of non-deductible expenses	475,161	1,934,383	498,160	2,047,439
Over provision of income tax in prior period	(54,212)	(220,698)	(1,331)	(5,471)
<b>Income tax expense</b>	<b>9,843,046</b>	<b>40,071,040</b>	<b>8,422,157</b>	<b>34,615,065</b>

### 13.2 Current income tax liability

The movements of the current income tax liabilities are as follows:

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
As at 1 January	8,077,549	32,996,788	5,127,698	21,110,733
Current income tax	12,059,814	49,095,503	8,868,090	36,447,850
Income tax paid	(8,970,481)	(36,518,828)	(5,916,908)	(24,318,492)
Over provision of prior period	(54,212)	(220,698)	(1,331)	(5,471)
Currency translation differences	-	(624,268)	-	(237,832)
<b>As at 31 December</b>	<b>11,112,670</b>	<b>44,728,497</b>	<b>8,077,549</b>	<b>32,996,788</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 13. INCOME TAX (continued)

### 13.3 Deferred tax

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

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Deferred tax asset on:</b>				
Impairment loss	4,997,382	20,114,463	2,894,450	11,823,828
Unamortised loan fees	590,216	2,375,619	520,758	2,127,296
Lease liabilities	379,950	1,529,299	467,932	1,911,502
Accelerated depreciation	104,881	422,146	113,949	465,482
	<b>6,072,429</b>	<b>24,441,527</b>	<b>3,997,089</b>	<b>16,328,108</b>
<b>Deferred tax liability on:</b>				
Right-of-use assets	(346,763)	(1,395,722)	(433,979)	(1,772,804)
<b>Deferred tax assets - net</b>	<b>5,725,666</b>	<b>23,045,805</b>	<b>3,563,110</b>	<b>14,555,304</b>

## 14. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Current accounts	1,886,261	7,592,201	4,867,327	19,883,031
Fixed deposits	42,155,616	169,676,354	29,755,436	121,550,956
	<b>44,041,877</b>	<b>177,268,555</b>	<b>34,622,763</b>	<b>141,433,987</b>

### 14.1 By residency status

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Residents	43,179,772	173,798,582	33,852,644	138,288,051
Non-residents	862,105	3,469,973	770,119	3,145,936
	<b>44,041,877</b>	<b>177,268,555</b>	<b>34,622,763</b>	<b>141,433,987</b>

### 14.2 By relationship

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Related parties	862,105	3,469,973	770,119	3,145,936
Non-related parties	43,179,772	173,798,582	33,852,644	138,288,051
	<b>44,041,877</b>	<b>177,268,555</b>	<b>34,622,763</b>	<b>141,433,987</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 14. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS (continued)

### 14.3 By interest rate

	2024	2023
Current accounts	Nil	Nil
Fixed deposits	3.70% - 5.00%	4.00% - 5.30%

## 15. DEPOSITS FROM CUSTOMERS

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Current accounts	612,138,479	2,463,857,378	617,486,656	2,522,432,990
Fixed deposits	256,638,041	1,032,968,115	217,122,948	886,947,243
Savings deposits	117,228,915	471,846,383	124,762,167	509,653,452
Margin deposits	5,026,257	20,230,684	9,161,783	37,425,883
	<b>991,031,692</b>	<b>3,988,902,560</b>	<b>968,533,554</b>	<b>3,956,459,568</b>

### 15.1 By maturity

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Current	988,262,546	3,977,756,748	966,633,239	3,948,696,781
Non-current	2,769,146	11,145,812	1,900,315	7,762,787
	<b>991,031,692</b>	<b>3,988,902,560</b>	<b>968,533,554</b>	<b>3,956,459,568</b>

### 15.2 By residency

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Residents	874,579,515	3,520,182,548	845,724,755	3,454,785,624
Non-residents	116,452,177	468,720,012	122,808,799	501,673,944
	<b>991,031,692</b>	<b>3,988,902,560</b>	<b>968,533,554</b>	<b>3,956,459,568</b>

### 15.3 By relationship

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Related parties	59,075	237,777	44,775	182,906
Non-related parties	990,972,617	3,988,664,783	968,488,779	3,956,276,662
	<b>991,031,692</b>	<b>3,988,902,560</b>	<b>968,533,554</b>	<b>3,956,459,568</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 15. DEPOSITS FROM CUSTOMERS (continued)

### 15.4 By interest rate

	2024	2023
Current accounts	0% - 5.40%	0% - 4.20%
Savings deposits	0.15% - 0.35%	0.15% - 3.70%
Fixed deposits	0.15% - 7.00%	0.50% - 6.20%
Margin deposits	Nil	Nil

## 16. BORROWINGS

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Related parties				
Bank of China (Hong Kong) Limited (i)	643,999,408	2,592,097,617	747,700,058	3,054,354,737
Bank of China Limited (ii)	13,123,956	52,823,923	-	-
	<b>657,123,364</b>	<b>2,644,921,540</b>	<b>747,700,058</b>	<b>3,054,354,737</b>
Non-related parties				
Borrowings from the other banks (iii)	85,195,214	342,910,736	29,496,546	120,493,390
Borrowings from the NBC (iv)	-	-	7,595,044	31,025,755
	<b>85,195,214</b>	<b>342,910,736</b>	<b>37,091,590</b>	<b>151,519,145</b>
	<b>742,318,578</b>	<b>2,987,832,276</b>	<b>784,791,648</b>	<b>3,205,873,882</b>

- (i) The Branch obtained unsecured short-term borrowings from Bank of China (Hong Kong) Limited, Head Office, with an annual interest rate ranging from 0.60% to 6.30% per annum (2023: 0.02% to 5.81% per annum). The borrowings will be repaid on their respective maturity dates on 3 January 2025, 3 February 2025, and 2 October 2025.
- (ii) The Branch obtained an unsecured short-term borrowing from Bank of China Limited, Affiliate, with an annual interest rate at 1.71% per annum. The borrowing will be repaid on maturity date on 26 December 2025.
- (iii) The Branch obtained unsecured short-term borrowings from local banks, with an annual interest rate from 3.50% to 5.50% per annum. The borrowings will be repaid on various maturity date in 2025.
- (iv) The Branch obtained borrowings in form of Liquidity-Providing Collateralized Operation (LPCO) from the National Bank of Cambodia with maturity less than 12 months. On 15 February 2024, the borrowings were fully settled.

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Current				
Principal amount	740,366,005	2,979,973,170	784,289,423	3,203,822,293
Interest payables	1,952,573	7,859,106	502,225	2,051,589
	<b>742,318,578</b>	<b>2,987,832,276</b>	<b>784,791,648</b>	<b>3,205,873,882</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 16. BORROWINGS (continued)

Movement of borrowings is as follows:

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
At 1 January	784,791,648	3,205,873,882	511,834,517	2,107,222,706
Additions	17,703,332,110	72,070,265,020	7,996,175,981	32,864,283,282
Interest charges (Note 19)	15,401,768	62,700,597	12,313,132	50,606,973
Payment of principle	(17,747,255,528)	(72,249,077,254)	(7,722,858,139)	(31,740,946,952)
Payment of interest	(13,951,420)	(56,796,231)	(12,673,843)	(52,089,495)
Exchange difference on translation	-	(45,133,738)	-	(23,202,632)
<b>At 31 December</b>	<b>742,318,578</b>	<b>2,987,832,276</b>	<b>784,791,648</b>	<b>3,205,873,882</b>

Annual interest rates applicable to Borrowings are as follows:

	2024	2023
Related parties	0.60% - 6.30%	0.02% - 5.81%
Non-related parties	3.50% - 5.50%	0.50% - 6.50%

## 17. OTHER LIABILITIES

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Outward remittances	16,728,677	67,332,925	4,869,032	19,889,996
Accrued bonus	1,833,665	7,380,502	1,600,654	6,538,672
Provision for ECL on off-balance sheet items	1,185,429	4,771,352	261,032	1,066,316
Contract liabilities related to fees from trade finance	588,254	2,367,722	639,177	2,611,038
Accrued expenses	349,622	1,407,229	513,435	2,097,382
Other tax payables	294,919	1,187,049	174,557	713,065
Banker cheques	606	2,439	100,606	410,976
Others	48,220	194,085	170,763	697,566
<b>At 31 December</b>	<b>21,029,392</b>	<b>84,643,303</b>	<b>8,329,256</b>	<b>34,025,011</b>



# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 18. HEAD OFFICE'S EQUITY (continued)

### 18.1 Head Office's capital contributions

This represents the capital contributions of its head office.

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Head office's capital contributions	<u>150,000,000</u>	<u>600,000,000</u>	<u>150,000,000</u>	<u>600,000,000</u>

### 18.2 Regulatory reserve

Comparison of regulatory and CIFRS allowance, and required regulatory reserve are as follows:

	2024	2023
	US\$	US\$
A. Allowance per NBC	33,208,095	38,656,154
B. Allowance per CIFRS 9	38,686,349	32,959,498
<b>Compare between A and B</b>	<b>A &lt; B</b>	<b>A &gt; B</b>
<b>Regulatory reserves required</b>	<b>Not required</b>	<b>5,696,656</b>
<b>KHR'000 (Note 2.3)</b>	<b>Not required</b>	<b>23,270,840</b>

Regulatory reserve as at 31 December 2024 is not required (2023: US\$ 5,696,656 or KHR'000 23,270,840). As such, there is a transfer of US\$ 5,696,656 or KHR'000 23,191,087 from Regulatory reserve to Retained earnings during the year.

