

KB PRASAC BANK PLC.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

KB PRASAC BANK PLC.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

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DIRECTORS' REPORT

The Board of Directors (the Directors) submits their report together with the audited financial statements of KB PRASAC BANK Plc. for the year ended 31 December 2025.

KB PRASAC BANK PLC.

KB PRASAC Bank Plc. is a wholly owned subsidiary of Kookmin Bank Co., Ltd., domiciled in Republic of Korea.

Per letter No. B7.023.1125 Chhor.Tor, dated 16 June 2023, KB PRASAC Bank Plc. (the Bank), received approval from the National Bank of Cambodia on the merger between PRASAC Microfinance Institution Plc. and Kookmin Bank Cambodia Plc.

KB PRASAC Bank Plc. (the Bank) received the notification letter No. 1207 Por.Nor Chor Bor Po dated 4 August 2023 from the Ministry of Commerce for the approved registration after the merger.

PRINCIPAL ACTIVITIES

The Bank's principal activities are to provide sustainable access to financial services to communities, and micro, small and medium enterprises of Cambodia through its head office in Phnom Penh and various branches in Phnom Penh and provinces in the Kingdom of Cambodia.

FINANCIAL RESULTS

The financial results of operations for the year ended 31 December 2025 are set out in the statement of profit or loss and other comprehensive income on page 9.

SHARE CAPITAL

There were no changes in the registered and paid-up share capital of the Bank during the year.

BAD AND DOUBTFUL LOANS AND ADVANCES

Before the financial statements of the Bank were drawn up, the Directors 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 Directors are not aware of any circumstances which would render the amount written off for bad loans and advances or the amount of the allowance for impairment losses in the financial statements of the Bank inadequate to any material extent.

ASSETS

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

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report there does not exist:

- (a) any charge on the assets of the Bank that has arisen since the end of the period which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Bank that has arisen since the end of the period.

No contingent or other liability of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year that, in the opinion of the Directors, will or may have a material effect on the ability of the Bank to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF UNUSUAL NATURE

There were no items, transactions or events of a material and unusual nature that, in the opinion of the Directors, materially affected the financial performance of the Bank for the year ended 31 December 2025.

There has not arisen in the interval between the end of the period 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 Bank for the current period.

THE BOARD OF DIRECTORS

The members of the Board of Directors holding office during the year and as at the date of this report are:

- | | | |
|-----|---------------------|-----------------------------------------------------|
| 1. | Mr. KANG Nam Che | Chairman |
| 2. | Mr. KIM Hyeun Jong | Director (resigned on 4 March 2025) |
| 3. | Mr. KIM Hyun Rae | Director (appointed on 4 March 2025) |
| 4. | Mr. CHOI Dong Hyun | Director (resigned on 26 January 2026) |
| 5. | Mr. RY Vanna | Director (appointed on 26 January 2026) |
| 6. | Mr. OUM Sam Oeun | Director |
| 7. | Mr. LEE Kyung Cheon | Independent Director (resigned on 26 January 2026) |
| 8. | Mrs. LEE Sun Min | Independent Director (appointed on 26 January 2026) |
| 9. | Mr. PAK Jaehong | Independent Director |
| 10. | Mr. CHAN Sophal | Independent Director |

THE DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for reviewing the financial statements prepared by management and for ensuring that the financial statements are properly drawn up to present fairly, in all material respects, the Bank's financial position as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards (CIFRS). In preparing these financial statements, the Directors are required to:

- i) adopt appropriate accounting policies in accordance with CIFRS which are supported by reasonable and prudent judgements and estimates and apply them consistently;
- ii) comply with the disclosure requirements of CIFRS 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 Bank will continue operations in the foreseeable future; and
- v) effectively control and direct the Bank and be involved in all material decisions affecting its operations and performance and ascertain that these decisions are properly reflected in the financial statements.

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

APPROVAL OF THE FINANCIAL STATEMENTS

On behalf of the Board of Directors of KB PRASAC Bank Plc., we do hereby state that the accompanying financial statements, together with the notes thereto, present fairly, in all material respects, the financial position of the Bank as at 31 December 2025 and the financial performance and cash flows for the year then ended and have been properly drawn up in accordance with Cambodian International Financial Reporting Standards.

On behalf of the Board of Directors:

A blue circular stamp of KB PRASAC Bank Plc. is positioned to the right of a handwritten signature. The stamp contains the text 'ក្រុមហ៊ុនធានារ៉ាប់រងកម្ពុជា' at the top, 'ធនាគារ ខេប៊ីប្រាសាក់ ឯ.ក' and 'KB PRASAC Bank Plc.' in the center, and 'ផ្នែកហិរញ្ញវត្ថុ' at the bottom. The signature is a blue ink scribble that overlaps the left side of the stamp.

Mr. RY Vanna
Director

Phnom Penh, Kingdom of Cambodia
27 March 2026



Independent auditor's report

To the Shareholder of the KB PRASAC Bank Plc.

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of KB PRASAC Bank Plc. (the Bank) as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (CIFRS).

What we have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year ended; and
- the notes to the financial statements, which include material accounting policy information and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers (Cambodia) Ltd.
P.O. Box 1147, 58C Sihanouk Blvd, Sangkat Tonle Bassac,
Khan Chamkarmon, Phnom Penh 120101
T: +855 (0)23/69 860 606



Independence

We are independent of the Bank in accordance with the ethical requirements of the Code of Ethics for Certified Public Accountants and Auditors of Cambodia (CPAA Code), together with the independence rules of the National Bank of Cambodia (NBC) that are relevant to audits of the financial statements of public interest entities in Cambodia. We have also fulfilled our other ethical responsibilities in accordance with the ethical requirements of the CPAA Code and the NBC.

Other information

Management is responsible for the other information. The other information obtained at the date of this auditor's report comprises the directors' report and the supplementary financial information required by the National Bank of Cambodia but does not include the financial statements and our auditor's report thereon.

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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For PricewaterhouseCoopers (Cambodia) Ltd.



