

ANNUAL REPORT 2023

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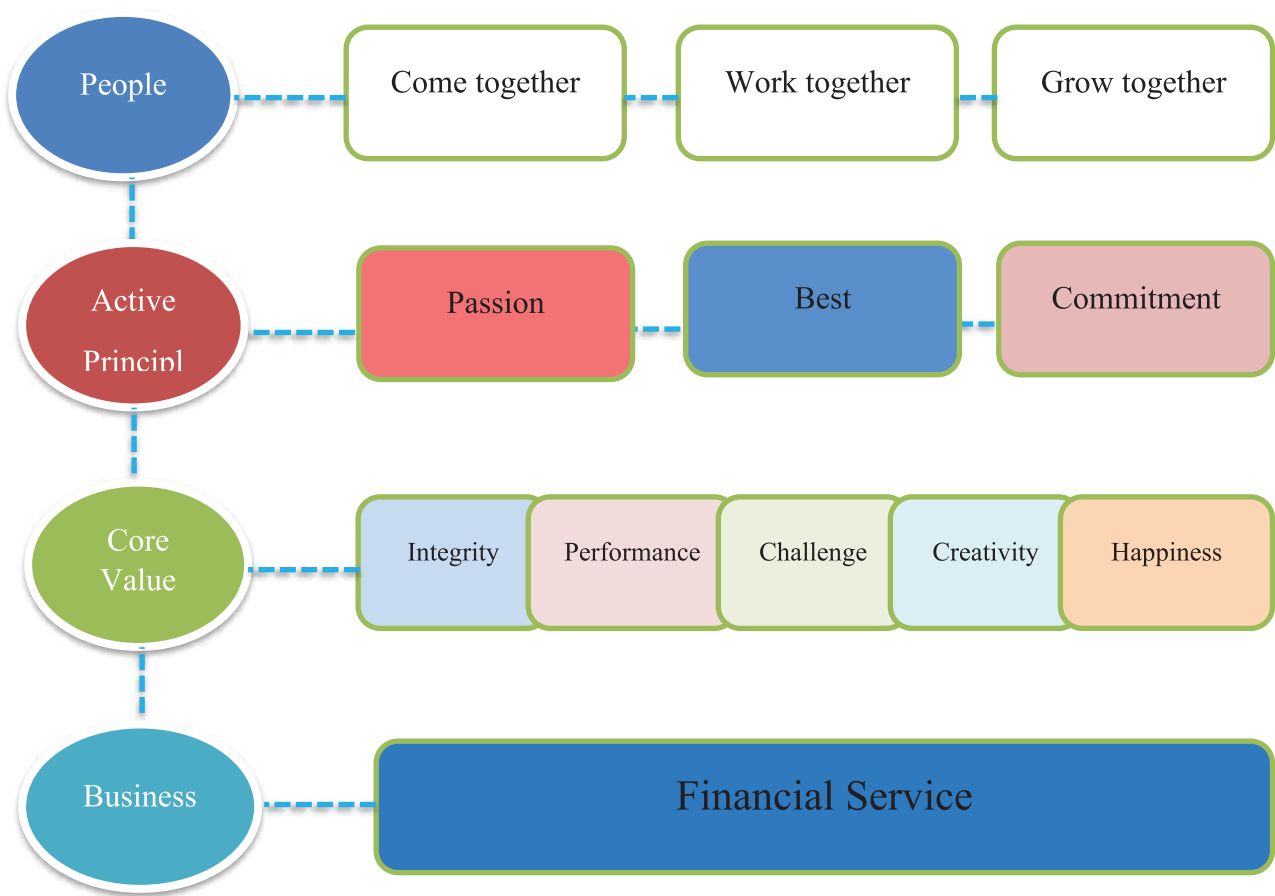
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VISION

To become the pioneering and sustainable financial institution in Cambodia.

MISSION

To make people happy with more flexibility to accommodate. And to improve the economic and social conditions of Cambodian low-income family, especially those of small and micro enterprises by providing the best financial services.



MESSAGE FROM CEO



Cam Capital Plc (“the Company”) is a public limited company (private enterprise) having its Head Quarter at #318, St 271, Village 5, Sangkat Steung Meanchey Ti 2, Khan Meanchey, Phnom Penh and having its business registration No: 000269986. The Company has been established in the purposes and dreams of DGB Capital Co., LTD, which is the company’s sole shareholder.

For the year 2023, which is another milestone in the operation of our Cam Capital Public Limited Company. Despite the challenges posed by the dynamic and evolving aspects of the economy, I am still proud to report that our company has not only withstood the storm, but has also emerged. Stronger and more durable than ever before.

Throughout 2023, we remain committed to our commitment to financial inclusion and empowering individuals and communities through access to key financial services and compliance with National Bank of Cambodia Prakas and Cambodia as well as the laws of the Kingdom of Cambodia. All of our unwavering dedication to our mission has allowed us to make a positive impact on the lives of hundreds of individuals by helping them build sustainable lives and achieve their dreams.

Obviously, 2023 is a year of growth and innovation for our Cam Capital Public Limited Company. We have expanded our reach by opening new branches in the community and in low-income areas that allow us to reach more customers and provide them with the financial tools they need to grow their business. Let them grow even more. We also introduce new products and services that meet the specific needs of our customers, strengthen our financial capabilities and opportunities for further growth.

Our focus on technology and digital innovation will play a key role in driving our success in 2023. By embracing digital exchanges such as the use of payment services through agency and other banking services that can streamline our operations, improve efficiency and enhance the overall customer experience.

More than to providing financial services, Cam Capital Public Limited Company Plc. Also participates in charitable activities to contribute to the society. As a result, we are launching a CSR (Corporate Social Responsibility) program to contribute to community development by partnering with local NGOs to help local schools by building playgrounds, football tables and providing study materials to students there. Also. In addition, we continue social work and vocational training in order to contribute to the development of our society. We remain committed to the core values of integrity, transparency and social responsibility. We will continue to prioritize the needs of our clients and work tirelessly to create an inclusive and sustainable financial ecosystem for all.

Finally, I would like to sincerely thank the team members for their hard work and commitment, which are important to our success. I would also like to thank our shareholders, partners and stakeholders for their unwavering support and trust in our vision. Also, I would like to express my deep gratitude for the enthusiastic contribution of all my staff to show the great potential to all customers forever. Together we have achieved great things in 2023 and I believe that the best is yet to come for our Campus Microfinance Institution. I look forward to continuing this journey with all of you as we strive to create an equitable and prosperous future for all.

Sincerely,

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Ros Thearith', is displayed within a light gray rectangular box.