## 19. NET INTEREST INCOME

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Interest Income</b>				
Loans and advances	59,629,423	242,751,381	57,775,649	237,457,917
Placements with the NBC	363,871	1,481,319	848,385	3,486,862
Placements with other banks				
Local banks	1,465,237	5,964,979	4,714,696	19,377,401
Overseas banks	17,276,627	70,333,149	11,510,005	47,306,121
Investment securities	3,733,868	15,200,577	-	-
<b>Total interest income</b>	<b>82,469,026</b>	<b>335,731,405</b>	<b>74,848,735</b>	<b>307,628,301</b>
<b>Interest expense</b>				
Fixed deposits	(8,416,728)	(34,264,500)	(7,427,960)	(30,528,916)
Current accounts	(2,067,705)	(8,417,627)	(2,255,141)	(9,268,630)
Saving deposits	(185,447)	(754,955)	(209,954)	(862,911)
Borrowings	(15,401,768)	(62,700,597)	(12,313,132)	(50,606,973)
Lease liabilities	(74,562)	(303,542)	(68,151)	(280,099)
<b>Total interest expense</b>	<b>(26,146,210)</b>	<b>(106,441,221)</b>	<b>(22,274,338)</b>	<b>(91,547,529)</b>
<b>Net interest income</b>	<b>56,322,816</b>	<b>229,290,184</b>	<b>52,574,397</b>	<b>216,080,772</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 20. NET FEE AND COMMISSION INCOME

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Fee and commission income:</b>				
Remittance	5,771,299	23,494,958	6,306,840	25,921,112
Loans and trade finance	979,497	3,987,532	1,121,781	4,610,520
Card related charges	161,252	656,457	146,030	600,183
Others	402,447	1,638,362	296,553	1,218,833
<b>Total fee and commission income</b>	<b>7,314,495</b>	<b>29,777,309</b>	<b>7,871,204</b>	<b>32,350,648</b>
Fee and commission expenses	(1,111,706)	(4,525,755)	(1,746,286)	(7,177,235)
<b>Net fee and commission income</b>	<b>6,202,789</b>	<b>25,251,554</b>	<b>6,124,918</b>	<b>25,173,413</b>

## 21. CREDIT IMPAIRMENT LOSSES

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Impairment charge/(reversal):</b>				
Loans and advances	3,543,702	14,426,411	9,445,008	38,818,983
Placements with other Banks	1,096,411	4,463,489	334,440	1,374,548
Credit commitments and financial guarantee contracts	924,397	3,763,220	(304,724)	(1,252,415)
Placements with the NBC	130,103	529,649	(14,926)	(61,346)
Investment securities	32,238	131,241	-	-
	<b>5,726,851</b>	<b>23,314,010</b>	<b>9,459,798</b>	<b>38,879,770</b>

## 22. OTHER GAINS – NET

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Net foreign exchange gains	3,477,644	14,157,489	2,891,969	11,885,993
Others	54,795	223,070	2,123	8,725
	<b>3,532,439</b>	<b>14,380,559</b>	<b>2,894,092</b>	<b>11,894,718</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 23. PERSONNEL EXPENSES

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Salaries and wages	6,489,683	26,419,499	6,104,974	25,091,443
Allowances	1,788,742	7,281,969	1,415,870	5,819,226
Other benefits	438,998	1,787,161	422,547	1,736,668
	<b>8,717,423</b>	<b>35,488,629</b>	<b>7,943,391</b>	<b>32,647,337</b>

## 24. DEPRECIATION CHARGES

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Depreciation of right-of-use assets (Note 11)	915,198	3,725,771	889,176	3,654,513
Depreciation of property and equipment (Note 12)	595,584	2,424,623	579,905	2,383,410
	<b>1,510,782</b>	<b>6,150,394</b>	<b>1,469,081</b>	<b>6,037,923</b>

## 25. OTHER OPERATING EXPENSES

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Network and telecommunication	355,133	1,445,746	342,193	1,406,413
Management fees	335,216	1,364,664	273,335	1,123,407
Other taxes	321,089	1,307,153	365,671	1,502,908
Outsource services	298,221	1,214,058	25,371	104,275
Legal and professional fees	287,086	1,168,727	345,425	1,419,697
Advertising and marketing expenses	197,782	805,171	197,859	813,200
License fees	189,373	770,937	193,456	795,104
Utilities	169,764	691,109	154,263	634,021
Repairs and maintenance	147,844	601,873	193,081	793,563
Social activities	137,056	557,955	293,335	1,205,607
Insurances	111,790	455,097	118,463	486,883
Travelling expenses	105,067	427,728	138,861	570,719
Rental expenses related to short- term and low value leases	82,563	336,114	77,669	319,220
IT related expense	68,374	278,351	177,030	727,593
Training expense	48,803	198,677	37,428	153,829
Office supplies	37,947	154,482	33,432	137,406
Others	99,397	404,646	127,627	524,546
	<b>2,992,505</b>	<b>12,182,488</b>	<b>3,094,499</b>	<b>12,718,391</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 26. COMMITMENTS AND CONTINGENCIES

### 26.1 Loan commitments, guarantees and other financial commitments

The Branch had contracts for off-balance sheet financial instruments that commit it to extend credit to customers, guarantees and other facilities as follows:

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Bank guarantees and others	106,099,075	427,048,777	86,096,105	351,702,589
Loan commitments	100,414,291	404,167,520	96,543,855	394,381,648
Letters of credit	5,760,995	23,188,005	6,484,518	26,489,256
Unused portion of overdrafts	8,700,475	35,019,413	20,501,875	83,750,160
<b>Total exposure</b>	<b>220,974,836</b>	<b>889,423,715</b>	<b>209,626,353</b>	<b>856,323,653</b>
Less: Allowance for expected credit loss	(1,185,429)	(4,771,352)	(261,032)	(1,066,316)
<b>Net exposure</b>	<b>219,789,407</b>	<b>884,652,363</b>	<b>209,365,321</b>	<b>855,257,337</b>

Movement of provision for off-balance-sheet items are as below:

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
At 1 January	261,032	1,066,316	565,756	2,329,217
Provision (reversal) for the year (Note 21)	924,397	3,763,220	(304,724)	(1,252,415)
Exchange differences on translation	-	(58,184)	-	(10,486)
<b>At 31 December</b>	<b>1,185,429</b>	<b>4,771,352</b>	<b>261,032</b>	<b>1,066,316</b>

### 26.2 Operating lease commitments

The Branch recognised right-of-use assets and lease liabilities for lease contracts where the Branch is a lessee, except for low value lease and short-term leases, see Note 2.12.3 and Note 11 for further information. The lease commitments of low value lease and short-term leases are insignificant.

## 27. RELATED-PARTY TRANSACTIONS

### 27.1 Related parties and relationships

The related parties of the Branch are as follows:

<b>Related party</b>	<b>Relationship</b>
Bank of China (Hong Kong) Limited	Head office
Bank of China Limited	Affiliate
Bank of China Limited Shanghai Branch	Affiliate
Bank of China Zweigniederlassung Frankfurt am Main Frankfurt Branch	Affiliate
Key management personnel	All executive management of the Branch who make critical decisions in relation to the strategic direction of the Branch (including their immediate family)

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 27. RELATED-PARTY TRANSACTIONS (continued)

### 27.2 Placements with related parties

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<i>Current accounts</i>				
Bank of China (Hong Kong) Limited	40,062,851	161,252,975	597,983,472	2,442,762,483
Bank of China Limited	4,320,864	17,391,478	3,262,413	13,326,957
Bank of China Limited Shanghai Branch	7,409,544	29,823,415	708,583	2,894,562
Bank of China Zweigniederlassung Frankfurt Main Frankfurt Branch	3,987,206	16,048,504	2,822,837	11,531,289
<i>Fixed deposits</i>				
Bank of China (Hong Kong) Limited	476,696,351	1,918,702,813	187,071,203	764,185,864
	<b>532,476,816</b>	<b>2,143,219,185</b>	<b>791,848,508</b>	<b>3,234,701,155</b>
<b>Interest income</b>	<b>17,276,627</b>	<b>70,333,149</b>	<b>11,510,005</b>	<b>47,306,121</b>

Annual interest rates during the year are as follows:

	2024	2023
Current accounts	0% to 0.50%	0% to 0.50%
Fixed deposits	1.00% - 5.81%	0.85% to 5.92%

### 27.3 Deposits from related parties

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Bank of China Limited Current account	862,105	3,469,973	770,119	3,145,936
Key management personnel:				
Savings accounts	31,518	126,860	44,675	182,497
Fixed deposits	27,557	110,917	-	-
Current accounts	-	-	100	409
	<b>921,180</b>	<b>3,707,750</b>	<b>814,894</b>	<b>3,328,842</b>
<b>Interest expense</b>	<b>244</b>	<b>993</b>	<b>220</b>	<b>904</b>

Annual interest rates during the year are as follows:

	2024	2023
Savings accounts	0.15% - 0.35%	0.15% - 0.35%
Fixed deposits	3.00%	2.00% - 3.00%
Current accounts	Nil	Nil



# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 27. RELATED-PARTY TRANSACTIONS (continued)

### 27.4 Borrowings

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Bank of China (Hong Kong) Limited	643,999,408	2,592,097,617	747,700,058	3,054,354,737
Bank of China Limited	13,123,956	52,823,923	-	-
<b>Total borrowings</b> (Note 16)	<b>657,123,364</b>	<b>2,644,921,540</b>	<b>747,700,058</b>	<b>3,054,354,737</b>
<b>Interest expense</b>	<b>11,903,578</b>	<b>48,459,466</b>	<b>11,473,905</b>	<b>47,157,750</b>

### 27.5 Other transactions charged from related parties

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Bank of China Limited:				
Information technology fees	360,072	1,465,852	220,669	502,986
Borrowing	13,123,956	52,823,923	-	-
Bank of China (Hong Kong) Limited:				
Management fees	95,758	389,832	73,212	300,901
Borrowing	17,098,035,156	69,606,101,120	7,869,091,743	32,341,967,064
Repayment	17,185,264,881	69,961,213,331	7,632,224,434	31,368,442,424

Transactions with related parties are under normal business terms and conditions.