By Kuy Lim
Partner

Phnom Penh, Kingdom of Cambodia
27 March 2026

KB PRASAC BANK PLC.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

	Notes	31 December 2025		31 December 2024	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Cash on hand	4	123,328,504	494,917,287	101,026,944	406,633,450
Deposits and placements with the National Bank of Cambodia	5	544,945,740	2,186,867,254	443,674,473	1,785,789,754
Deposits and placements with other banks	6	19,364,957	77,711,572	92,789,111	373,476,172
Loans and advances to customers	7	4,874,931,308	19,563,099,339	4,925,632,585	19,825,671,154
Financial assets at FVOCI		53,755	215,719	53,755	216,364
Property and equipment	8	13,431,090	53,898,964	12,306,655	49,534,286
Right-of-use assets	9	21,414,771	85,937,476	20,290,016	81,667,314
Intangible assets	10	28,321,777	113,655,291	30,802,155	123,978,674
Deferred tax assets	11	26,117,030	104,807,642	10,870,379	43,753,275
Other assets	12	6,801,127	27,292,923	5,010,678	20,167,979
TOTAL ASSETS		5,658,710,059	22,708,403,467	5,642,456,751	22,710,888,422
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks and other financial institutions	13	183,876,191	737,895,154	107,078,670	430,991,647
Deposits from customers	14	3,833,233,924	15,382,767,737	3,423,038,120	13,777,728,433
Borrowings	15	291,952,243	1,171,604,351	892,314,903	3,591,567,485
Lease liabilities	9	21,740,326	87,243,928	20,505,975	82,536,549
Income tax payable	16	35,689,088	143,220,310	6,640,722	26,728,906
Provision for employee benefits	17	645,723	2,591,286	519,296	2,090,166
Other liabilities	18	13,836,017	55,523,938	11,627,569	46,800,965
Subordinated debts	19	20,158,298	80,895,250	30,214,653	121,613,978
TOTAL LIABILITIES		4,401,131,810	17,661,741,954	4,491,939,908	18,080,058,129
EQUITY					
Share capital	20	600,000,000	2,400,000,000	600,000,000	2,400,000,000
Reserve	21	91,944,796	367,779,184	91,944,796	367,779,184
Retained earnings		530,306,488	2,187,466,075	415,919,042	1,728,643,377
Regulatory reserve	22	35,326,965	142,046,893	42,653,005	171,446,292
Currency translation difference		-	(50,630,639)	-	(37,038,560)
TOTAL SHAREHOLDERS' EQUITY		1,257,578,249	5,046,661,513	1,150,516,843	4,630,830,293
TOTAL LIABILITIES AND EQUITY		5,658,710,059	22,708,403,467	5,642,456,751	22,710,888,422

The accompanying notes on pages 12 to 82 form an integral part of these financial statements.

KB PRASAC BANK PLC.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	For the year ended 31 December 2025		For the year ended 31 December 2024	
		US\$	KHR'000	US\$	KHR'000
Interest income	23	700,178,708	2,808,416,798	704,793,061	2,869,212,551
Interest expense	23	(245,119,267)	(983,173,380)	(334,231,152)	(1,360,655,020)
Net interest income		<u>455,059,441</u>	<u>1,825,243,418</u>	<u>370,561,909</u>	<u>1,508,557,531</u>
Fee and commission income	24	1,585,250	6,358,438	1,792,691	7,298,045
Fee and commission expense	24	(3,309,992)	(13,276,378)	(3,340,426)	(13,598,874)
Net fee and commission income		<u>(1,724,742)</u>	<u>(6,917,940)</u>	<u>(1,547,735)</u>	<u>(6,300,829)</u>
Other income		214,070	858,635	218,743	890,503
Other (loss)/gain - net	25	(15,052,881)	(60,377,106)	4,826,322	19,647,957
Total other operating income		<u>438,495,888</u>	<u>1,758,807,007</u>	<u>374,059,239</u>	<u>1,522,795,162</u>
Credit impairment losses	26	(170,129,823)	(682,390,720)	(122,672,123)	(499,398,213)
Net other operating income		<u>268,366,065</u>	<u>1,076,416,287</u>	<u>251,387,116</u>	<u>1,023,396,949</u>
Personnel expenses	27	(97,998,022)	(393,070,066)	(95,136,271)	(387,299,759)
Depreciation and amortisation charges	28	(13,492,872)	(54,119,910)	(12,788,469)	(52,061,857)
Other operating expenses	29	(22,692,574)	(91,019,914)	(23,421,192)	(95,347,673)
Profit before income tax		<u>134,182,597</u>	<u>538,206,397</u>	<u>120,041,184</u>	<u>488,687,660</u>
Income tax expense	30(a)	(27,121,191)	(108,783,098)	(24,276,423)	(98,829,318)
Profit for the year		<u>107,061,406</u>	<u>429,423,299</u>	<u>95,764,761</u>	<u>389,858,342</u>
Other comprehensive income: <i>Items that will not be reclassified to profit or loss</i>					
Currency translation differences		-	(13,592,079)	-	(67,690,304)
Other comprehensive loss for the year, net of tax		-	(13,592,079)	-	(67,690,304)
Total comprehensive income for the year		<u>107,061,406</u>	<u>415,831,220</u>	<u>95,764,761</u>	<u>322,168,038</u>
Profit attributable to:					
Owners of the Bank		<u>107,061,406</u>	<u>429,423,299</u>	<u>95,764,761</u>	<u>389,858,342</u>
Total comprehensive income attributable to:					
Owners of the Bank		<u>107,061,406</u>	<u>415,831,220</u>	<u>95,764,761</u>	<u>322,168,038</u>

The accompanying notes on pages 12 to 82 form an integral part of these financial statements.