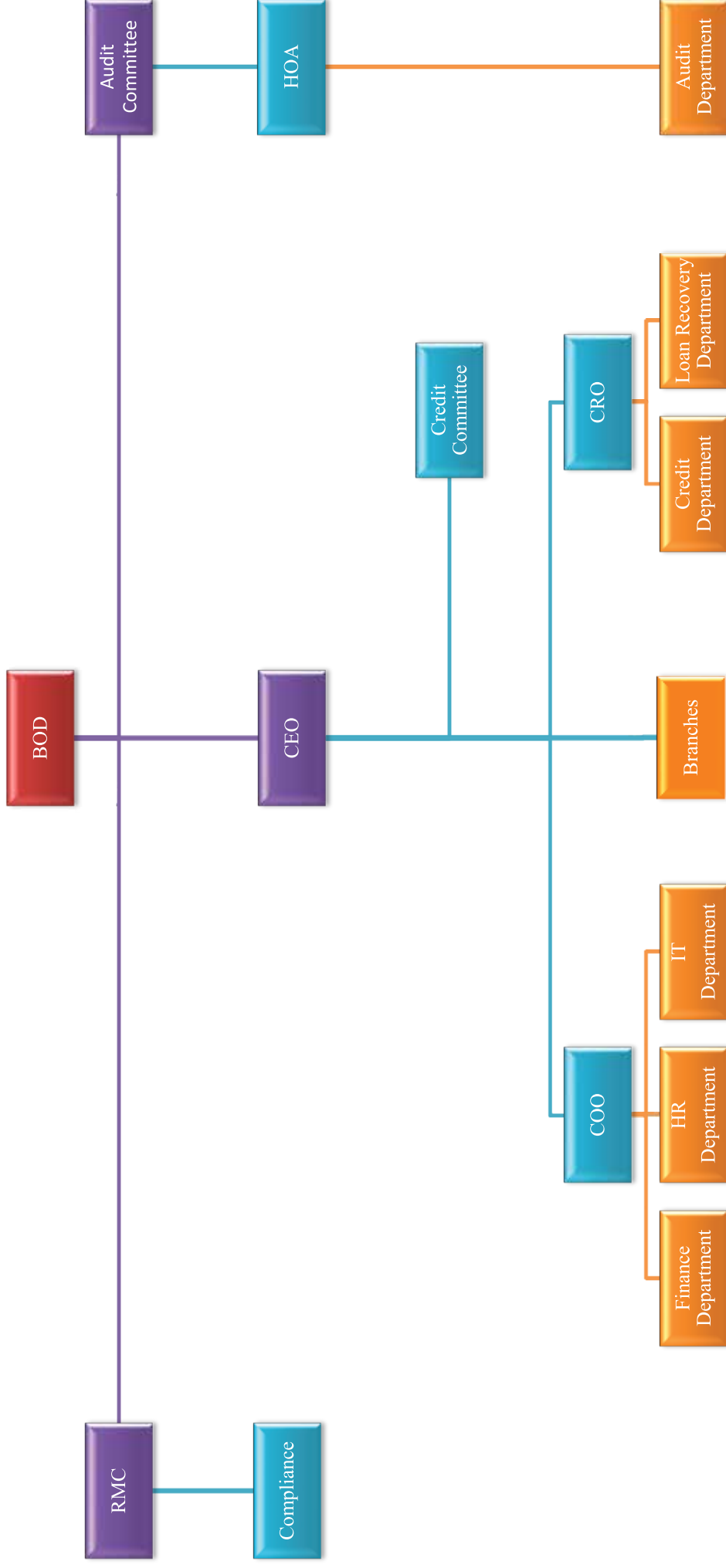
Ros Thearith, CEO

ACTIVITES OF CSR



Good Neighbours Cambodia – Cam Capital Public Limited Company Visited and Handed Out Gift Materials to Students in Kok Ches Primary School.

ORGANIZATION CHART



SHARE CAPITAL AND SHAREHOLDERS



Cam Capital Public Limited Company has increased register capital from US\$ 10,000,000 to US\$ 15,000,000 or KHR 60,000,000,000 as at 31 December 2023 and ordinary shares have been fully subscribed and paid up by the following shareholder(s) according to their respective shareholding ratio in the company. The Company's shareholder(s) are as follows:

Ownership	Number of Shares	Amount in US\$	% of Ownership
DGB Capital Co., Ltd.	15,000,000	15,000,000 USD	100%
Total	15,000,000	15,000,000 USD	100%

Note: Ordinary Shares with a par value of USD 1 (One US Dollar) per share.

BOARD OF DIRECTORS

Mr. Kim Byeong Hee

Education:

- Master of Applied statistics, Yonsei University, Korea (1992, Korea)

Work Experience:

- President, DGB Capital CO., LTD, Korea (Present)
- President, Korean Credit-Card Electronic-Settlement Service, Seoul, Korea (Mar 2020-Jan 2022)
- Vice President, Hyundai Capital, Seoul, Korea (Mar 2016-Mar 2020)
- Vice President, Hyundai Commercial, Seoul, Korea (Jan 2012-Sep 2018)



Mr. Yun Jeong Kwon

Education:

Bachelor of Business Administration,
Sogang University, (1993, Korea)

Work Experience:

- CSO, CFO, DGB Capital CO., LTD, Seoul, Korea (Oct 2015-Present)
- Head of Daegu Branch, Hyosung Capital, Seoul, Korea (Oct 2012-Oct 2015)
- Vice President, Hyundai Commercial, Seoul, Korea (Jan 2012-Sep 2018)



Mr. Seo Dong Pil

Education:

- Master of Business Administration (MBA),
KonKuk University, Korea
- Bachelor of Arts and Crafts, KonKuk University, Korea

Work Experience:

- 3S.H International / President / Cambodia
- Daum Communication (Listed at KOSDAQ) / HR Team Manager / Korea



HEAD OFFICE AND BRANCHES

Head Office

Address : No.318, Street No 271, Phum 5, Sangkat Stueng Mean Chey 2, Khan Mean Chey, Phnom Penh, Cambodia.

Tell : 023 991 999

Email : info@camcapitalplc.com

Chaom Chau Branch

Address : No. 01 and 02, National Road No 3, Krang Doun Tey Village, Sangkat Chaom Chau 2, Khan Pur SenChey, Phnom Penh, Cambodia.

Tell : 023 991 988

Email : chc@camcapitalplc.com

Dangkao Branch

Address : No.93, Street 217, Borey Kamkor Village, Sangkat Cheng Erk, Khan Dangkao, Phnom Penh, Cambodia.