### 27.6 Key management compensation

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Salaries and short-term employee benefits	857,873	3,492,401	892,116	3,666,597
Long-term benefits	44,316	180,410	68,302	280,721
<b>Salaries and other benefits</b>	<b>902,189</b>	<b>3,672,811</b>	<b>960,418</b>	<b>3,947,318</b>

## 28. FINANCIAL RISK MANAGEMENT

The Branch embraces risk management as an integral part of the Branch's business, operations and decision-making process. In ensuring that the Branch achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk-taking process by providing independent inputs, including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward of their propositions, thus enabling risk to be priced appropriately in relation to the return.

Generally, the objectives of the Branch's risk management activities are to:

- identify the various risk exposures and capital requirements;
- ensure risk-taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- create shareholders' value through sound risk management framework.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Financial assets</b>				
Cash on hand	21,477,698	86,447,734	23,671,855	96,699,528
Placements with the NBC	303,043,658	1,219,750,724	250,538,739	1,023,450,749
Placements with other banks	566,633,297	2,280,699,020	869,769,947	3,553,010,235
Loans and advances	856,184,791	3,446,143,784	871,146,969	3,558,635,368
Investment securities	293,478,432	1,181,250,689	-	-
Other financial assets	358,152	1,441,562	452,053	1,846,637
<b>Total financial assets</b>	<b>2,041,176,028</b>	<b>8,215,733,513</b>	<b>2,015,579,563</b>	<b>8,233,642,517</b>
<b>Financial liabilities</b>				
Deposits from banks	44,041,877	177,268,555	34,622,763	141,433,987
Deposits from customers	991,031,692	3,988,902,560	968,533,554	3,956,459,568
Borrowings	742,318,578	2,987,832,276	784,791,648	3,205,873,882
Lease liabilities	1,899,750	7,646,494	2,339,659	9,557,507
Other financial liabilities	18,960,790	76,317,180	7,254,490	29,634,592
<b>Total financial liabilities</b>	<b>1,798,252,687</b>	<b>7,237,967,065</b>	<b>1,797,542,114</b>	<b>7,342,959,536</b>
<b>Net financial assets</b>	<b>242,923,341</b>	<b>977,766,448</b>	<b>218,037,449</b>	<b>890,682,981</b>

### 28.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Branch's customers or market counterparties fail to fulfil their contractual obligations to the Branch. Credit risk arises from Placements with the NBC and other banks, loans and advances, other financial assets, and credit commitments and financial guarantee contracts. Credit exposure arises principally in lending activities.

#### (a) Credit risk measurement

Credit risk is managed on a group basis.

For loans and advances and credit commitments, the estimation of credit exposure for risk management purposes requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of default occurring, of the associated loss ratios and of default correlations between counterparties. The Branch measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) for the purposes of measuring Expected Credit Loss (ECL) under CIFRS 9.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Credit risk (continued)

#### (a) Credit risk measurement (continued)

Placements with the NBC and other banks are considered to be of low credit risk. The credit ratings of these assets are monitored for credit deterioration. Measurement for impairment is limited to 12-month expected credit loss. Other financial assets at amortised cost are monitored for its credit rating deterioration, and the measurement of impairment follows three-stage approach in Note 28.1 (c).

#### (b) Risk limit control and mitigation policies

The Branch operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia. The Branch manages limits and controls the concentration of credit risk whenever it is identified.

The Branch employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collaterals for loans and advances to customers, which is common practice. The Branch implements guidelines on the acceptability of specific classes of collaterals or credit risk mitigation. The principal collateral types to secure for loans and advances to customers are:

- Mortgages over residential properties (land, building and other properties);
- Charges over business assets
- Cash in the form of fixed deposits or margin deposits, if any.

#### (c) Impairment (expected credit loss) policies

The measurement of expected credit loss allowance under the CIFRS 9's three-stage approach is to recognise lifetime expected credit loss allowance for financial instruments for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognised with 12-month expected credit loss allowance.

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement in the credit risk.

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit-impaired as at reporting date. For these assets, 12-month expected credit loss allowance are recognised.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit loss allowance are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss allowance are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss allowance is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Branch in addressing the requirements of the standard on the measurement of allowances are:

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Credit risk (continued)

#### (c) Impairment (expected credit loss) policies (continued)

##### (i) Significant increase in credit risk (SICR)

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan/financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition. A borrower is considered to have credit risk increased significantly since initial recognition if past due is 30 days or more for long-term facilities and 15 days past due for short-term facilities.

##### (ii) Definition of default and credit impaired

The Branch defines a financial instrument as in default which is also credit-impaired when it meets one of the following criteria:

- The borrower/obligor is 30 days past due or more on its contractual payments for a short-term facility.
- The borrower/obligor is 90 days past due or more on its contractual payments for a long-term facility.
- In the case of revolving facilities (e.g. overdrafts), the facility shall be classified as impaired where the outstanding amount has remained in excess of the approved limit for a period of 90 days or more consecutive days.
- The loan is forced impaired due to various reasons, such as bankruptcy, significant financial difficulty, loan classification status in "Substandard", "Doubtful", or "Loss" etc. In the event where a loan is not in default or past due but force impaired, the loan shall be classified as impaired upon approval by the management.
- Restructuring and rescheduling of a loan facility involves any substantial modification made to the original repayment terms and conditions of the loan facility following an increase in the credit risk of an obligor/counterparty.
- When an obligor/counterparty has multiple loans with the Branch and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual loan level instead of consolidated obligor/counterparty level.
- Write-off/charged-off accounts.

##### (iii) Measuring (ECL - inputs, assumptions and estimation techniques)

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The ECL is assessed and measured on a collective basis and individual basis.

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for the collective segment. The three components are multiplied together to calculate an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Credit risk (continued)

#### (c) Impairment (expected credit loss) policies (continued)

##### (iii) *Measuring (ECL - inputs, assumptions and estimation techniques) (continued)*

For individual assessment, the ECL allowance by comparing the outstanding exposure with the present value of cash flow which is expected to receive from the borrowers.

##### Probability of default (PD)

The PD represents the likelihood that a borrower will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.

The 12-month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instruments, respectively, based on conditions existing at the reporting date and future economic conditions that affect credit risk.

The PD is derived using historical default rates adjusted for forward-looking information and reflecting current portfolio composition and market data.

For portfolios without sufficient default data, forward-looking proxy PDs are used.

##### Exposure at Default (EAD)

EAD is based on the amounts the Branch expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

##### Loss Given Default (LGD)

LGD represents the Branch's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

For portfolios without sufficient default data, Proxy LGD is used.

The assumptions underlying the ECL calculation are monitored and reviewed periodically. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

##### (iv) *Forward-looking information incorporated into the ECL models*

The calculation of ECL incorporates forward-looking information. To compute the final ECL, the Branch applies forward-looking adjustments and management overlay, taking into account past events, current conditions and future macroeconomic conditions.

##### *Macroeconomic variable assumptions*

The Branch considers possible scenarios along with scenario weightings. The number of scenarios and their attributes are reassessed at each reporting date.



# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Credit risk (continued)

#### (c) Impairment (expected credit loss) policies (continued)

##### (iv) Forward-looking information incorporated into the ECL models (continued)

The weightings assigned to each economic scenario as at 31 December 2024 and 31 December 2023 are as follows:

	<i>Alternative</i>	<i>Best</i>	<i>Base</i>	<i>Downturn</i>
As at 31 December 2024	%	%	%	%
Scenario probability weighting	10%	10%	60%	20%
As at 31 December 2023	%	%	%	%
Scenario probability weighting	10%	10%	60%	20%

##### *Sensitivity analysis*

The Branch has performed ECL sensitivity assessment on loans, advances and financing based on the changes in key macroeconomic variables. The sensitivity factors used are assumptions based on parallel shifts in the key variables to project the impact on the ECL of the Branch.

The table below outlines the effect of ECL on the changes in key variables used while other variables remain constant:

	<b>Changes</b>			
Scenario probability weighting	+/-5%			
	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Total decrease in ECL on the positive changes in key variables</b>	<b>(273,225)</b>	<b>(1,112,299)</b>	<b>(185,253)</b>	<b>(761,390)</b>
<b>Total increase in ECL on the negative changes in key variables</b>	<b>727,418</b>	<b>2,961,319</b>	<b>453,550</b>	<b>1,864,091</b>

##### (v) Grouping of exposure for ECL measured on collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the Branch to be statistically credible. Where sufficient information is not available internally, the Branch has considered benchmarking internal/external supplementary data to use for modelling purposes.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Credit risk (continued)

#### (c) Impairment (expected credit loss) policies (continued)

##### (vi) Write off policy

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 Branch determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'credit impairment losses' in the statement of profit or loss and other comprehensive income.