KB PRASAC BANK PLC.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Attributable to owners of the Bank											
	Share capital		Reserves		Retained earnings		Regulatory reserves		Currency translation difference		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Balance at 1 January 2024	600,000,000	2,400,000,000	91,944,796	367,779,184	358,260,660	1,492,163,210	4,546,626	18,068,117	-	30,651,744	1,054,752,082	4,308,662,255
Profit for the year	-	-	-	-	95,764,761	389,858,342	-	-	-	-	95,764,761	389,858,342
Other comprehensive loss – currency translation differences	-	-	-	-	-	-	-	-	-	(67,690,304)	-	(67,690,304)
Total comprehensive income for the year	-	-	-	-	95,764,761	389,858,342	-	-	-	(67,690,304)	95,764,761	322,168,038
Transactions with owners in their capacity as owners:												
Transfer to regulatory reserve	-	-	-	-	(38,106,379)	(153,378,175)	38,106,379	153,378,175	-	-	-	-
Total transactions with owners	-	-	-	-	(38,106,379)	(153,378,175)	38,106,379	153,378,175	-	-	-	-
Balance at 31 December 2024	600,000,000	2,400,000,000	91,944,796	367,779,184	415,919,042	1,728,643,377	42,653,005	171,446,292	-	(37,038,560)	1,150,516,843	4,630,830,293
Balance at 1 January 2025	600,000,000	2,400,000,000	91,944,796	367,779,184	415,919,042	1,728,643,377	42,653,005	171,446,292	-	(37,038,560)	1,150,516,843	4,630,830,293
Profit for the year	-	-	-	-	107,061,406	429,423,299	-	-	-	-	107,061,406	429,423,299
Other comprehensive loss – currency translation differences	-	-	-	-	-	-	-	-	-	(13,592,079)	-	(13,592,079)
Total comprehensive income for the year	-	-	-	-	107,061,406	429,423,299	-	-	-	(13,592,079)	107,061,406	415,831,220
Transactions with owners in their capacity as owners:												
Transfer from regulatory reserve	-	-	-	-	7,326,040	29,399,399	(7,326,040)	(29,399,399)	-	-	-	-
Total transactions with owners	-	-	-	-	7,326,040	29,399,399	(7,326,040)	(29,399,399)	-	-	-	-
Balance at 31 December 2025	600,000,000	2,400,000,000	91,944,796	367,779,184	530,306,488	2,187,466,075	35,326,965	142,046,893	-	(50,630,639)	1,257,578,249	5,046,661,513

The accompanying notes on pages 12 to 82 form an integral part of these financial statements.

KB PRASAC BANK PLC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	For the year ended 31 December 2025		For the year ended 31 December 2024	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Cash generated from operations	32(a)	278,004,046	1,115,074,229	257,894,954	1,049,890,359
Interest received		689,025,175	2,763,679,977	699,960,001	2,849,537,164
Interest paid		(265,230,195)	(1,063,838,312)	(328,955,597)	(1,339,178,235)
Income tax paid	16	(13,319,479)	(53,424,430)	(29,336,339)	(119,428,236)
Employee benefits paid		(4,808,959)	(19,288,735)	(4,361,436)	(17,755,406)
Net cash generated from operating activities		683,670,588	2,742,202,729	595,201,583	2,423,065,646
Cash flows from investing activities					
Purchases of property and equipment	8	(5,639,436)	(22,619,778)	(3,658,898)	(14,895,374)
Purchases of intangible assets	10	(1,025,525)	(4,113,381)	(16,178,008)	(65,860,671)
Proceeds from disposals of property and equipment		(4,074)	(16,341)	(26,492)	(107,849)
Investment in NCD		(6,639,074)	(26,629,326)	(8,805,374)	(35,846,678)
Collections from investment in NCD		8,805,374	35,318,355	5,650,829	23,004,525
Capital guarantee deposits		-	-	7,500,000	30,532,500
Net cash used in investing activities		(4,502,735)	(18,060,471)	(15,517,943)	(63,173,547)
Cash flows from financing activities					
Proceeds from borrowings	15	184,531,010	740,153,881	427,683,307	1,741,098,743
Repayments of borrowings		(781,126,566)	(3,133,098,656)	(932,267,751)	(3,795,262,014)
Repayments of subordinated debts	19	(10,000,000)	(40,110,000)	(20,500,000)	(83,455,500)
Principal element of lease payments		(5,259,496)	(21,095,838)	(7,040,677)	(28,662,596)
Net cash used in from financing activities		(611,855,052)	(2,454,150,613)	(532,125,121)	(2,166,281,367)
Net increase in cash and cash equivalents					
Cash and cash equivalents at beginning of year		67,312,801	269,991,645	47,558,519	193,610,732
Currency translation differences		273,505,106	1,100,858,052	225,946,587	922,991,808
		-	(3,147,437)	-	(15,744,488)
Cash and cash equivalents at end of year	31	340,817,907	1,367,702,260	273,505,106	1,100,858,052

Non-cash financing activities disclosed in other notes are:

- acquisition of right-of-use assets – Note 9

The accompanying notes on pages 12 to 82 form an integral part of these financial statements.

KB PRASAC BANK PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL

KB PRASAC Bank Plc. (the Bank), a licensed commercial bank, incorporated in the Kingdom of Cambodia. The Bank registered with the Ministry of Commerce (MoC) as a public limited company under the registration number 00001157, dated 19 September 2011. The Bank's registered office is at Building No.212, Street 271, Sangkat Tuol Tumpung 2, Khan Chamkarmon, Phnom Penh, the Kingdom of Cambodia.

Per letter No. B7.023.1125 Chhor.Tor, dated 16 June 2023, KB PRASAC Bank Plc. (the Bank), received approval from the National Bank of Cambodia on the merger between PRASAC Microfinance Institution Plc. and Kookmin Bank Cambodia Plc.

KB PRASAC Bank Plc. (the Bank) received the notification letter No. 1207 Por.Nor Chor Bor Po dated 4 August 2023 from the Ministry of Commerce for the approved registration after merger.

The Bank is a wholly owned subsidiary of Kookmin Bank Co., Ltd. (KB), domiciled in Republic of Korea.

The principal activity of the Bank is to provide sustainable access to financial services to communities, and micro, small and medium enterprises of Cambodia through its head office in Phnom Penh and various branches in Phnom Penh and provinces in the Kingdom of Cambodia.

The financial statements were authorised and approved for issue by the Board of Directors on 27 March 2026.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

This note provides a list of potentially material accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared in accordance with Cambodian International Financial Reporting Standards (CIFRS).

The financial statements have been prepared under the historical cost convention except for financial assets of equity instrument that measured at fair value.