Tell : 023 991 977

Email : dnk@camcapitalplc.com

Chraoy Chongvar Branch

Address : No. F35&F36, National Road No 6A, Phum Khtor, Sangkat Preaek Lieb, Khan Chraoy Chongvar, Phnom Penh, Cambodia.

Tell : 023 991 966

Email : ccv@camcapitalplc.com

Angk Snuol Branch - Peuk Commune

Address : Phum Angk Snuol Ti Pir, Peuk Commune, Angk Snuol District, Kandal Province.

Tell : 024 991 955

Email : asn@camcapitalplc.com

LOAN PRODUCT



General Loan shall be provided for working capital, expansion of current business or any other business purpose and personal purpose of borrowers (the “Borrower”). The loan shall be provided based on the income stream, repayment capacity of the Borrower and collateral for the loan.

Staff Loan is to provide urgent funds to staff of the Company with a reasonable loan rate.

E9 VISA Loan shall be provided by Cam Capital Public Limited Company (“Company”) for personal purpose of borrowers (“Borrower”) who has a plan to work in South Korea. The loan shall be provided based on the income stream, repayment capacity of the Borrower for the loan.

Construction Equipment Loans are offered by Cam Capital Public Limited Company (“Company”) to individuals and corporations for purchase of construction equipment or machinery for their business uses.

DIRECTOR'S REPORT

The Directors hereby submit their report and the audited financial statements of Cam Capital Public Limited Company ("the Company") for the financial year ended 31 December 2023.

Principal activity

The principal activity of the Company is to provide microfinance services to low-income individuals and small and medium enterprises through its offices in Cambodia. There have been no significant changes in the nature of these activities during the financial year.

Results of operations

	US\$	KHR'000
Loss for the financial year	<u>488,539</u>	<u>2,007,894</u>

Dividends

The Directors do not recommend the payment of any dividend for the current financial year.

Reserves and provisions

During the financial year, there was a transfer of US\$1,885,699 from accumulated losses to regulatory reserve.

Bad and doubtful loans

Before the statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad loans and the making of allowance for doubtful loans and satisfied themselves that there were no known bad loans and that adequate allowance had been made for doubtful loans.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off bad loans or the amount of the allowance for doubtful loans in the financial statements of the Company inadequate to any material extent.

Current assets

Before the statement of comprehensive income and statement of financial position were made out, the Directors took reasonable steps to ensure that for any current assets which were unlikely to be realized in the ordinary course of business, their values as shown in the accounting records of the Company have been written down to an amount expected if realized.

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

Valuation methods

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

Contingent and other liabilities

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

- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

Change of circumstances

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

Items of an unusual nature

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the financial year for which this report is made.

Share capital

The Company did not issue any shares during the current financial year.

No option to take up unissued shares in the Company was granted during the financial year and there were no shares under options at the end of the financial year in respect of shares in the Company.

Directors

The Directors who have held for office since the date of the last report are:

Mr. Kim Byeong Hee

Mr. Yun Jeong Kwon

Mr. Seo Dong Pil

Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, the Directors have not received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Directors' responsibility in respect of the financial statements

The Directors are responsible to ascertain that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and cash flows for the financial year then ended. In preparing these financial statements, the Directors are required to:

- (a) adopt appropriate accounting policies which are supported by reasonable judgements and estimates and then apply them consistently;
- (b) comply with the disclosure requirements of the Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRSs for SMEs") and the guidelines issued by the National Bank of Cambodia relating to the preparation and presentation of financial statements or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (c) maintain adequate accounting records and an effective system of internal controls;
- (d) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and
- (e) control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Statement by the Directors

In the opinion of the Directors, the financial statements set out on pages 8 to 33 have been drawn up in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities and the guidelines issued by the National Bank of Cambodia so as to give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and cash flows for the financial year then ended.

Sign on behalf of the Board,



Seo Dong Pil

Independent Director

Phnom Penh, Kingdom of Cambodia

26 April 2024

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF
CAM CAPITAL PUBLIC LIMITED COMPANY
(Incorporated in Cambodia)
(Registration No: 00026986)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cam Capital Public Limited Company (“the Company”), which comprise statement of financial position as at 31 December 2023, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 18 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities and the guidelines issued by the National Bank of Cambodia.

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Information Other than the Financial Statements and Auditors’ Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors’ Report but does not include the financial statements of the Company and our auditors’ report thereon.

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

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities and the guidelines issued by the National Bank of Cambodia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, 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 Company's internal control.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors 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.

Other Matter

This report is made solely to the shareholder of the Company, as a body. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Company for the financial year ended 31 December 2022 was audited by another firm of Certified Public Accountants, whose report dated 27 April 2023 expressed an unqualified opinion on those statements.



**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**



	Note	2023		2022	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Cash on hand	6	145,615	594,837	168,648	694,324
Balances with National Bank of Cambodia	7	764,641	3,123,558	755,226	3,109,265
Balances with other banks	8	3,549,567	14,499,981	2,502,241	10,301,726
Loans to customers	9	44,352,479	181,179,877	41,874,541	172,397,485
Other receivables	10	217,731	889,431	232,675	957,923
Property and equipment	11	1,173,462	4,793,592	1,260,486	5,189,421
Intangible asset	12	76,918	314,210	166,263	684,505
TOTAL ASSETS		50,280,413	205,395,486	46,960,080	193,334,649
LIABILITIES AND EQUITY					
LIABILITIES					
Borrowings	13	38,077,752	155,547,617	34,118,598	140,466,268
Other payables	14	211,111	862,388	361,697	1,489,106
Current tax liabilities		5,216	21,307	4,912	20,223
TOTAL LIABILITIES		38,294,079	156,431,312	34,485,207	141,975,597
EQUITY					
Share capital	15	15,000,000	60,000,000	15,000,000	60,000,000
Regulatory reserve	16	2,505,239	10,279,150	619,540	2,528,927
Accumulated losses		(5,518,905)	(22,514,610)	(3,144,667)	(12,756,493)
Currency translation difference		-	1,199,634	-	1,586,618
TOTAL EQUITY		11,986,334	48,964,174	12,474,873	51,359,052
TOTAL LIABILITIES AND EQUITY		50,280,413	205,395,486	46,960,080	193,334,649