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

##### (vii) Modification of loans

The Branch sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Branch assesses whether or not the new terms are substantially different to the original terms. The Branch does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

The risk of default of such loans after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original loans. The Branch monitors the subsequent performance of modified assets. The Branch may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

##### (viii) Off-balance sheet exposures

Off-balance sheet exposures are exposures such as undrawn credit facilities and financial guarantee contracts. The Branch has applied internal Credit Conversion Factor (CCF) to estimate the EAD of off-balance sheet items. For operational simplification, the Branch assumes CCF for the off-balance sheet exposures as follows:

- 20% CCF is assumed for unused portion of letter of credits and loans with maturity less than one year
- 50% CCF is assumed for unused portion of commitment of credit facilities and loans with maturity more than one year
- 50% CCF is assumed for bank guarantees issued not for financing
- 100% CCF is assumed for bank guarantees issued for financing

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Credit risk (continued)

#### (d) Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum exposure to credit risk for financial assets recognised in the statements of financial position is their carrying amounts. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Branch would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Branch on financial instruments subject to impairment:

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Credit risk exposure relating to on-balance sheet assets:</b>				
Placements with the NBC	303,192,685	1,220,350,558	250,557,663	1,023,528,054
Placements with other banks	568,469,151	2,288,088,333	870,509,390	3,556,030,860
Loans and advances	891,668,592	3,588,966,083	903,087,068	3,689,110,672
Investment securities	293,510,670	1,181,250,689	-	-
Other financial assets	358,152	1,441,562	452,053	1,846,637
	<b>2,057,199,250</b>	<b>8,280,097,225</b>	<b>2,024,606,174</b>	<b>8,270,516,223</b>
<b>Credit risk exposure relating to off-balance sheet items:</b>				
Guarantees and others	106,099,075	427,048,777	86,096,105	351,702,589
Loan commitments	100,414,291	404,167,520	96,543,855	394,381,648
Letters of credits	5,760,995	23,188,005	6,484,518	26,489,256
Unutilised portion of overdrafts	8,700,475	35,019,413	20,501,875	83,750,159
	<b>220,974,836</b>	<b>889,423,715</b>	<b>209,626,353</b>	<b>856,323,652</b>
<b>Total maximum credit risk exposure that are subject to impairment</b>	<b>2,278,174,086</b>	<b>9,169,520,940</b>	<b>2,234,232,527</b>	<b>9,126,839,875</b>
Less: Allowance for expected credit loss	(38,686,349)	(155,582,798)	(32,959,498)	(134,639,550)
<b>Total net credit exposure</b>	<b>2,239,487,737</b>	<b>9,013,938,142</b>	<b>2,201,273,029</b>	<b>8,992,200,325</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Credit risk (continued)

#### (d) Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

The above table represents a worst-case scenario of credit risk exposure to the Branch, since collateral held and/or other credit enhancement attached were not taken into account. For on-balance sheet assets, the exposures set out above are based on net carrying amounts. As shown above, 43% (2023: 45%) of total maximum exposure is derived from loans and advances. Management is confident of its ability to continue to control and sustain minimal exposure on credit risk resulting from the Branch's loans and advances due to the following:

- Almost all loans and advances are collateralised and loan to collateral value not exceeding 70%.
- The Branch has a proper credit evaluation process in place for granting of loans and advances to customers.
- 93% of placements with other banks is held with its Head Office, a bank with credit rating investment grade (2023: 91%). The remaining balances were held with local banks and overseas banks and management has done proper risk assessment and believes there will be no material loss from these local banks and overseas banks.

#### (e) Credit quality of financial assets

##### *Loans and advances and credit commitments*

The Branch assesses credit quality of loans, advances and financing using internal rating techniques tailored in combination with the day past due (DPD) information and NBC's classification for staging criteria.

##### *Long-term facilities (more than one year)*

Stages	Credit risk status	NBC's grades	Day past due	Default Indicator
1	No significant increase in credit risk	Normal	$0 \leq \text{DPD} < 30$	Performing
2	Credit risk increased significantly	Special mention	$30 \leq \text{DPD} < 90$	Under-performing
3	Credit-impaired assets	Substandard	$90 \leq \text{DPD} < 180$	Non-performing
		Doubtful	$180 \leq \text{DPD} < 360$	
		Loss	$\text{DPD} \geq 360$	

##### *Short-term facilities (one year or less)*

Stages	Credit risk status	NBC's grades	Day past due	Default Indicator
1	No significant increase in credit risk	Normal	$0 \leq \text{DPD} \leq 14$	Performing
2	Credit risk increased significantly	Special mention	$15 \leq \text{DPD} \leq 30$	Under-performing
3	Credit-impaired assets	Substandard	$31 \leq \text{DPD} \leq 60$	Non-performing
		Doubtful	$61 \leq \text{DPD} \leq 90$	
		Loss	$\text{DPD} \geq 91$	

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Credit risk (continued)

#### (e) Credit quality of financial assets (continued)

##### *Financial assets other than loans and advances and credit commitments*

The credit quality of financial instruments other than loans, advances and financing are determined based on the ratings of counterparties as defined equivalent ratings of other international rating agencies as defined below:

<b><i>Credit quality</i></b>	<b><i>Description</i></b>
Sovereign	Refer to financial assets issued by the NBC/government or guarantee by the NBC/government.
Investment grade	Refers to the credit quality of the financial asset that the issuer is able to meet payment obligation and exposure bondholder to low credit risk of default.
Non-investment grade	Refers to low credit quality of the financial asset that is highly exposed to default risk.
Un-graded	Refers to financial assets which are currently not assigned with ratings due to unavailability of ratings models.
Credit impaired	Refers to the asset that is being impaired.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28.1 Credit risk (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

## Placements with the NBC



# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Credit risk (continued)

#### (e) Credit quality of financial assets (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

	2024				2023			
	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$	Total US\$	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$	Total US\$
<b>Investment securities</b>								
Investment grade	293,510,670	-	-	293,510,670	-	-	-	-
<b>Gross carrying amount</b>	<b>293,510,670</b>	<b>-</b>	<b>-</b>	<b>293,510,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: Allowance for expected credit loss	(32,238)	-	-	(32,238)	-	-	-	-
<b>Net carrying amount</b>	<b>293,478,432</b>	<b>-</b>	<b>-</b>	<b>293,478,432</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>KHR'000 (Note 2.3)</b>	<b>1,181,250,689</b>	<b>-</b>	<b>-</b>	<b>1,181,250,689</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Credit risk (continued)

#### (e) Credit quality of financial assets (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

	2024				2023			
	Lifetime ECL		Lifetime ECL		Lifetime ECL		Lifetime ECL	
	12-month ECL US\$	not Credit- Impaired US\$	not Credit- Impaired US\$	Credit- Impaired US\$	12-month ECL US\$	not Credit- Impaired US\$	Credit- Impaired US\$	Total US\$
<b>Loans and advances at amortised cost</b>								
Normal	846,853,616	-	-	-	846,853,616	-	-	849,952,692
Special mention	-	28,396,302	-	-	28,396,302	31,373,708	-	31,373,708
Substandard	244,582	-	2,120,755	-	2,365,337	-	3,162,547	3,162,547
Doubtful	-	-	178,978	-	178,978	-	-	-
Loss	-	-	13,874,359	-	13,874,359	-	18,598,121	18,598,121
<b>Gross carrying amount</b>	<b>847,098,198</b>	<b>28,396,302</b>	<b>16,174,092</b>	<b>891,668,592</b>	<b>849,952,692</b>	<b>31,373,708</b>	<b>21,760,668</b>	<b>903,087,068</b>
Less: Allowance for expected credit loss	(14,640,128)	(9,725,389)	(11,118,284)	(35,483,801)	(10,159,570)	(7,827,153)	(13,953,376)	(31,940,099)
<b>Net carrying amount</b>	<b>832,458,070</b>	<b>18,670,913</b>	<b>5,055,808</b>	<b>856,184,791</b>	<b>839,793,122</b>	<b>23,546,555</b>	<b>7,807,292</b>	<b>871,146,969</b>
<b>KHR'000 (Note 2.3)</b>	<b>3,350,643,732</b>	<b>75,150,425</b>	<b>20,349,627</b>	<b>3,446,143,784</b>	<b>3,430,554,904</b>	<b>96,187,677</b>	<b>31,892,787</b>	<b>3,558,635,368</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Credit risk (continued)

#### (e) Credit quality of financial assets (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

	2024				2023			
	Lifetime ECL		Lifetime ECL		Lifetime ECL		Lifetime ECL	
	12-month ECL	Lifetime ECL not Credit-impaired	12-month ECL	Lifetime ECL not Credit-impaired	12-month ECL	Lifetime ECL not Credit-impaired	12-month ECL	Lifetime ECL not Credit-impaired
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Off-balance sheet items</b>								
Normal	220,318,221	-	-	220,318,221	209,625,853	-	-	209,625,853
Special mention	-	656,615	-	656,615	-	500	-	500
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
<b>Gross carrying amount</b>	<b>220,318,221</b>	<b>656,615</b>	<b>-</b>	<b>220,974,836</b>	<b>209,625,853</b>	<b>500</b>	<b>-</b>	<b>209,626,353</b>
Less: Allowance for expected credit loss	(1,045,119)	(140,310)	-	(1,185,429)	(261,015)	(17)	-	(261,032)
<b>Net carrying amount</b>	<b>219,273,102</b>	<b>516,305</b>	<b>-</b>	<b>219,789,407</b>	<b>209,364,838</b>	<b>483</b>	<b>-</b>	<b>209,365,321</b>
<b>KHR'000 (Note 2.3)</b>	<b>882,574,236</b>	<b>2,078,127</b>	<b>-</b>	<b>884,652,363</b>	<b>855,255,363</b>	<b>1,973</b>	<b>-</b>	<b>855,257,336</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Credit risk (continued)