The Bank discloses the amount for each asset and liability that expected to be recovered or settled no more than 12 months after the reporting period as current, and more than 12 months after the reporting period as non-current.

The preparation of the financial statements in conformity with CIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

An English version of the financial statements have been prepared from the financial statements that are in the Khmer language. In the event of a conflict or a difference in interpretation between the two languages, the Khmer language financial statements shall prevail.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 New and amended accounting standards and interpretations

(a) New and amended accounting standards and interpretations adopted

The Bank have applied the following standards and amendments for the first time for their annual reporting period commencing on 1 January 2025:

- Lack of Exchangeability – Amendments to CIAS 21

The amendment listed above did not have any impact on the amounts of recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2025 reporting period and have not been early adopted by the Bank.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to CIFRS 9 and CIFRS 7 (effective for annual periods beginning on or after 1 January 2026)

The standards and amendments above are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions except:

- Presentation and Disclosure in Financial Statements – CIFRS 18 (effective for annual periods beginning on or after 1 January 2027)

CIFRS 18 will replace CIAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though CIFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Bank's financial statements.

The Bank will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with CIFRS 18.

2.3 Principles of business combination under common control

Under predecessor accounting for the merger, the Bank receives a transfer of assets and liabilities (net assets) from another entity (acquiree) under common control and initially recognises the assets and liabilities transferred at their carrying amounts in the accounts of the acquiree at the date of transfer. No assets or liabilities are restated to their fair value at the date of transfer.

Where there is no goodwill previously recognised at the highest entity that has common control, no goodwill is recorded for the merger. Any difference between the cost of the transaction and the carrying value of the net assets is recorded in a reserve within equity.

The Bank decides to choose prospective approach, the statement of profit or loss and other comprehensive income does not reflect the acquiree's results for the period before the date of transfer. The corresponding amounts for the previous year are then not restated.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (the functional currency). The functional currency is the US\$ because of the significant influence of the US\$ on its operations. The financial statements are presented in United States dollars (US\$) which is the Bank's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than US\$ are recognised in profit or loss.

Foreign exchange gains and losses are presented in the statement of profit or loss on a net basis.

(iii) Presentation in Khmer Riel

In compliance with the Law on Accounting and Auditing, the financial statements shall be expressed in Khmer Riel (KHR). The statement of profit or loss and other comprehensive income and the statement of cash flows are translated into KHR using the average exchange rates for the year. Assets and liabilities for each statement of financial position presented are translated at the closing rates as at the reporting dates, and shareholders' capital and reserves are translated at the rate at the date of transaction. Resulting exchange difference arising from the translation of reserves are recognised directly in equity; all other resulting exchange differences are recognised in the other comprehensive income.

The Bank has used the official rates of exchange published by the National Bank of Cambodia, and as at the reporting date, the average rate was US\$ 1 to KHR4,011 (2024: KHR4,071) and the closing rate was US\$ 1 to KHR4,013 (2024: KHR4,025).

2.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, the non-restricted deposits and placements with the central bank, and the non-restricted deposits and placements with other banks, 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments

2.6.1 Financial assets

i) Classification

The Bank classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through OCI, and
- those to be measured at amortised cost.

For investments in equity instruments that are not held for trading, the Bank has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets to be measured at amortised cost include cash on hand, deposits and placements with the central bank, deposits and placements with other banks, loans and advances, and other financial assets.

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

- 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 on the principal outstanding.

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

ii) Recognition and derecognition

Financial assets are recognised when the Bank 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 Bank 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 Bank 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.

iii) Measurement

At initial recognition, the Bank measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. 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.

Debt instruments

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

2.6.1 Financial assets (continued)

iii) Measurement (continued)

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, 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 'Interest income' using the effective interest rate method.

iv) Impairment

The Bank assesses on a forward-looking basis the expected credit losses associated with its debt instrument assets carried at amortised cost and with the exposure arising from credit commitments. The Bank 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 Bank applies a three-stage approach to measuring expected credit losses for the following categories:

- debt instruments measured at amortised cost; and
- credit commitments

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

Stage 1: 12-month ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL – not credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

ECL are recognised as credit impairment losses in profit or loss.

Please refer to Note 35.1 c) for credit risk in financial risk management for detailed measurement on ECL.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

2.6.2 Financial liabilities

Financial liabilities are recognised when the Bank becomes a party to the contractual provision of the instruments. Financial liabilities are measured at amortised cost. Financial liabilities of the Bank include deposits from banks and other financial institutions, deposits from customers, borrowings, debt securities, subordinated debts, 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 are derecognised when they have been redeemed or otherwise extinguished.

2.6.3 Credit commitments

Credit commitments provided by the Bank are measured as the amount of the loss allowance. The Bank 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, 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 Bank 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.

2.7 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.

2.8 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 Bank. All other subsequent expenditures are recognised as expenses in the period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of assets less their residual values over the estimated useful lives.

Construction in progress represents property and equipment under construction and is stated at cost. This includes cost of construction, property and equipment, and other direct costs. Construction in-progress is not depreciated until such time when the relevant assets are completed and ready for operational use.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.8 Property and equipment (continued)

The estimated useful lives are as follows:

	Useful life
Office furniture	5 years
Office machinery	5 years
Vehicles and Motorcycles	From 4 to 5 years
Computer and peripherals	4 years
Communication equipment	4 years
Leasehold improvements	Shorter of lease term and its economic lives

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

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

2.9 Intangible assets

Computer software is stated at historical cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised using the straight-line method over estimated useful life from five to ten years. Construction in-progress is not depreciated until such time when the relevant assets are completed and ready for operational use. Costs associated with maintenance of computer software are recognised as expenses when incurred.

2.10 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. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.11 Employee benefits

i) 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 Bank.

ii) Accrual for severance pay

This represents the accrual for severance pay for the fixed-duration contract employees who are entitled to receive 5% of the total contract cost at the end of the contract. Accrual for this severance pay is recognised at the present value of obligations at the reporting period.

iii) Pension fund scheme

The Bank 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 Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

iv) Other employment benefits - Employment seniority payment

In June 2018, the Cambodian government amended the Labour Law introducing the seniority pay scheme. Subsequently in 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:

Current Seniority Indemnity: 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).