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	2023		2022	
		US\$	KHR'000	US\$	KHR'000
Interest income	17	6,245,216	25,667,838	4,355,267	17,799,976
Interest expense	18	(2,430,822)	(9,990,678)	(1,090,943)	(4,458,684)
Net interest income		3,814,394	15,677,160	3,264,324	13,341,292
Allowance for doubtful loans	9	(845,093)	(3,473,332)	(80,440)	(328,758)
Other operating income	19	7,538	30,981	57,219	233,854
Personnel expenses	20	(1,536,277)	(6,314,098)	(1,232,906)	(5,038,887)
Depreciation and amortization expenses	21	(498,108)	(2,047,224)	(412,060)	(1,684,089)
General and administrative expenses	22	(1,368,926)	(5,626,286)	(1,265,118)	(5,170,537)
(Loss)/Profit before tax		(426,472)	(1,752,799)	331,019	1,352,875
Tax expense	23	(62,067)	(255,095)	(44,567)	(182,145)
(Loss)/Profit for the financial year		(488,539)	(2,007,894)	286,452	1,170,730
Other comprehensive (loss)/income, net of tax					
Items that may be reclassified subsequently to profit or loss					
- foreign currency translations		-	(386,984)	-	902,695
Total comprehensive (loss)/income for the financial year		(488,539)	(2,394,878)	286,452	2,073,425

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Share capital		Regulatory reserve		Accumulated losses		Currency translation difference		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	KHR'000	US\$	KHR'000	
Balance as at 1 January 2022	10,000,000	40,000,000	164,761	670,246	(2,976,340)	(12,068,542)	683,923	7,188,421	29,285,627	
Profit for the financial year	-	-	-	-	286,452	1,170,730	-	286,452	1,170,730	
Foreign currency translations	-	-	-	-	-	-	902,695	-	902,695	
Total comprehensive income	-	-	-	-	286,452	1,170,730	902,695	286,452	2,073,425	
Transaction with owner										
Share issue	5,000,000	20,000,000	-	-	-	-	-	5,000,000	20,000,000	
Transfer to regulatory reserve	-	-	454,779	1,858,681	(454,779)	(1,858,681)	-	-	-	
Total transaction with owner	5,000,000	20,000,000	454,779	1,858,681	(454,779)	(1,858,681)	-	5,000,000	20,000,000	
Balance as at 31 December 2022	15,000,000	60,000,000	619,540	2,528,927	(3,144,667)	(12,756,493)	1,586,618	12,474,873	51,359,052	
Loss for the financial year	-	-	-	-	(488,539)	(2,007,894)	-	(488,539)	(2,007,894)	
Foreign currency translations	-	-	-	-	-	-	(386,984)	-	(386,984)	
Total comprehensive loss	-	-	-	-	(488,539)	(2,007,894)	(386,984)	(488,539)	(2,394,878)	
Transaction with owner										
Transfer to regulatory reserve, representing total transaction with owner	-	-	1,885,699	7,750,223	(1,885,699)	(7,750,223)	-	-	-	
Balance as at 31 December 2023	15,000,000	60,000,000	2,505,239	10,279,150	(5,518,905)	(22,514,610)	1,199,634	11,986,334	48,964,174	

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	2023		2022	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
(Loss)/Profit before tax		(426,472)	(1,752,799)	331,019	1,352,875
Adjustments for:					
Allowance for doubtful loans	9	845,093	3,473,332	80,440	328,758
Amortisation of intangible asset	12	89,345	367,208	89,344	365,149
Depreciation of property and equipment	11	408,763	1,680,016	322,716	1,318,940
Operating profit before working capital changes		916,729	3,767,757	823,519	3,365,722
Changes in working capital					
			(13,657,657)	(21,696,366)	(88,673,048)
Loan to customers		(3,323,031)	7)	)	)
Other receivables		14,944	61,420	(71,050)	(290,381)
Other payables		(191,432)	(786,786)	180,811	738,974
Statutory deposit		-	-	(250,000)	(1,021,750)
Cash used in operations		(2,582,790)	(10,615,266)	(21,013,086)	(85,880,483)
Income tax paid		(61,763)	(253,846)	(42,017)	(171,723)
Net cash used in operating activities		(2,644,553)	(10,869,112)	(21,055,103)	(86,052,206)
Cash flows from investing activity					
Purchase of property and equipment, representing net cash used in investing activity	11	(321,739)	(1,322,347)	(709,680)	(2,900,462)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	15	-	-	5,000,000	20,435,000
Drawdown of bank borrowings		4,000,000	16,440,000	18,000,000	73,566,000
Net cash from financing activities		4,000,000	16,440,000	23,000,000	94,001,000
Net increase in cash and cash equivalents		1,033,708	4,248,541	1,235,217	5,048,332
Cash and cash equivalents at beginning of financial year		2,676,115	11,017,565	1,440,898	5,888,950
Exchange difference on translation		-	(111,480)	-	80,283
Cash and cash equivalents at end of financial year		3,709,823	15,154,626	2,676,115	11,017,565

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (continued)

Cash and cash equivalents comprise the following:

	Note	2023		2022	
		US\$	KHR'000	US\$	KHR'000
Cash on hand	6	145,615	594,837	168,648	694,324
Balances with National Bank of Cambodia (excluding statutory deposit)	7	14,641	59,808	5,226	21,515
Balances with other banks	8	3,549,567	14,499,981	2,502,241	10,301,726
		<u>3,709,823</u>		<u>2,676,115</u>	
		<u>15,154,626</u>		<u>11,017,565</u>	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. CORPORATE INFORMATION

The Company was registered on 23 June 2015 as a private limited company in the Kingdom of Cambodia.

The Company obtained its license from the National Bank of Cambodia (“NBC”) to operate as a microfinance institution on 2 December 2019.

The registered office and principal place of business of the Company is No. 318, Street 271, Phum 5, Sangkat Stueng Mean Chey 2, Khan Mean Chey, Phnom Penh, Kingdom of Cambodia.

The holding company is DGB capital Co., Ltd, which is incorporated in South Korea.

The financial statements were authorized for issue by the Board of Directors on 26 April 2024.

2. PRINCIPAL ACTIVITY

The principal activity of the Company is to provide microfinance services to low-income individuals and small and medium enterprises through its offices in Cambodia. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRSs for SMEs”) as issued by the Accounting and Auditing Regulator (“ACAR”) of the Ministry of Economy and Finance and the guidelines issued by the NBC relating to the preparation and presentation of financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with CIFRSs for SMEs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the financial statements. Although these estimates and assumptions are based on the Directors’ best knowledge of events and actions, actual results could differ from those estimates.

SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of accounting (continued)

The financial statements are presented in United States Dollar (“US\$”), which is also the Company’s functional currency. Additional disclosures are also made in Khmer Riel (“KHR”) to meet the requirements of the Law on Accounting and Auditing. Translations to KHR are presented in the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and the notes to the financial statements as at and for the financial year ended 31 December 2023 of the Company using the following closing and average rates of exchange:

		Closing rate	Average rate
31 December 2023	US\$1 =	KHR4,085	KHR4,110
31 December 2022	US\$1 =	KHR4,117	KHR4,087

These KHR amounts represent additional supplementary information and should not be construed as representations that the US\$ amounts represent, or have been or could be, converted into KHR at that or any other rate.

4.2 Balances with National Bank of Cambodia

Balances with National Bank of Cambodia are carried at amortized cost using effective interest method. Balances with National Bank of Cambodia represent mandatory reserve deposits and cash maintained with the National Bank of Cambodia in compliance with the Law on Banking and Financial Institutions (“LBFI”). Statutory deposits are not available to finance the Company’s day-to-day operations hence are not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

4.3 Property and equipment

All items of property and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values over their estimated useful lives. The principal depreciation periods are as follows:

Leasehold improvements	5 years
Computer and IT equipment	5 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	5 years

At the end of each reporting period, the carrying amount of an item of property and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.5 to the financial statements on impairment of non-financial assets).

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.4 Intangible asset

Intangible asset with finite useful lives that are acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible asset with indefinite useful lives that are acquired separately are carried at cost less any accumulated impairment losses.

4.5 Impairment of non-financial assets

The carrying amount of assets, except for financial assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Intangible asset that has an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognized in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognized in profit or loss immediately.

An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Such reversals are recognized as income immediately in profit or loss.

4.6 Leases

(a) Finance leases

Assets acquired under finance leases which transfer substantially all the risks and rewards of ownership to the Company are recognized initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each

determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Company's incremental borrowing rate is used. Any initial direct costs incurred by the Company are added to the amount recognized as an asset. The assets are capitalized as property and equipment and the corresponding obligations are treated as liabilities. The property and equipment capitalized are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognized in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease liabilities.

(b) **Operating leases**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

(c) **Leases of land and buildings**

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognized for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.7 **Financial instruments**

An entity shall recognize a financial asset or a financial liability only when the entity becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is recognized initially at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction.

Loans to customers and other receivables are recognized initially at the transaction price. Subsequently, they are measured at amortized cost using the effective interest method, less any impairment. At the end of each reporting period, the carrying amounts of loans to customers and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit or loss.

Other payables and borrowings are recognized initially at transaction price. After initial recognition they are measured at amortized cost using the effective interest method. Trade payables are on normal credit terms and do not bear interest.

4.8 Impairment of financial assets

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognized. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

The Company collectively considers factors such as the probability of bankruptcy or significant financial difficulties, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss has occurred. Other factors may also be evidence of impairment, including the restructuring of a loan, disappearance of an active market for a security and adverse changes that have taken place in the economic environment.

If there is objective evidence that an impairment loss has been incurred for loans which are deemed to be individually significant, the amount of loss is measured as the difference between the carrying amount of loans and the present value of estimated future cash flows discounted at the original effective interest rate of the loans. The carrying amount of the loans is reduced through the use of an impairment allowance account and the amount of the impairment loss is recognised in the statement of comprehensive income.

Loans which are not individually significant and that have been individually assessed with no evidence of impairment loss are grouped together for collective impairment assessment. These loans are grouped within similar credit risk characteristics for collective assessment, whereby data from the loans, advances and financing portfolio (such as credit quality, levels of arrears, credit utilization, loan to collateral ratios, etc.) and concentrations of risks (such as the performance of different individual groups) are taken into consideration.

If, in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date. The amount of impairment reversed is recognized in profit or loss.

4.9 Regulatory reserve

Regulatory reserve is maintained in addition to the allowance for doubtful loans that has been assessed and recognized in accordance with CIFRS for SMEs and which has been transferred from the retained earnings, in accordance with NBC's Prakas No. B7-017-344 Pro Kor dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018.

NBC guidelines require microfinance institutions to classify their loan portfolio into the following five classes and ensure that the minimum mandatory level of specific allowance is made:

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Regulatory reserve (continued)

Classification	Number of days past due	Allowance
Short-term loans (less than one year):		
General		
Normal	0 - 14 days	1%
Specific		
Special mention	15 - 30 days	3%
Sub-standard	31 - 60 days	20%
Doubtful	61 - 90 days	50%
Loss	91 days or more	100%
Long-term loans (more than one year):		
General		
Normal	0 - 29 days	1%
Specific		
Special mention	30 - 89 days	3%
Sub-standard	90 - 179 days	20%
Doubtful	180 - 359 days	50%
Loss	360 days or more	100%

In accordance with Article 73 of Prakas No. B7-017-344 Pro Kor, the Company shall compare the allowance calculated in accordance with above requirements and the Company's allowance recorded under CIFRS for SMEs:

- (a) If the regulatory allowance is lower, the Company records the allowance calculated in accordance with CIFRS for SMEs; and
- (b) If the regulatory allowance is higher, the Company records the allowance calculated in accordance with CIFRS for SMEs and transfer the difference from retained earnings to regulatory reserve in equity.

4.10 Income taxes

Income taxes include all taxes on taxable profit. Taxes in the statement of comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws and include all taxes based upon the taxable profits.

(c) Deferred tax

A deferred tax asset or liability is recognized for tax recoverable or payable in future periods as a result of past transactions or events. Deferred tax arises from differences (known as temporary differences) between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their corresponding tax bases. The tax bases of assets are determined by the consequences of sale of the assets.

Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future, except those associated with goodwill. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future and any unused tax losses.

Deferred tax assets are measured at the highest amount that is more likely than not to be recovered, based on current or estimated future taxable profit. The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss, unless attributable to an item in other comprehensive income.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which management expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.11 Provisions

Provisions are recognized when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognized for future operating losses. If the Company has a contract that is onerous, the present obligation under the contract shall be recognized and measured as a provision.

4.12 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

4.13 Income recognition

(a) Interest income

Interest income is recognized using the effective interest method.

(b) Fees and commission income

The Company earns fee and commission income mainly from early settlements of loans, penalties and loan monitoring. They are recognized in the statement of comprehensive income on an accrual basis.

4.14 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company.

Short-term accumulating compensated absences such as paid annual leave are recognized as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognized when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Company.

Bonuses are recognized as an expense when there is present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Termination benefits

Termination benefits are payments due to employees as a result of the termination of employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are recognized as a liability and an expense when the Company has a detailed formal plan for termination with no realistic possibility of withdrawal. In the case of voluntary redundancy, the benefits are accounted for based on the number of employees expected to accept the offer.