#### (f) Loss allowance

*Expected credit loss reconciliation – loans and advances at amortised cost*

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not Credit- Impaired	Stage 3 Lifetime ECL Credit- Impaired	Total
	US\$	US\$	US\$	US\$
<b>Expected Credit Losses</b>				
Loss allowance as at 1 January 2024	10,159,570	7,827,153	13,953,376	31,940,099
<i>Changes due to financial instruments recognised as at 1 January:</i>				
Transfer to stage 1	318	(318)	-	-
Transfer to stage 2	(58,404)	58,404	-	-
Transfer to stage 3	(362)	-	362	-
Net remeasurement of loss allowance (*)	(1,748,565)	4,134,438	(1,135,553)	1,250,320
New financial assets originated or purchased	7,621,533	711,414	-	8,332,947
Financial assets derecognised during the year other than write off	(1,333,962)	(3,005,702)	(1,699,901)	(6,039,565)
<b>Loss allowance as at 31 December 2024</b>	<b>14,640,128</b>	<b>9,725,389</b>	<b>11,118,284</b>	<b>35,483,801</b>
<b>KHR'000 (Note 2.3)</b>	<b>58,926,515</b>	<b>39,144,691</b>	<b>44,751,093</b>	<b>142,822,299</b>

(\*) Impact of the remeasurement of ECL due to changes in PD and LGD during the year arising from regular refreshing of inputs to models.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL not Credit- Impaired	Stage 3 Lifetime ECL Credit- Impaired	Total
	US\$	US\$	US\$	US\$
<b>Expected Credit Losses</b>				
Loss allowance as at 1 January 2023	11,828,586	442,057	10,224,448	22,495,091
<i>Changes due to financial instruments recognised as at 1 January:</i>				
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(443,024)	443,024	-	-
Transfer to stage 3	(132,088)	-	132,088	-
Net remeasurement of loss allowance (*)	(2,261,514)	4,120,670	5,315,022	7,174,178
New financial assets originated or purchased	4,271,140	3,249,788	-	7,520,928
Financial assets derecognised during the year other than write off	(3,103,530)	(428,386)	(1,718,182)	(5,250,098)
<b>Loss allowance as at 31 December 2023</b>	<b>10,159,570</b>	<b>7,827,153</b>	<b>13,953,376</b>	<b>31,940,099</b>
<b>KHR'000 (Note 2.3)</b>	<b>41,501,843</b>	<b>31,973,920</b>	<b>56,999,541</b>	<b>130,475,304</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Credit risk (continued)

#### (g) Concentration of financial assets with credit risk exposure

##### Geographical sector

The following table breaks down the Branch's main credit exposure at their carrying amount, as categorised by geographical region. For this table, the Branch has allocated exposure to countries based on the country of domicile of its counterparties.

	Cambodia	China	Hong Kong	Others	Total
	US\$	US\$	US\$	US\$	US\$
<i>On-balance sheet assets:</i>					
Placements with the NBC	303,192,685	-	-	-	303,192,685
Placements with other banks	35,236,281	11,730,470	516,829,314	4,673,086	568,469,151
Loans and advances	891,668,592	-	-	-	891,668,592
Investment securities	-	-	293,510,670	-	293,510,670
Other financial assets	337,915	20,237	-	-	358,152
	<b>1,230,435,473</b>	<b>11,750,707</b>	<b>810,339,984</b>	<b>4,673,086</b>	<b>2,057,199,250</b>
<i>Off-balance sheet items:</i>					
Guarantees and others	74,142,060	31,937,015	-	20,000	106,099,075
Loan commitments	100,414,291	-	-	-	100,414,291
Letters of credits	5,760,995	-	-	-	5,760,995
Unutilised portion of overdrafts	8,700,475	-	-	-	8,700,475
	<b>189,017,821</b>	<b>31,937,015</b>	<b>-</b>	<b>20,000</b>	<b>220,974,836</b>
<b>Gross carrying amount</b>	<b>1,419,453,294</b>	<b>43,687,722</b>	<b>810,339,984</b>	<b>4,693,086</b>	<b>2,278,174,086</b>
Less: Allowance for expected credit loss	(38,575,683)	(8,305)	(102,349)	(12)	(38,686,349)
<b>Net carrying amount</b>	<b>1,380,877,611</b>	<b>43,679,417</b>	<b>810,237,635</b>	<b>4,693,074</b>	<b>2,239,487,737</b>
<b>KHR'000 (Note 2.3)</b>	<b>5,558,032,384</b>	<b>175,809,653</b>	<b>3,261,206,481</b>	<b>18,889,624</b>	<b>9,013,938,142</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Credit risk (continued)

(g) Concentration of financial assets with credit risk exposure (continued)

Geographical sector (continued)

	Cambodia	China	Hong Kong	Others	Total
	US\$	US\$	US\$	US\$	US\$
<b>At 31 December 2023</b>					
<i>On-balance sheet assets:</i>					
Placements with the NBC	250,557,663	-	-	-	250,557,663
Placements with other banks	78,317,205	3,971,000	785,094,852	3,126,333	870,509,390
Loans and advances	897,210,276	-	5,876,792	-	903,087,068
Other financial assets	441,711	4,230	-	6,112	452,053
	<b>1,226,526,855</b>	<b>3,975,230</b>	<b>790,971,644</b>	<b>3,132,445</b>	<b>2,024,606,174</b>
<i>Off-balance sheet items:</i>					
Loan commitments	96,543,855	-	-	-	96,543,855
Guarantees and others	11,578,240	74,517,865	-	-	86,096,105
Letters of credits	6,484,518	-	-	-	6,484,518
Unutilised portion of overdrafts	20,501,875	-	-	-	20,501,875
	<b>135,108,488</b>	<b>74,517,865</b>	<b>-</b>	<b>-</b>	<b>209,626,353</b>
<b>Gross carrying amount</b>	<b>1,361,635,343</b>	<b>78,493,095</b>	<b>790,971,644</b>	<b>3,132,445</b>	<b>2,234,232,527</b>
Less: Allowance for expected credit loss	(32,906,729)	(12,589)	(40,177)	(3)	(32,959,498)
<b>Net carrying amount</b>	<b>1,328,728,614</b>	<b>78,480,506</b>	<b>790,931,467</b>	<b>3,132,442</b>	<b>2,201,273,029</b>
<b>KHR'000 (Note 2.3)</b>	<b>5,427,856,388</b>	<b>320,592,867</b>	<b>3,230,955,043</b>	<b>12,796,027</b>	<b>8,992,200,325</b>



# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Credit risk (continued)

(g) Concentration of financial assets with credit risk exposure (continued)

#### Industry sectors

	Placements with the NBC	Placements with other banks	Loans and advances	Other assets	Off-balance-sheet items	Total
	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2024						
Financial intermediaries	303,192,685	568,469,151	101,726,079	-	-	973,387,915
Construction	-	-	211,682,151	-	120,193,853	331,876,004
Manufacturing	-	-	144,357,660	-	58,737,102	203,094,762
Real Estate	-	-	77,655,297	-	-	77,655,297
Others - community, social and personal activities	-	-	356,247,405	358,152	42,043,881	398,649,438
<b>Gross carrying amount</b>	<b>303,192,685</b>	<b>568,469,151</b>	<b>891,668,592</b>	<b>358,152</b>	<b>220,974,836</b>	<b>1,984,663,416</b>
Less: Expected credit loss	(149,027)	(1,835,854)	(35,483,801)	-	(1,185,429)	(38,654,111)
<b>Net carrying amount</b>	<b>303,043,658</b>	<b>566,633,297</b>	<b>856,184,791</b>	<b>358,152</b>	<b>219,789,407</b>	<b>1,946,009,305</b>
<b>KHR'000 (Note 2.3)</b>	<b>1,219,750,724</b>	<b>2,280,699,020</b>	<b>3,446,143,784</b>	<b>1,441,562</b>	<b>884,652,363</b>	<b>7,832,687,453</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Credit risk (continued)

(g) Concentration of financial assets with credit risk exposure (continued)

#### Industry sectors

31 December 2023

	Placements with NBC	Placements with other banks	Loans and advances	Other assets	Off-balance-sheet items	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Financial intermediaries	250,557,663	870,509,390	142,026,563	-	50,308,123	1,313,401,739
Construction	-	-	225,527,103	-	44,336,571	269,863,674
Manufacturing	-	-	177,166,567	-	32,699,109	209,865,676
Real estate	-	-	69,831,221	-	30,793,869	100,625,090
Others - community, social and personal activities	-	-	288,535,614	452,053	51,488,681	340,476,348
<b>Gross carrying amount</b>	<b>250,557,663</b>	<b>870,509,390</b>	<b>903,087,068</b>	<b>452,053</b>	<b>209,626,353</b>	<b>2,234,232,527</b>
Less: Expected credit loss	(18,924)	(739,443)	(31,940,099)	-	(261,032)	(32,959,498)
<b>Net carrying amount</b>	<b>250,538,739</b>	<b>869,769,947</b>	<b>871,146,969</b>	<b>452,053</b>	<b>209,365,321</b>	<b>2,201,273,029</b>
<b>KHR'000 (Note 2.3)</b>	<b>1,023,450,749</b>	<b>3,553,010,235</b>	<b>3,558,635,368</b>	<b>1,846,637</b>	<b>855,257,336</b>	<b>8,992,200,325</b>

#### (h) Repossessed collateral

Reposessed collaterals are sold as soon as practicable. The Branch does not utilise the reposessed collaterals for its business use.