The current seniority indemnity is considered as short-term employee benefits.

2.12 Interest income and expense

Interest income and expense from financial instruments at amortised cost are recognised within interest income and interest expense respectively in the statement of profit or loss using the effective interest method.

The effective interest method is a method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of the interest revenue or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Bank takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not expected credit losses.

Interest income is calculated by applying effective interest rate to the gross carrying amount of a financial asset except for:

- Purchased or originated credit-impaired financial assets (POCI), for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial assets.
- Financial assets that are not POCI but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.13 Fee and commission income

Fees and commissions are recognised as income when all conditions precedent are fulfilled (performance obligations are satisfied and control is transferred over time or point in time).

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.

2.14 Leases

The Bank as a lessee

As inception of contract, the Bank 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 Bank 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.

i) 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 Bank, 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.

To determine the incremental borrowing rate, the Bank uses its recent borrowing rate as a starting point, making specific adjustments to the lease such as term, country, currency and security.

Lease payments are allocated between principal and interest expense. The interest expense is charge 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. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.14 Leases (continued)

The Bank as a lessee (continued)

ii) Right-of-use assets

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

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

iii) Recognition exemptions

Payments associated with all leases of low-value assets and short-term leases are recognised as an expense in profit or loss.

2.15 Provisions

Provisions are recognised when the Bank 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 an interest expense.

2.16 Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period where the Bank operates and generates taxable income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.16 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.

2.17 Regulatory reserves

Banks and financial institutions are required to compute regulatory provisions, according to Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisions on impairment, and Circular No. B7-021-2314 dated 28 December 2021 (implemented from 1 January 2022) on the classification and provisioning requirements for restructured loans, and Notification No. B30-025-170 dated 5 February 2025 on calculation of the total provision. If the accumulated regulatory provision is higher than the accumulated impairment based on CIFRS 9, the 'topping up' will be recorded as regulatory reserves presented under equity. The reserve is subsequently reversed (up to zero) should the accumulated regulatory provision equal or be lower than accumulated impairment based on CIFRS 9. The regulatory reserve is set aside as a buffer, is non-distributable, is not allowed to be included in the net worth calculation.

The regulatory provision is calculated by applying the prescribed credit grading rates issued by the NBC to the gross carrying amount per CIFRS. These rates are as follows: Normal at 1%, Special Mention at 3%, Sub-standard at 20%, Doubtful at 50%, and Loss at 100%.

2.18 Rounding of amounts

All Khmer Riel amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements 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 Bank makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

i) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about the future economic conditions and credit behaviour. Explanation of the inputs assumptions and estimation techniques used in measuring ECL is further detailed in Note 35.1 (c).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- grouping financial assets sharing similar credit risk characteristics for the purposes of measuring ECL
- choosing appropriate models and assumptions to measure ECL
- determining criteria for identifying loans and advances to customers that have experienced a significant increase in credit risk (SICR)
- applying assumptions and analysis on expected future cash flows and forward-looking information
- applying assumptions and judgement on management overlay when credit risks that are not adequately captured by the underlying ECL model on restructured loans (see Note 35.1)

ii) Critical judgements in determining the lease

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

iii) Loan paid off penalty

The Bank charges penalty for any loan paid off before expiry of its lock-up period. The estimate future cash flow over the lifetime of the loan should include estimate of penalty. However, due to the limitation to estimate the penalty amount and its timing, it is not reliably estimated at initial recognition of loans. The penalty is not material compared to the fair value of individual loan at the origination. Recognising penalty from early loan paid off when the transaction occurs is the best estimation of the interest income.

iv) Contingent liabilities

The Bank received a comprehensive tax reassessment on 14 January 2025 for the tax audit period from 1 January 2020 to 31 December 2021. The reassessed amount includes withholding taxes, additional taxes and interest totalling KHR95,097,122,857 (US\$23,626,614). The management consulted with their tax consultant and assessed that it is remote and not probable that the Bank will be paying the reassessed amount, and a reliable timing and estimate of what would be the outflow cannot be made. The reassessed amount was not recognised as a liability but disclosed as tax contingent liabilities (Note 33).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

v) Tax deductible expenses

Management assessed and used the basis of current interpretation of the tax regulations enacted as at 31 December 2025 to calculate current income tax, including tax deductible expenses. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. (Note 30).

vi) Estimated useful lives of property and equipment and intangible assets

The useful lives of the Bank's assets with definite useful life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of the Bank's property and equipment and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the Bank's assets. Despite these periodic updates to useful lives, deviations between estimated and actual asset utilisation can occur for existing assets. Therefore, actual asset utilisation may exceed initial projections, resulting in certain fully depreciated assets are still in use.

4. CASH ON HAND

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR '000	US\$	KHR '000
Cash on Hand				
Current				
US Dollars	92,616,242	371,668,979	77,377,913	311,446,100
Khmer Riel	30,705,600	123,221,573	23,418,020	94,257,531
Thai Baht	6,662	26,735	231,011	929,819
	<u>123,328,504</u>	<u>494,917,287</u>	<u>101,026,944</u>	<u>406,633,450</u>

5. DEPOSITS AND PLACEMENTS WITH NATIONAL BANK OF CAMBODIA

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Deposits and placements				
Settlement accounts	38,116,348	152,960,905	36,026,303	145,005,870
Current accounts	156,385,368	627,574,482	43,577,345	175,398,814
Negotiable certificates of deposits	10,246,075	41,117,498	8,805,374	35,441,630
	<u>204,747,791</u>	<u>821,652,885</u>	<u>88,409,022</u>	<u>355,846,314</u>
Statutory deposits				
Reserve requirement	280,197,949	1,124,434,369	295,265,451	1,188,443,440
Capital guarantee deposit	60,000,000	240,780,000	60,000,000	241,500,000
	<u>340,197,949</u>	<u>1,365,214,369</u>	<u>355,265,451</u>	<u>1,429,943,440</u>
	<u>544,945,740</u>	<u>2,186,867,254</u>	<u>443,674,473</u>	<u>1,785,789,754</u>
Current	484,945,740	1,946,087,254	383,674,473	1,544,289,754
Non-current	60,000,000	240,780,000	60,000,000	241,500,000
	<u>544,945,740</u>	<u>2,186,867,254</u>	<u>443,674,473</u>	<u>1,785,789,754</u>