Where termination benefits fall due more than 12 months after the end of reporting period, they are discounted to present value based on market yields at the end of reporting period.

4.15 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The national currency of Cambodia is Khmer Riel ("KHR"). However, as the Company transacts its business and maintains its accounting records primarily in United States Dollar ("US\$"), management have determined United States Dollar to be the Company's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rate of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.16 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

5.1 Changes in estimates

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

The Directors are of the opinion that there are no significant changes in estimates during the reporting period end and as at the end of the reporting period.

5.2 Critical judgements made in applying accounting policies

There are no critical judgments made by the management in the process of applying the Company's accounting policies that have the most significant effect on the amount recognised in these financial statements apart from those involving estimates, which are dealt with below.

5.3 Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation of property and equipment

The cost of property and equipment is depreciated on a reducing balance basis over the assets' useful lives except leasehold improvements is depreciated using straight-line method. Management estimates the useful lives of these property and equipment based on historical experience, the expected usage, wear and tear of the assets and technical obsolescence arising from changes in market demands or service output of the assets. Changes in these factors could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment on loans to customers

The Company makes allowance for losses on loan to customers based on assessment of their recoverability. Impairment is applied to loan to customers where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses estimated amount and timing of cash flows as well as net realisable value of the underlying collateral value, when making a judgement to evaluate the adequacy

of impairment. Where expectations differ from the original estimate, the differences would impact the carrying amount of loans to customers.

(c) **Tax expense**

Significant judgement is involved in determining the Company's provision for taxes. The Company will recognise liabilities for expected tax expenses based on an estimate of whether the taxes are due through management's interpretation of the various tax legislations. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the tax provision in the financial year in which such determination is made.

6. CASH ON HAND

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	145,615	594,837	168,648	694,324

7. BALANCES WITH NATIONAL BANK OF CAMBODIA

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Statutory deposit	750,000	3,063,750	750,000	3,087,750
Current account	14,641	59,808	5,226	21,515
	764,641	3,123,558	755,226	3,109,265

Statutory deposit

In compliance with Prakas B7-00-006 Pro Kor dated 11 January 2000 and B7-06-209 Pro Kor dated 13 September 2006 on the Licensing of Microfinance Institutions, the Company is required to maintain a statutory capital deposit with the NBC of 5% of registered capital. This deposit is refundable should the Company voluntarily liquidate.

8. BALANCES WITH OTHER BANKS

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Current accounts	3,442,935	14,064,389	2,143,201	8,823,559
Saving accounts	106,632	435,592	359,040	1,478,167
	3,549,567	14,499,981	2,502,241	10,301,726

9. LOANS TO CUSTOMERS

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Individual loans	44,667,338	182,466,076	41,979,031	172,827,671
Accrued interest receivable	944,385	3,857,813	324,101	1,334,324
	<u>45,611,723</u>	<u>186,323,889</u>	<u>42,303,132</u>	<u>174,161,995</u>
Less:				
Allowance for doubtful loans	(1,000,622)	(4,087,541)	(155,456)	(640,013)
Unearned income	(258,622)	(1,056,471)	(273,135)	(1,124,497)
	<u>44,352,479</u>	<u>181,179,877</u>	<u>41,874,541</u>	<u>172,397,485</u>

(a) Allowance for doubtful loans

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Balance at beginning of year	155,456	640,013	75,296	306,755
Allowance for the year	845,093	3,473,332	80,440	328,758
Other	73	300	(280)	(1,144)
Currency translation difference	-	(26,104)	-	5,644
Balance at end of year	<u>1,000,622</u>	<u>4,087,541</u>	<u>155,456</u>	<u>640,013</u>

(b) By maturity

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Within one year	70,937	289,778	350,646	1,443,610
From one to five years	45,450,781	185,666,440	40,045,405	164,866,932
Over five years	90,005	367,671	1,907,081	7,851,453
	<u>45,611,723</u>	<u>186,323,889</u>	<u>42,303,132</u>	<u>174,161,995</u>

(c) By currency

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
US Dollar	40,639,871	166,013,874	37,894,184	156,010,356
Khmer Riel	4,971,852	20,310,015	4,408,948	18,151,639
	<u>45,611,723</u>	<u>186,323,889</u>	<u>42,303,132</u>	<u>174,161,995</u>

(d) By economic sector

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Agriculture	1,773,502	7,244,756	961,653	3,959,125
Constructions	12,574,216	51,365,672	14,427,758	59,399,080
Household/Family	14,005,444	57,212,239	90,515	372,650
Consumers	-	-	6,392,211	26,316,733
Business	-	-	6,331,796	26,068,004
Services	2,721,209	11,116,139	-	-
Trade and commerce	10,068,789	41,131,003	14,099,199	58,046,403
Transportation	1,549,775	6,330,831	-	-
Tourism	2,564,138	10,474,504	-	-
Other Categories	354,650	1,448,745	-	-
	<u>45,611,723</u>	<u>186,323,889</u>	<u>42,303,132</u>	<u>174,161,995</u>

(e) By relationship

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Individual loans	45,409,338	185,497,147	42,115,357	173,388,925
Staff loans	202,385	826,742	187,775	773,070
	<u>45,611,723</u>	<u>186,323,889</u>	<u>42,303,132</u>	<u>174,161,995</u>

(f) By performance

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Standard loans:				
Secured	33,833,983	138,211,821	38,239,778	157,433,166
Unsecured	261,700	1,069,045	543,784	2,238,759
Special mention:				
Secured	4,083,225	16,679,974	1,788,046	7,361,385
Unsecured	6,764	27,631	11,465	47,201
Sub-standard loans:				
Secured	2,802,247	11,447,179	1,712,098	7,048,708
Unsecured	8,404	34,330	7,961	32,776
Doubtful loans:				
Secured	3,623,172	14,800,658	-	-
Unsecured	-	-	-	-
Loss loans:				
Secured	972,406	3,972,279	-	-
Unsecured	19,822	80,972	-	-
	<u>45,611,723</u>	<u>186,323,889</u>	<u>42,303,132</u>	<u>174,161,995</u>

(g) By exposure

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Non-large exposures	45,611,723	186,323,889	42,303,132	174,161,995

A “large exposure” is defined under NBC Prakas as the overall gross exposure of the aggregate balance of loans and advances with one single beneficiary, which exceeds 10% of the Company’s net worth. The exposure is the higher of the outstanding loans or commitments and the authorized loans or commitments.