The Branch did not obtain assets by taking possession of collateral held as security as at 31 December 2024 and 31 December 2023.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## **28. FINANCIAL RISK MANAGEMENT (continued)**

### **28.2 Market risk**

The Branch takes exposure to market risk, which is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

#### **28.2.1 Foreign exchange risk**

The Branch operates in Cambodia and transacts mainly in United States Dollars (US\$), Khmer Riel (KHR) and China Yuan (CNY), and is exposed to various currency risks, primarily with respect to KHR and CNY.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Branch's functional currency.

Management monitors foreign exchange risk against the Branch's functional currency. However, the Branch do not hedge its foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts.

The Branch's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The table below summarises the Branch's exposure to foreign currency exchange rate risk. Included in the table are the Branch's financial instruments at their carrying amounts by currency in US\$ equivalent.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.2 Market risk (continued)

#### 28.2.1 Foreign exchange risk (continued)

As at 31 December 2024

	In US\$ equivalent			
	KHR	US\$	CNY	Others
<b>Financial assets</b>				
Cash on hand	1,968,760	19,272,363	236,575	-
Placements with the NBC	59,158,402	243,885,256	-	-
Placements with other banks	-	288,780,042	273,814,861	4,038,394
Loans and advances	66,870,536	761,825,668	27,488,587	-
Investment securities	-	293,478,432	-	-
Other financial assets	-	358,152	-	-
<b>Total financial assets</b>	<b>127,997,698</b>	<b>1,607,599,913</b>	<b>301,540,023</b>	<b>4,038,394</b>
<b>Financial liabilities</b>				
Deposits from banks	10,977,125	32,654,029	410,723	-
Deposits from customers	56,242,680	902,143,551	29,453,297	3,192,164
Borrowings	65,037,435	407,318,516	269,962,627	-
Lease liabilities	-	1,899,750	-	-
Other financial liabilities	599,090	15,781,614	1,819,742	760,344
<b>Total financial liabilities</b>	<b>132,856,330</b>	<b>1,359,797,460</b>	<b>301,646,389</b>	<b>3,952,508</b>
<b>Net on-balance sheet position</b>	<b>(4,858,632)</b>	<b>247,802,453</b>	<b>(106,366)</b>	<b>85,886</b>
<b>KHR'000 (Note 2.3)</b>	<b>(19,555,995)</b>	<b>997,404,873</b>	<b>(428,123)</b>	<b>345,693</b>
<b>Off-balance-sheet items</b>				
Guarantees and others	-	105,395,963	-	627,963
Loan commitments	198,761	93,897,945	5,209,274	-
Letters of credits	-	2,593,805	-	3,165,221
Unutilised portion of overdrafts	-	8,700,475	-	-
<b>KHR'000 (Note 2.3)</b>	<b>198,761</b>	<b>210,588,188</b>	<b>5,209,274</b>	<b>3,793,184</b>
	<b>800,013</b>	<b>847,617,457</b>	<b>20,967,328</b>	<b>15,267,565</b>
				<b>884,652,363</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.2 Market risk (continued)

#### 28.2.1 Foreign exchange risk (continued)

As at 31 December 2023

	In US\$ equivalent				Total
	KHR	US\$	CNY	Others	
<b>Financial assets</b>					
Cash on hand	2,052,121	21,512,848	106,886	-	23,671,855
Placements with the NBC	42,798,284	207,740,455	-	-	250,538,739
Placements with other banks	-	256,281,270	37,906,410	575,582,267	869,769,947
Loans and advances	62,464,596	798,344,970	10,337,403	-	871,146,969
Other financial assets	-	452,053	-	-	452,053
<b>Total financial assets</b>	<b>107,315,001</b>	<b>1,284,331,596</b>	<b>48,350,699</b>	<b>575,582,267</b>	<b>2,015,579,563</b>
<b>Financial liabilities</b>					
Deposits from banks	15,523,908	15,208,392	3,890,463	-	34,622,763
Deposits from customers	56,674,372	864,479,398	44,432,573	2,947,211	968,533,554
Borrowings	37,091,589	175,125,492	-	572,574,567	784,791,648
Lease liabilities	-	2,339,659	-	-	2,339,659
Other financial liabilities	590,993	6,612,717	50,780	-	7,254,490
<b>Total financial liabilities</b>	<b>109,880,862</b>	<b>1,063,765,658</b>	<b>48,373,816</b>	<b>575,521,778</b>	<b>1,797,542,114</b>
<b>Net on-balance sheet position</b>	<b>(2,565,861)</b>	<b>220,565,938</b>	<b>(23,117)</b>	<b>60,489</b>	<b>218,037,449</b>
<b>KHR'000 (Note 2.3)</b>	<b>(10,481,542)</b>	<b>901,011,857</b>	<b>(94,433)</b>	<b>247,100</b>	<b>890,682,981</b>
<b>Off-balance-sheet items</b>					
Loan commitments	709,914	95,603,984	-	-	96,313,898
Guarantees and others	-	86,069,593	-	-	86,069,593
Letters of credits	-	3,575,495	-	2,904,460	6,479,955
Unutilised portion of overdrafts	-	20,501,875	-	-	20,501,875
<b>KHR'000 (Note 2.3)</b>	<b>709,914</b>	<b>205,750,947</b>	<b>-</b>	<b>2,904,460</b>	<b>209,365,321</b>
	<b>2,899,999</b>	<b>840,492,618</b>	<b>-</b>	<b>11,864,719</b>	<b>855,257,336</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.2 Market risk (continued)

#### 28.2.1 Foreign exchange risk (continued)

##### Sensitivity analysis

The Branch takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on their financial position and cash flows. The table below sets out the principal structure of foreign exchange exposures of the Branch:

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Asset/(Liability)</b>				
Khmer Riel (KHR)	(4,858,632)	(19,555,994)	(2,565,861)	(10,481,542)
China Yuan (CNY)	(106,366)	(428,123)	(23,117)	(94,433)
Others	85,886	345,694	60,489	247,100
	<b>(4,879,112)</b>	<b>(19,638,423)</b>	<b>(2,528,489)</b>	<b>(10,328,875)</b>

An analysis of the exposures to assess the impact of a five percent change in the foreign currency exchange rates to the profit after tax are as follows:

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Increase/(Decrease) -5%</b>				
Khmer Riel (KHR)	(204,574)	(823,410)	(108,036)	(441,327)
China Yuan (CNY)	(4,479)	(18,028)	(973)	(3,975)
Others	3,617	14,559	2,547	10,405
	<b>(205,436)</b>	<b>(826,879)</b>	<b>(106,462)</b>	<b>(434,897)</b>
	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Increase/(Decrease) +5%</b>				
Khmer Riel (KHR)	185,091	744,991	97,747	399,296
China Yuan (CNY)	4,052	16,309	881	3,599
Others	(3,272)	(13,170)	(2,305)	(9,416)
	<b>185,871</b>	<b>748,130</b>	<b>96,323</b>	<b>393,479</b>

#### 28.2.2 Price risk

The Branch is exposed to a securities price risk, due to the Branch held investment securities at FVOCI. To mitigate this price risk, the Branch allocated its investments in bonds based on liquidity differences to control price risks associated with liquidity factors. Additionally, the Branch emphasize the importance of effectively managing funding sources and aligning investment durations to minimize cash flow mismatch risks.



# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## **28. FINANCIAL RISK MANAGEMENT (continued)**

### **28.2 Market risk (continued)**

#### **28.2.3 Interest rate risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise.

The Branch's main interest rate risk arises from loans and advances to customers with variable rates, which exposes the Branch to cash flow interest rate risk. The Branch's loans and advances to customers consist of both fixed rates and variable rates, in which majority of the loans and advances to customers is at fixed rates (around 75% of the total loans and advances to customers, respectively).

The Branch has established a key risk indicator control system to effectively manage fair value interest rate risk, which includes metrics such as duration, Present Value of Basis Point (PVBP), Economic Value (EV), and Net Interest Income (NII) and Key Risk Indicators (KRIs). The branch's risk department is responsible for monitoring bond investments within set limits to ensure that the total scale of these investments and associated risks do not exceed authorized thresholds..

The management of the Branch at this stage does not have a policy to set limits on the level of mismatch of interest rate repricing that may be undertaken; however, the management regularly monitors the mismatch. In addition, the management regularly analyses and foresees the expected changes in the interest rates and manages cash flow interest rate risk by assessing its impacts and developed actions to respond to the interest rate risk.