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

5. DEPOSITS AND PLACEMENTS WITH NATIONAL BANK OF CAMBODIA (continued)

Annual interest rates are as follows:

	As at 31 December 2025	As at 31 December 2024
Current accounts		
USD	Nil	Nil
KHR	Nil	Nil
Negotiable certificates of deposits		
USD	0.15% - 0.90%	1.18%
KHR	1.10% - 1.20%	1.00% - 1.40%
Reserve requirement	Nil	Nil
Capital guarantee deposit	1.03%	1.33%

(i) Reserve deposits

The reserve requirement represents the minimum reserve which is calculated at 7% for KHR and 7% for foreign currencies (2024: 7% for KHR and 7% for foreign currencies) of customers' deposits and borrowings in Khmer Riel (KHR) and other foreign currencies of the Bank. The reserve requirement bears no interest.

(ii) Capital guarantee deposit

Under the NBC Prakas No. B7-01-136, dated 15 October 2001, banks are required to maintain a capital guarantee deposit of 10% of share capital. This deposit is refundable should the Bank voluntarily ceases its operations in Cambodia and it is not available for use in the Bank's day-to-day operations.

6. DEPOSITS AND PLACEMENTS WITH OTHER BANKS

a) By residency status

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Deposits and placements with local banks	4,295,085	17,236,175	6,812,907	27,421,951
Deposits and placements with overseas banks	15,085,602	60,538,521	86,061,607	346,397,968
	<u>19,380,687</u>	<u>77,774,696</u>	<u>92,874,514</u>	<u>373,819,919</u>
<i>Less:</i>				
Allowance for expected credit loss	<u>(15,730)</u>	<u>(63,124)</u>	<u>(85,403)</u>	<u>(343,747)</u>
	<u>19,364,957</u>	<u>77,711,572</u>	<u>92,789,111</u>	<u>373,476,172</u>

KB PRASAC BANK PLC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

6. DEPOSITS AND PLACEMENTS WITH OTHER BANKS (continued)

b) By account types

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Current accounts	17,774,268	71,328,137	7,635,563	30,733,141
Savings accounts	1,606,419	6,446,559	189,349	762,130
Time deposits	-	-	85,049,602	342,324,648
	<u>19,380,687</u>	<u>77,774,696</u>	<u>92,874,514</u>	<u>373,819,919</u>
<i>Less:</i>				
Allowance for losses on balances with other banks	<u>(15,730)</u>	<u>(63,124)</u>	<u>(85,403)</u>	<u>(343,747)</u>
	<u>19,364,957</u>	<u>77,711,572</u>	<u>92,789,111</u>	<u>373,476,172</u>

c) By maturity

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Current	19,380,687	77,774,696	92,874,514	373,819,919
Non-Current	-	-	-	-
	<u>19,380,687</u>	<u>77,774,696</u>	<u>92,874,514</u>	<u>373,819,919</u>
<i>Less:</i>				
Allowance for expected credit loss	<u>(15,730)</u>	<u>(63,124)</u>	<u>(85,403)</u>	<u>(343,747)</u>
	<u>19,364,957</u>	<u>77,711,572</u>	<u>92,789,111</u>	<u>373,476,172</u>

Interest rates of deposits and placements with other banks are as follows:

	As at 31 December 2025	As at 31 December 2024
Current accounts		
USD	0% - 3.52%	0% - 1.25%
KHR	0% - 2.00%	0% - 1.25%
CNY	0%	0% - 0.35%
Savings accounts		
USD	0% - 0.50%	0% - 0.50%
KHR	0% - 0.10%	0% - 0.10%
Term deposits		
USD	N/A	3.00% - 4.30%
KHR	N/A	N/A

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

7. LOANS AND ADVANCES AT AMORTISED COST

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
<i>At amortised cost</i>				
Commercial loans	2,736,331,136	10,980,896,849	2,925,591,885	11,775,507,337
Overdrafts	4,911,095	19,708,224	6,561,909	26,411,684
Consumer loans				
Housing loans	955,488,349	3,834,374,745	862,305,967	3,470,781,517
Vehicle loans	375,647,249	1,507,472,410	349,827,706	1,408,056,517
Staff loans	12,951,369	51,973,844	11,257,529	45,311,554
Personal loans	1,152,997,931	4,626,980,696	1,021,021,272	4,109,610,620
Total gross loans	<u>5,238,327,129</u>	<u>21,021,406,768</u>	<u>5,176,566,268</u>	<u>20,835,679,229</u>
Impairment loss allowance	<u>(363,395,821)</u>	<u>(1,458,307,429)</u>	<u>(250,933,683)</u>	<u>(1,010,008,075)</u>
Total net loans	<u>4,874,931,308</u>	<u>19,563,099,339</u>	<u>4,925,632,585</u>	<u>19,825,671,154</u>

a) Allowance for expected credit loss

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
12-months ECL (Stage 1)	25,218,409	101,201,475	18,595,317	74,846,151
Lifetime ECL-not credit impaired (Stage 2)	33,093,018	132,802,281	9,042,190	36,394,815
Lifetime ECL-credit impaired (Stage 3)	305,084,394	1,224,303,673	223,296,176	898,767,109
	<u>363,395,821</u>	<u>1,458,307,429</u>	<u>250,933,683</u>	<u>1,010,008,075</u>

The movements of allowance for impairment losses on loans and advances to customers during the year were as follows:

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
At 1 January	250,933,683	1,010,008,075	160,430,048	655,356,746
Recognised in profit or loss	177,170,241	710,629,837	127,631,762	519,588,903
Written off	(64,708,103)	(259,544,201)	(37,128,127)	(151,148,605)
Currency translation differences	-	(2,786,282)	-	(13,788,969)
At 31 December	<u>363,395,821</u>	<u>1,458,307,429</u>	<u>250,933,683</u>	<u>1,010,008,075</u>