(h) By interest rate (per annum)

	2023	2022
	%	%
Individual loans	10.2 - 18	10.2 - 18
Staff loans	8.04	8.04

10. OTHER RECEIVABLES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Other receivables				
Interest receivable	14,738	60,205	10,905	44,896
Other receivables	32,623	133,265	51,757	213,084
	47,361	193,470	62,662	257,980
Deposits and prepayments				
Deposits	100,815	411,829	88,787	365,536
Prepayments	69,555	284,132	81,226	334,407
	170,370	695,961	170,013	699,943
	217,731	889,431	232,675	957,923

11. PROPERTY AND EQUIPMENT

<i>Cost</i>	Leasehold improvements US\$	Computer and IT equipment US\$	Furniture and fixtures US\$	Office equipment US\$	Vehicles US\$	Total US\$
Balance as at 1.1.2022	557,601	389,099	9,030	63,896	127,610	1,147,236
Additions	390,101	113,040	4,114	66,975	135,450	709,680
Balance as at 31.12.2022	947,702	502,139	13,144	130,871	263,060	1,856,916
Additions	249,947	7,852	330	18,960	44,650	321,739
Written-off	-	(2,620)	(1,603)	(190)	-	(4,413)
Balance as at 31.12.2023	1,197,649	507,371	11,871	149,641	307,710	2,174,242
<i>Accumulated depreciation</i>						
Balance as at 1.1.2022	86,935	130,097	6,794	12,665	37,223	273,714
Depreciation for the year	162,994	90,371	1,529	20,271	47,551	322,716
Balance as at 31.12.2022	249,929	220,468	8,323	32,936	84,774	596,430
Depreciation for the year	221,256	99,528	1,603	26,932	59,444	408,763
Written-off	-	(2,620)	(1,603)	(190)	-	(4,413)
Balance at 31.12.2023	471,185	317,376	8,323	59,678	144,218	1,000,780
<i>Carrying amounts</i>						
Balance as at 31.12.2023	726,464	189,995	3,548	89,963	163,492	1,173,462
(KHR '000 equivalent)	2,967,605	776,130	14,494	367,499	667,864	4,793,592
Balance as at 31.12.2022	697,773	281,671	4,821	97,935	178,286	1,260,486
(KHR '000 equivalent)	2,872,731	1,159,640	19,848	403,198	734,004	5,189,421

12. INTANGIBLE ASSET

	Computer software US\$
Cost	
Balance as at 1.1.2022/31.12.2022/31.12.2023	<u>390,877</u>
Accumulated amortisation	
Balance as at 1.1.2022	135,270
Amortisation for the year	<u>89,344</u>
Balance as at 31.12.2022	224,614
Amortisation for the year	<u>89,345</u>
Balance as at 31.12.2023	<u>313,959</u>
Carrying amounts	
Balance as at 31.12.2023	<u>76,918</u>
(KHR'000 equivalent)	<u>314,210</u>
Balance as at 31.12.2022	<u>166,263</u>
(KHR'000 equivalent)	<u>684,505</u>

13. BORROWINGS

	2023 US\$	KHR'000	2022 US\$	KHR'000
Non-revolving credits	16,000,000	65,360,000	16,000,000	65,872,000
Revolving credits	<u>22,000,000</u>	<u>89,870,000</u>	<u>18,000,000</u>	<u>74,106,000</u>
	<u>38,000,000</u>	<u>155,230,000</u>	<u>34,000,000</u>	<u>139,978,000</u>
Accrued interest payable				
Non-revolving credits	41,486	169,470	2,170	8,934
Revolving credits	<u>36,266</u>	<u>148,147</u>	<u>116,428</u>	<u>479,334</u>
	<u>77,752</u>	<u>317,617</u>	<u>118,598</u>	<u>488,268</u>
	<u>38,077,752</u>	<u>155,547,617</u>	<u>34,118,598</u>	<u>140,466,268</u>

- (a) On 31 August 2020, the Company entered into a non-revolving credit facility agreement with Daegu Bank for a credit limit of US\$16,000,000, which were fully withdrawn in 2021, each loan had a term of one year and became matured on 21 September 2022. On 21 September 2022, term of the borrowing has been extended for another 2 years, with an interest at 3.11% plus three-months SOFR per annum following Additional Agreement for Transaction Conditions Change.

13. BORROWINGS (continued)

- (b) On 29 December 2021, the Company entered into a non-revolving credit facility agreement with KDB, Singapore Branch for a credit limit of US\$12,000,000, which were fully withdrawn in 2022. Each withdrawn loan has a term of two years from the drawdown date. On 14 September 2023, the interest rate has been revised to fixed interest rate at 2.20% plus three-month SOFR per annum.

On 29 June 2023, the Company entered into a revolving credit facility agreement with the KDB, Singapore Branch for a credit limit of US\$10,000,000. As of 31 December 2023, US\$10,000,000 were withdrawn, which has a term of one year from the drawdown date and bears interest rate at 2.00% plus three-month SOFR per annum.

- (c) Maturity profile of borrowings of the Company at the end of the reporting period are as follows:

31 December 2023	Within 1 year US\$	1 - 2 years US\$	2 - 5 years US\$	Total US\$
Non-revolving credits	16,041,486	-	-	16,041,486
Revolving credits	22,036,266	-	-	22,036,266
	<u>38,077,752</u>	<u>-</u>	<u>-</u>	<u>38,077,752</u>
31 December 2022				
Non-revolving credits	16,002,170	-	-	16,002,170
Revolving credits	-	18,116,428	-	18,116,428
	<u>16,002,170</u>	<u>18,116,428</u>	<u>-</u>	<u>34,118,598</u>

14. OTHER PAYABLES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Amount due to related party	60,994	249,160	282,535	1,163,197
Accruals	27,552	112,550	30,037	123,661
Advance payment from customers	105,088	429,284	25,757	106,042
Other tax payables	17,477	71,394	23,368	96,206
	<u>211,111</u>	<u>862,388</u>	<u>361,697</u>	<u>1,489,106</u>

Maturity profile of other payables of the Company at the end of the reporting period is repayable on demand or within one year.

15. SHARE CAPITAL

	2023		2022	
	Number	US\$	Number	US\$
Ordinary shares of US\$1 each Registered	15,000,000	15,000,000	15,000,000	15,000,000
Registered and issued: At 1 January	15,000,000	15,000,000	10,000,000	10,000,000
Issued pursuant to: - new issue	-	-	5,000,000	5,000,000
At 31 December	15,000,000	15,000,000	15,000,000	15,000,000
<i>(KHR'000 equivalent)</i>		<u>60,000,000</u>		<u>60,000,000</u>

The owner of the Company is entitled to receive dividends as and when declared by the Company and is entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

16. REGULATORY RESERVE

Regulatory reserve is maintained in addition to the allowance for doubtful loans that has been assessed and recognised in accordance with CIFRS for SMEs and which has been transferred from the retained earnings, in accordance with NBC's Prakas No. B7-017-344 Pro Kor dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018.