The table below summarises the Branch's exposure to interest rate risks. It includes the Branch's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.2 Market risk (continued)

#### 28.2.3 Interest rate risk (continued)

As at 31 December 2024	Up to 1 month		1 to 3 months		3 to 12 months		1 to 5 years		Over 5 years		Non-interest rate sensitive		Total	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Financial assets</b>														
Cash on hand	-	-	-	-	-	-	-	-	-	-	21,477,698	-	21,477,698	21,477,698
Placements with the NBC	-	-	10,005,828	-	-	-	-	-	-	-	293,037,830	-	303,043,658	303,043,658
Placements with other banks	273,013,176	-	53,011,697	-	184,085,845	-	-	-	-	-	56,522,579	-	566,633,297	566,633,297
Loans and advances	7,087,913	-	38,858,195	-	113,549,147	-	344,858,943	-	351,830,593	-	-	-	856,184,791	856,184,791
Investment securities	-	-	49,701,846	-	243,776,586	-	-	-	-	-	-	-	293,478,432	293,478,432
Other financial assets	-	-	-	-	-	-	-	-	-	-	358,152	-	358,152	358,152
<b>Total financial assets</b>	<b>280,101,089</b>	<b>151,577,566</b>	<b>151,577,566</b>	<b>541,411,578</b>	<b>541,411,578</b>	<b>344,858,943</b>	<b>344,858,943</b>	<b>351,830,593</b>	<b>351,830,593</b>	<b>371,396,259</b>	<b>2,041,176,028</b>	<b>2,041,176,028</b>		
<b>Financial liabilities</b>														
Deposits from other banks and financial institutions	20,131,220	-	22,206,806	-	-	-	-	-	-	-	1,703,851	-	44,041,877	44,041,877
Deposits from customers	627,732,636	-	87,879,974	79,938,819	-	2,769,146	-	-	-	192,711,117	-	-	991,031,692	991,031,692
Borrowings	477,147,291	-	231,940,192	33,231,095	-	-	-	-	-	-	-	-	742,318,578	742,318,578
Lease liabilities	200,435	-	121,811	619,784	-	775,297	-	182,423	-	-	-	-	1,899,750	1,899,750
Other financial liabilities	-	-	-	-	-	-	-	-	-	-	18,960,790	-	18,960,790	18,960,790
<b>Total financial liabilities</b>	<b>1,125,211,582</b>	<b>342,148,783</b>	<b>342,148,783</b>	<b>113,789,698</b>	<b>113,789,698</b>	<b>3,544,443</b>	<b>3,544,443</b>	<b>182,423</b>	<b>182,423</b>	<b>213,375,758</b>	<b>1,798,252,687</b>	<b>1,798,252,687</b>		
<b>Net interest repricing gap</b>	<b>(845,110,493)</b>	<b>(190,571,217)</b>	<b>(190,571,217)</b>	<b>427,621,880</b>	<b>427,621,880</b>	<b>341,314,500</b>	<b>341,314,500</b>	<b>351,648,170</b>	<b>351,648,170</b>	<b>158,020,501</b>	<b>242,923,341</b>	<b>242,923,341</b>		
<b>KHR'000 (Note 2.3)</b>	<b>(3,401,569,734)</b>	<b>(767,049,147)</b>	<b>(767,049,147)</b>	<b>1,721,178,067</b>	<b>1,721,178,067</b>	<b>1,373,790,863</b>	<b>1,373,790,863</b>	<b>1,415,383,882</b>	<b>1,415,383,882</b>	<b>636,032,518</b>	<b>977,766,448</b>	<b>977,766,448</b>		
<b>Off-balance-sheet items</b>														
Guarantees and others	106,023,926	-	-	-	-	-	-	-	-	-	-	-	106,023,926	106,023,926
Loan commitments	99,305,980	-	-	-	-	-	-	-	-	-	-	-	99,305,980	99,305,980
Letters of credits	5,759,026	-	-	-	-	-	-	-	-	-	-	-	5,759,026	5,759,026
Unutilised portion of overdrafts	8,700,475	-	-	-	-	-	-	-	-	-	-	-	8,700,475	8,700,475
<b>Total off-balance-sheet items</b>	<b>219,789,407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>219,789,407</b>	<b>219,789,407</b>		
<b>KHR'000 (Note 2.3)</b>	<b>884,652,363</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>884,652,363</b>	<b>884,652,363</b>		

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.2 Market risk (continued)

#### 28.2.3 Interest rate risk (continued)

As at 31 December 2023		Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest rate sensitive	Total
		US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Financial assets</b>								
Cash on hand		-	-	-	-	-	23,671,855	23,671,855
Placements with the NBC		-	24,119,029	-	-	-	226,419,710	250,538,739
Placements with other banks		14,510,311	65,822,670	184,299,649	-	-	605,137,317	869,769,947
Loans and advances		26,211,441	65,338,933	111,162,201	352,207,217	316,227,177	-	871,146,969
Other financial assets		-	-	-	-	-	452,053	452,053
<b>Total financial assets</b>		<b>40,721,752</b>	<b>155,280,632</b>	<b>295,461,850</b>	<b>352,207,217</b>	<b>316,227,177</b>	<b>855,680,935</b>	<b>2,015,579,563</b>
<b>Financial liabilities</b>								
Deposits from other banks and financial institutions		24,743,769	5,011,667	-	-	-	4,867,327	34,622,763
Deposits from customers		561,085,878	62,567,105	111,696,752	1,900,313	-	231,283,506	968,533,554
Borrowings		447,935,420	336,856,228	-	-	-	-	784,791,648
Lease liabilities		186,538	85,431	475,159	1,246,488	346,043	-	2,339,659
Other financial liabilities		-	-	-	-	-	7,254,490	7,254,490
<b>Total financial liabilities</b>		<b>1,033,951,605</b>	<b>404,520,431</b>	<b>112,171,911</b>	<b>3,146,801</b>	<b>346,043</b>	<b>243,405,323</b>	<b>1,797,542,114</b>
<b>Net interest repricing gap</b>		<b>(993,229,853)</b>	<b>(249,239,799)</b>	<b>183,289,939</b>	<b>349,060,416</b>	<b>315,881,134</b>	<b>612,275,612</b>	<b>218,037,449</b>
<b>KHR'000 (Note 2.3)</b>		<b>(4,057,343,950)</b>	<b>(1,018,144,579)</b>	<b>748,739,401</b>	<b>1,425,911,799</b>	<b>1,290,374,432</b>	<b>2,501,145,878</b>	<b>890,682,981</b>
<b>Off-balance-sheet items</b>								
Loan commitments		96,313,898	-	-	-	-	-	96,313,898
Guarantees and others		86,069,593	-	-	-	-	-	86,069,593
Letters of credits		6,479,955	-	-	-	-	-	6,479,955
Unutilised portion of overdrafts		20,501,875	-	-	-	-	-	20,501,875
<b>KHR'000 (Note 2.3)</b>		<b>209,365,321</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209,365,321</b>
<b>KHR'000 (Note 2.3)</b>		<b>855,257,336</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>855,257,336</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.2 Market risk (continued)

#### 28.2.3 Interest rate risk (continued)

##### Sensitivity analysis

Profit or loss is sensitive to higher or lower interest income from financial instruments at floating rate as a result of changes in interest rates. There are no other components of equity sensitive to higher or lower interest income from financial instruments at floating rate as a result of changes in interest rates.

	Impact on post tax profit	
	US\$	KHR'000 (Note 2.3)
<b>2024</b>		
Interest rate increased by 1%	24,357,032	98,037,052
Interest rate decreased by 1%	18,240,901	73,419,628
<b>2023</b>		
Interest rate increased by 1%	18,797,124	77,256,180
Interest rate decreased by 1%	14,538,889	59,754,834

### 28.3 Liquidity risk

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

#### 28.3.1 Liquidity risk management process

The Branch's management monitors balance sheet liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and project for the next day, week and month respectively, as these are key periods for liquidity management. The management monitors the movement of the main depositors and projection of their withdrawals.

#### 28.3.2 Funding approach

The Branch's main sources of liquidities arise from shareholder's paid-up capital, borrowings and customers' deposits. The sources of liquidity are regularly reviewed daily through management's review of maturity of term deposits and key depositors.

The Branch is able to access immediately to short-term funding needs from its Head Office (ie. with term ranging from 1 day to a month) (refer to Note 27.4).

#### 28.3.3 Non-derivative cash flows

The table below presents the cash flows payable by the Branch under non-derivative financial liabilities based on remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Branch manages the inherent liquidity risk based on expected undiscounted cash flows.

The management considers there is no liquidity risk for its expected cash flow for the next twelve months since the financial liabilities are mostly from the short-term borrowings obtained from the Branch's related parties which are negotiable.

The amount disclosed in the table are the contractual undiscounted cash flow.