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

7. LOANS AND ADVANCES AT AMORTISED COST (continued)

b) By loan classification

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
<i>Performing</i>				
Gross amount	4,701,323,985	18,866,413,152	4,824,784,198	19,419,756,397
Exposure at default	4,701,323,985	18,866,413,152	4,824,784,198	19,419,756,397
Allowance for expected credit loss	(25,218,409)	(101,201,475)	(18,595,317)	(74,846,151)
<i>Under-performing</i>				
Gross amount	119,455,505	479,374,942	34,945,900	140,657,248
Exposure at default	119,455,505	479,374,942	34,945,900	140,657,248
Allowance for expected credit loss	(33,093,018)	(132,802,281)	(9,042,190)	(36,394,815)
<i>Non-performing</i>				
Gross amount	417,547,639	1,675,618,674	316,836,170	1,275,265,584
Exposure at default	417,547,639	1,675,618,674	316,836,170	1,275,265,584
Allowance for expected credit loss	(305,084,394)	(1,224,303,673)	(223,296,176)	(898,767,109)
Total gross loans	<u>5,238,327,129</u>	<u>21,021,406,768</u>	<u>5,176,566,268</u>	<u>20,835,679,229</u>
Exposure at default	<u>5,238,327,129</u>	<u>21,021,406,768</u>	<u>5,176,566,268</u>	<u>20,835,679,229</u>
Allowance for expected credit loss	<u>(363,395,821)</u>	<u>(1,458,307,429)</u>	<u>(250,933,683)</u>	<u>(1,010,008,075)</u>

c) By maturity

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Within one month	12,670,639	50,847,274	8,484,292	34,149,275
More than 1 month to 3 months	12,363,649	49,615,323	12,025,973	48,404,541
More than 3 months to 12 months	82,985,845	333,022,196	81,261,808	327,078,777
More than 1 year to 5 years	1,894,139,914	7,601,183,475	1,917,649,524	7,718,539,334
More than 5 years	3,236,167,082	12,986,738,500	3,157,144,671	12,707,507,302
Total gross loans	<u>5,238,327,129</u>	<u>21,021,406,768</u>	<u>5,176,566,268</u>	<u>20,835,679,229</u>

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

7. LOANS AND ADVANCES AT AMORTISED COST (continued)

d) By large exposure

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Large exposure	-	-	-	-
Non-large exposure	<u>5,238,327,129</u>	<u>21,021,406,768</u>	<u>5,176,566,268</u>	<u>20,835,679,229</u>
Total gross loans	<u>5,238,327,129</u>	<u>21,021,406,768</u>	<u>5,176,566,268</u>	<u>20,835,679,229</u>

The large exposure is defined by the central bank as the overall credit exposure to any individual beneficiary that exceeds 10% of the Bank's regulatory capital.

e) By relationship

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Related parties	12,951,369	51,973,844	12,965,090	52,184,487
Non-related parties	<u>5,225,375,760</u>	<u>20,969,432,924</u>	<u>5,163,601,178</u>	<u>20,783,494,742</u>
Total gross loans	<u>5,238,327,129</u>	<u>21,021,406,768</u>	<u>5,176,566,268</u>	<u>20,835,679,229</u>

f) By residency

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Residents	5,238,327,129	21,021,406,768	5,176,566,268	20,835,679,229
Non-residents	-	-	-	-
Total gross loans	<u>5,238,327,129</u>	<u>21,021,406,768</u>	<u>5,176,566,268</u>	<u>20,835,679,229</u>

g) Interest rates

These loans and advances to customers earn annual interest rates as below:

	As at 31 December 2025	As at 31 December 2024
Short term loans		
USD	7.00% - 18.00%	7.50% - 18.00%
KHR	9.00% - 18.00%	10.8% - 18.00%
Long term loans		
USD	(8.8%-20.40% before April 2017) (4.10%-18.00% after April 2017)	(14.40%-20.40% before April 2017) (4.10%-18.00% after April 2017)
KHR	5.10% - 18.00%	5.10% - 18.00%
THB	14.40% - 18.00%	(24.00%-25.20% before April 2017) (13.20%-18.00% after April 2017)

Effective on 1 April 2017, the annual interest rates of all new loans and restructured loans are capped at 18% as required by Prakas B7-017-109 on interest ceiling on loans. Loan and advances to customers outstanding with annual interest rate more than 18% were for those loans which disbursed prior to the issuance of this Prakas and which remain outstanding at the reporting date.

KB PRASAC BANK PLC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

8. PROPERTY AND EQUIPMENT

	Office Furniture US\$	Office Machinery US\$	Vehicles and motorcycles US\$	Computer and peripherals US\$	Leasehold Improvement US\$	Communication Equipment US\$	Work in Progress US\$	Total US\$
As at 1 January 2025								
Cost	1,869,468	8,373,364	3,664,756	20,017,502	6,109,502	482,126	360,452	40,877,170
Accumulated depreciation	(1,664,504)	(5,787,735)	(3,385,836)	(12,649,212)	(4,611,015)	(472,213)	-	(28,570,515)
Net book amount	<u>204,964</u>	<u>2,585,629</u>	<u>278,920</u>	<u>7,368,290</u>	<u>1,498,487</u>	<u>9,913</u>	<u>360,452</u>	<u>12,306,655</u>
<i>In KHR'000 equivalents</i>	<u>824,980</u>	<u>10,407,157</u>	<u>1,122,653</u>	<u>29,657,367</u>	<u>6,031,410</u>	<u>39,900</u>	<u>1,450,819</u>	<u>49,534,286</u>
For the year ended 31 December 2025								
Opening net book amount	204,964	2,585,629	278,920	7,368,290	1,498,487	9,913	360,452	12,306,655
Additions	46,462	382,360	184,500	1,008,437	50,055	2,354	3,965,268	5,639,436
Transfer from work in progress	52,651	438,088	-	1,446,372	687,794	-	(2,624,905)	-
Disposal-net	(1,103)	(643)	-	(3,807)	(14,010)	(138)	-	(19,701)
Depreciation charge	(97,821)	(833,593)	(162,669)	(2,749,375)	(644,912)	(6,930)	-	(4,495,300)
Closing net book amount	<u>205,153</u>	<u>2,571,841</u>	<u>300,751</u>	<u>7,069,917</u>	<u>1,577,414</u>	<u>5,199</u>	<u>1,700,815</u>	<u>13,431,090</u>
As at 31 December 2025								
Cost	1,899,766	8,872,595	3,666,744	21,899,217	6,405,365	460,471	1,700,815	44,904,973
Accumulated depreciation	(1,694,613)	(6,300,754)	(3,365,993)	(14,829,300)	(4,827,951)	(455,272)	-	(31,473,883)
Net book amount	<u>205,153</u>	<u>2,571,841</u>	<u>300,751</u>	<u>7,069,917</u>	<u>1,577,414</u>	<u>5,199</u>	<u>1,700,815</u>	<u>13,431,090</u>
<i>In KHR'000 equivalents</i>	<u>823,278</u>	<u>10,320,798</u>	<u>1,206,914</u>	<u>28,371,577</u>	<u>6,330,162</u>	<u>20,864</u>	<u>6,825,371</u>	<u>53,898,964</u>