17. INTEREST INCOME

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Loans to customers	6,178,666	25,394,317	4,268,107	17,443,753
Deposits and placements with banks	66,550	273,521	87,160	356,223
	<u>6,245,216</u>	<u>25,667,838</u>	<u>4,355,267</u>	<u>17,799,976</u>

18. INTEREST EXPENSE

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Borrowings	<u>2,430,822</u>	<u>9,990,678</u>	<u>1,090,943</u>	<u>4,458,684</u>

19. OTHER OPERATING INCOME

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Recovery from loan previously written off	4,265	17,529	49,838	203,688
Other	<u>3,273</u>	<u>13,452</u>	<u>7,381</u>	<u>30,166</u>
	<u>7,538</u>	<u>30,981</u>	<u>57,219</u>	<u>233,854</u>

20. PERSONNEL EXPENSES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Salaries and benefits	1,112,421	4,572,050	857,169	3,503,250
Employee expenses	423,856	1,742,048	375,737	1,535,637
	<u>1,536,277</u>	<u>6,314,098</u>	<u>1,232,906</u>	<u>5,038,887</u>

21. DEPRECIATION AND AMORTISATION EXPENSES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Depreciation of property and equipment	408,763	1,680,016	322,716	1,318,940
Amortisation of intangible asset	89,345	367,208	89,344	365,149
	<u>498,108</u>	<u>2,047,224</u>	<u>412,060</u>	<u>1,684,089</u>

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Fee and commission expenses	388,057	1,594,914	408,890	1,671,133
Rental	315,888	1,298,300	292,588	1,195,807
Legal and professional fess	208,924	858,678	112,933	461,557
Meal and entertainment	16,316	67,059	92,052	376,217
Transports and travels	108,016	443,946	82,802	338,412
Repair and maintenance	53,171	218,533	55,055	225,010
Withholding tax expenses	66,729	274,256	45,395	185,529
Utilities	55,394	227,669	44,603	182,292
Office supplies and equipment	35,472	145,790	43,448	177,572
Securities	45,426	186,701	33,242	135,860
Communication	32,238	132,498	27,696	113,194
Membership, and license fee	14,724	60,516	14,435	58,996
Insurance	20,884	85,833	6,530	26,688
Patent and registration	734	3,017	583	2,383
Others	6,953	28,576	4,866	19,887
	<u>1,368,926</u>	<u>5,626,286</u>	<u>1,265,118</u>	<u>5,170,537</u>

23. TAX EXPENSE

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Income tax expense:				
Current year	62,067	255,095	44,567	182,145

Under the Cambodian Law on Taxation, the Company has an obligation to pay tax on profit at 20% (2022: 20%) of the taxable profit or a minimum tax at 1% (2022: 1%) of total revenue, whichever is higher.

23. TAX EXPENSE (continued)

The numerical reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate of the Company is as follows:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
(Loss)/Profit before tax	(426,472)	(1,752,799)	331,019	1,352,875
Tax at Cambodian statutory tax rate of 20% (2022: 20%)	(85,294)	(350,560)	66,204	270,576
Tax effects in respect of:				
Non-allowable expenses	82,184	337,777	34,562	141,255
Tax allowance	(375,478)	(1,543,214)	(118,948)	(486,140)
Deferred tax not recognise during the year	378,588	1,555,997	18,182	74,310
Minimum tax	62,067	255,095	44,567	182,144
Total tax expense	62,067	255,095	44,567	182,145

The amounts of temporary differences for which no deferred tax asset has been recognised in the statement of financial position are as follows:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Unused tax losses				
- Expire by 31 December 2025	1,772,102	7,242,583	1,772,102	7,242,583
- Expire by 31 December 2026	356,303	1,456,205	356,303	1,456,205
- Expire by 31 December 2028	1,892,938	7,779,976	-	-
	4,021,343	16,478,764	2,128,405	8,698,788

Deferred tax asset has not been recognised in respect of these items as it is not probable that taxable profits of the Company would be available against which the deductible temporary differences could be utilised.

The unused tax losses are subject to review and agreement by the General Department of Taxation.

24. OPERATING LEASE COMMITMENTS*The Company as lessee*

The Company had entered into non-cancellable lease agreements for office space, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates. At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due, as follows:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Not later than one year	268,388	1,096,363	229,520	944,934
Later than one year and not later than five years	257,389	1,051,433	450,200	1,853,473
	525,776	2,147,796	679,720	2,798,407

25. RELATED PARTY DISCLOSURES

- (a) The Company had the following transactions with related parties during the financial year.

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<u>Shareholder</u>				
DGB Capital Co., Ltd				
Guarantee fee	388,057	1,594,914	408,890	1,671,133
Supplementary fee	11,828	48,613	16,754	68,474
<u>Common control</u>				
Daegu Bank				
Interest expense	1,370,978	5,634,720	761,836	3,113,625
Interest paid	1,098,035	4,512,924	713,336	2,915,404
DGB Bank Plc				
Interest income	52,680	216,515	76,305	311,857

Balances with related parties at the end of the reporting period are disclosed in Note 13 and 14 to the financial statements.

The related party transactions described above were carried out on negotiated commercial terms.

- (b) Compensation of key management personnel

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Directors and key management	191,468	786,933	173,054	707,272

26. TAXATION CONTINGENCIES

The taxation system in Cambodia is relatively new and is characterized by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

	As restated US\$	As previously stated US\$
Statement of financial position		
Assets		
Cash on hand	168,649	-
Balance with other banks	2,502,240	-
Cash on hand and in banks	-	2,670,889
Loan to customers	41,874,541	-
Loans and advances to customers	-	41,874,541
Other receivables	232,675	-
Othe assets	-	232,675
Liabilities		
Current tax liabilities	4,912	-
Income tax payable	-	4,912
Other payables	361,697	-
Other liabilities	-	361,697
Statement of comprehensive income		
Personnel expenses	1,232,906	-
Depreciation and amortisation expenses	412,060	-
General and administrative expenses	1,265,118	2,501,194
Fee and commission expenses	-	408,890
Allowance for doubtful loans	80,440	-
Provision for impairment losses	-	80,440