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.3 Liquidity risk (continued)

#### 28.3.3 Non-derivative cash flows (continued)

As at 31 December 2024

#### Financial assets

Cash on hand  
Placements with the NBC  
Placements with other banks  
Loans and advances  
Investment securities  
Other financial assets

#### Total financial assets

#### Financial liabilities

Deposits from banks  
Deposits from customers  
Borrowings  
Lease liabilities  
Other financial liabilities

#### Total financial liabilities

#### Net financial (liabilities)/ assets

KHR'000 (Note 2.3)

#### Off-balance sheet items

Guarantees and others  
Loan commitments  
Letters of credits  
Unutilised portion of overdrafts

KHR'000 (Note 2.3)

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Cash on hand	21,477,698	-	-	-	-	21,477,698
Placements with the NBC	293,181,114	10,025,679	-	-	-	303,206,793
Placements with other banks	329,908,439	53,673,779	190,387,084	-	-	573,969,302
Loans and advances	9,489,943	39,008,604	121,304,861	393,170,663	516,722,852	1,079,696,923
Investment securities	-	50,000,000	250,000,000	-	-	300,000,000
Other financial assets	475	148	16,967	340,562	-	358,152
<b>Total financial assets</b>	<b>654,057,669</b>	<b>152,708,210</b>	<b>561,708,912</b>	<b>393,511,225</b>	<b>516,722,852</b>	<b>2,278,708,868</b>
Deposits from banks	21,894,052	22,415,162	-	-	-	44,309,214
Deposits from customers	821,926,613	88,281,094	81,678,530	3,052,925	-	994,939,162
Borrowings	410,200,137	202,833,722	134,601,340	-	-	747,635,199
Lease liabilities	205,312	129,067	642,475	816,632	189,067	1,982,553
Other financial liabilities	17,126,519	-	606	-	-	17,127,125
<b>Total financial liabilities</b>	<b>1,271,352,633</b>	<b>313,659,045</b>	<b>216,922,951</b>	<b>3,869,557</b>	<b>189,067</b>	<b>1,805,993,253</b>
<b>Net financial (liabilities)/ assets</b>	<b>(617,294,964)</b>	<b>(160,950,835)</b>	<b>344,785,961</b>	<b>389,641,668</b>	<b>516,533,785</b>	<b>472,715,615</b>
<b>KHR'000 (Note 2.3)</b>	<b>(2,484,612,230)</b>	<b>(647,827,111)</b>	<b>1,387,763,493</b>	<b>1,568,307,714</b>	<b>2,079,048,485</b>	<b>1,902,680,351</b>
Guarantees and others	106,099,075	-	-	-	-	106,099,075
Loan commitments	100,414,291	-	-	-	-	100,414,291
Letters of credits	5,760,995	-	-	-	-	5,760,995
Unutilised portion of overdrafts	8,700,475	-	-	-	-	8,700,475
<b>Off-balance sheet items</b>	<b>220,974,836</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>220,974,836</b>
<b>KHR'000 (Note 2.3)</b>	<b>889,423,715</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>889,423,715</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.3 Liquidity risk (continued)

#### 28.3.3 Non-derivative cash flows (continued)

As at 31 December 2023

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
<b>Financial assets</b>						
Cash on hand	23,671,855	-	-	-	-	23,671,855
Placements with the NBC	226,432,813	24,153,329	-	-	-	250,586,142
Placements with other banks	619,675,123	66,836,970	189,603,060	-	-	876,115,153
Loans and advances	38,799,724	66,332,118	114,274,720	397,326,144	818,576,321	1,435,309,027
Other financial assets	10,192	150	13,561	428,150	-	452,053
<b>Total financial assets</b>	<b>908,589,707</b>	<b>157,322,567</b>	<b>303,891,341</b>	<b>397,754,294</b>	<b>818,576,321</b>	<b>2,586,134,230</b>
<b>Financial liabilities</b>						
Deposits from banks	29,656,324	5,050,571	-	-	-	34,706,895
Deposits from customers	796,422,880	62,817,581	113,338,407	2,089,262	-	974,668,130
Borrowings	447,963,468	337,175,785	-	-	-	785,139,253
Lease liabilities	78,170	132,667	584,528	1,320,908	276,695	2,392,968
Other financial liabilities	5,553,230	-	100,606	-	-	5,653,836
Total financial liabilities	<b>1,279,674,072</b>	<b>405,176,604</b>	<b>114,023,541</b>	<b>3,410,170</b>	<b>276,695</b>	<b>1,802,561,082</b>
<b>Net financial assets/(liabilities)</b>	<b>(371,084,365)</b>	<b>(247,854,037)</b>	<b>189,867,800</b>	<b>394,344,124</b>	<b>818,299,626</b>	<b>783,573,148</b>
<b>KHR'000 (Note 2.3)</b>	<b>(1,515,879,631)</b>	<b>(1,012,483,741)</b>	<b>775,609,963</b>	<b>1,610,895,747</b>	<b>3,342,753,972</b>	<b>3,200,896,310</b>
<b>Off-balance sheet items</b>						
Loan commitments	96,543,855	-	-	-	-	96,543,855
Guarantees and others	86,096,105	-	-	-	-	86,096,105
Letters of credits	6,484,518	-	-	-	-	6,484,518
Unutilised portion of overdrafts	20,501,875	-	-	-	-	20,501,875
	<b>209,626,353</b>	-	-	-	-	<b>209,626,353</b>
<b>KHR'000 (Note 2.3)</b>	<b>856,323,652</b>	-	-	-	-	<b>856,323,652</b>



# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## **28. FINANCIAL RISK MANAGEMENT (continued)**

### **28.4 Fair value of financial assets and liabilities**

#### **28.4.1 Financial instruments measured at fair value**

Fair value of both collecting contractual cash flows and selling financial assets through other comprehensive income investments securities are under level 1 fair values in the fair value hierarchy. (Note 8)

#### **28.4.2 Financial instruments not measured at fair value**

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

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

##### *i. Placements with the NBC and other banks*

The carrying amounts of placements with the NBC and other banks approximate their fair values, since these accounts consist mostly of current, savings and short-term deposits.

##### *ii. Loans and advances to customers*

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

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

##### *iii. Deposits from banks and customers*

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

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

##### *iv. Other financial assets and other financial liabilities*

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

##### *v. Borrowings*

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

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.5 Capital management

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

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

The NBC requires all commercial banks or branch to i) hold the minimum capital requirement, ii) maintain the Branch's net worth at least equal to the minimum capital and iii) comply with solvency and liquidity coverage ratios.

The table below summarises the composition of regulatory capital:

	2024		2023	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Tier 1 capital</b>				
Share capital	150,000,000	600,000,000	150,000,000	600,000,000
Retained earnings	84,084,296	337,501,000	71,478,994	288,804,000
	<b>234,084,296</b>	<b>937,501,000</b>	<b>221,478,994</b>	<b>888,804,000</b>
<b>Tier 2 complementary capital</b>				
General provision	19,314,780	77,741,990	19,195,257	78,412,625
	<b>19,314,780</b>	<b>77,741,990</b>	<b>19,195,257</b>	<b>78,412,625</b>
	<b>253,399,076</b>	<b>1,015,242,990</b>	<b>240,674,251</b>	<b>967,216,625</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 29. MATURITY PROFILE OF ASSETS AND LIABILITIES

The following table shows an analysis of assets and liabilities as to whether they are expected to be recovered or settled within one year or beyond one year from the end of reporting period:

	2024		2023	
	Within one year US\$	Beyond one year US\$	Total US\$	Total US\$
<b>Financial assets</b>				
Cash on hand	21,477,698	-	21,477,698	23,671,855
Placements with the NBC	303,192,685	-	303,192,685	250,557,663
Placements with other banks	568,469,151	-	568,469,151	870,509,390
Loans and advances	170,347,243	721,321,349	891,668,592	903,087,068
Investment securities	293,510,670	-	293,510,670	-
Other financial assets	17,590	340,562	358,152	428,150
	<b>1,357,015,037</b>	<b>721,661,911</b>	<b>2,078,676,948</b>	<b>1,361,794,487</b>
				<b>686,483,542</b>
<b>Non-financial assets</b>				
Statutory deposits with the central bank	-	128,903,789	128,903,789	113,810,000
Right-of-use assets	-	1,733,825	1,733,825	2,169,909
Property and equipment	-	1,430,409	1,430,409	1,480,356
Deferred tax assets	-	5,725,666	5,725,666	3,563,110
Other non-financial assets	-	472,887	472,887	458,262
	-	<b>138,266,576</b>	<b>138,266,576</b>	<b>121,481,637</b>
<b>Total financial and non-financial assets</b>			<b>2,216,943,524</b>	<b>2,169,759,666</b>
Allowance for ECL			(37,500,920)	(32,698,466)
<b>Total assets</b>			<b>2,179,442,604</b>	<b>2,137,061,200</b>
<b>KHR'000 (Note 2.3)</b>			<b>8,772,256,481</b>	<b>8,729,895,003</b>

# BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

## 29. MATURITY PROFILE OF ASSETS AND LIABILITIES (continued)

	2024		2023			
	Within one year US\$	Beyond one year US\$	Total US\$	Within one year US\$	Beyond one year US\$	Total US\$
<b>Financial liabilities</b>						
Deposits from banks	44,041,877	-	44,041,877	34,622,763	-	34,622,763
Deposits from customers	988,262,546	2,769,146	991,031,692	966,633,241	1,900,313	968,533,554
Borrowings	742,318,578	-	742,318,578	784,791,648	-	784,791,648
Lease liabilities	942,030	957,720	1,899,750	747,128	1,592,531	2,339,659
Other financial liabilities	18,960,790	-	18,960,790	7,254,490	-	7,254,490
	<b>1,794,525,821</b>	<b>3,726,866</b>	<b>1,798,252,687</b>	<b>1,794,049,270</b>	<b>3,492,844</b>	<b>1,797,542,114</b>
<b>Non-Financial liabilities</b>						
Current income tax liabilities	11,112,670	-	11,112,670	8,077,549	-	8,077,549
Other non-financial liabilities	-	2,068,602	2,068,602	-	1,074,766	1,074,766
	<b>11,112,670</b>	<b>2,068,602</b>	<b>13,181,272</b>	<b>8,077,549</b>	<b>1,074,766</b>	<b>9,152,315</b>
<b>Total financial and non-financial liabilities</b>			<b>1,811,433,959</b>			<b>1,806,694,429</b>
<b>KHR'000 (Note 2.3)</b>			<b>7,291,021,685</b>			<b>7,380,346,743</b>

## BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2024

### **30. EVENTS AFTER REPORTING PERIOD**

Other than as disclosed elsewhere in these financial statements, at the date of this report, there were no events which occurred subsequent to 31 December 2024 that had significant impact on the financial position of the Branch as at 31 December 2024.

### **31. 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 and its subsidiaries could be significant.