KB PRASAC BANK PLC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

8. PROPERTY AND EQUIPMENT (continued)

	Office Furniture US\$	Office Machinery US\$	Vehicles and motorcycles US\$	Computer and peripherals US\$	Leasehold Improvement US\$	Communication Equipment US\$	Work in Progress US\$	Total US\$
As at 1 January 2024								
Cost	1,390,219	6,364,556	3,326,777	11,888,209	3,236,673	383,432	7,298,782	33,888,648
Accumulated depreciation	(1,004,526)	(4,325,882)	(2,949,721)	(9,274,434)	(2,173,854)	(336,529)	-	(20,064,946)
Net book amount	<u>385,693</u>	<u>2,038,674</u>	<u>377,056</u>	<u>2,613,775</u>	<u>1,062,819</u>	<u>46,903</u>	<u>7,298,782</u>	<u>13,823,702</u>
<i>In KHR'000 equivalents</i>	<u>1,575,556</u>	<u>8,327,983</u>	<u>1,540,274</u>	<u>10,677,271</u>	<u>4,341,616</u>	<u>191,599</u>	<u>29,815,524</u>	<u>56,469,823</u>
For the year ended 31 December 2024								
Opening net book amount	385,693	2,038,674	377,056	2,613,775	1,062,819	46,903	7,298,782	13,823,702
Reclassification	(164,220)	180,274	-	(36,258)	44,346	(24,142)	-	-
Other adjustments	(21,249)	-	11,181	-	(36,137)	-	-	(46,205)
Transfer to IA	-	-	-	-	-	-	(872,839)	(872,839)
Additions	41,652	287,706	79,400	423,550	87,419	-	2,739,171	3,658,898
Transfer from work in progress	59,123	810,381	-	6,945,979	989,179	-	(8,804,662)	-
Disposal-net	(910)	(188)	-	(6,045)	(26,378)	-	-	(33,521)
Depreciation charge	(95,125)	(731,218)	(188,717)	(2,572,711)	(622,761)	(12,848)	-	(4,223,380)
Closing net book amount	<u>204,964</u>	<u>2,585,629</u>	<u>278,920</u>	<u>7,368,290</u>	<u>1,498,487</u>	<u>9,913</u>	<u>360,452</u>	<u>12,306,655</u>
As at 31 December 2024								
Cost	1,869,468	8,373,364	3,664,756	20,017,502	6,109,502	482,126	360,452	40,877,170
Accumulated depreciation	(1,664,504)	(5,787,735)	(3,385,836)	(12,649,212)	(4,611,015)	(472,213)	-	(28,570,515)
Net book amount	<u>204,964</u>	<u>2,585,629</u>	<u>278,920</u>	<u>7,368,290</u>	<u>1,498,487</u>	<u>9,913</u>	<u>360,452</u>	<u>12,306,655</u>
<i>In KHR'000 equivalents</i>	<u>824,980</u>	<u>10,407,157</u>	<u>1,122,653</u>	<u>29,657,367</u>	<u>6,031,410</u>	<u>39,900</u>	<u>1,450,819</u>	<u>49,534,286</u>

The cost of property and equipment which are fully depreciated as at 31 December 2025 was US\$22,912,708 (2024: US\$21,462,210).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

9. LEASES

This note provides information for leases where the Bank is a lessee.

The Bank leases various buildings for its head office, branch operation and Automated Teller Machine (ATM). Rental contracts are typically made for fixed periods of one to ten years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

(i) Amounts recognised in the statement of financial position

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
<i>Right-of-use assets (Non-current)</i>				
Buildings	20,749,957	83,269,577	19,697,467	79,282,305
ATM	664,814	2,667,899	592,549	2,385,009
	<u>21,414,771</u>	<u>85,937,476</u>	<u>20,290,016</u>	<u>81,667,314</u>
<i>Lease liabilities</i>				
Current	5,287,527	21,218,846	4,977,410	20,034,075
Non-Current	16,452,799	66,025,082	15,528,565	62,502,474
	<u>21,740,326</u>	<u>87,243,928</u>	<u>20,505,975</u>	<u>82,536,549</u>

Right-of-use assets' additions during the year were US\$6,934,944 (2024: US\$7,102,454).

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
<i>Depreciation of right-of-use assets</i>				
Buildings	5,221,121	20,941,917	5,383,634	21,916,774
ATM	389,849	1,563,684	335,597	1,366,215
	<u>5,610,970</u>	<u>22,505,601</u>	<u>5,719,231</u>	<u>23,282,989</u>
Interest expense (Note 23)	<u>1,742,120</u>	<u>6,987,643</u>	<u>1,591,962</u>	<u>6,480,878</u>
Rental expense related to short-term lease and lease of low-value assets (included in Other operating expenses) (Note 29)	<u>420,690</u>	<u>1,687,388</u>	<u>354,107</u>	<u>1,441,570</u>
Transportation expense to leases of low-value assets (included in other operating expenses)	<u>1,197,801</u>	<u>4,804,380</u>	<u>1,198,272</u>	<u>4,878,165</u>
Total expenses related to leases	<u>8,971,581</u>	<u>35,985,012</u>	<u>8,863,572</u>	<u>36,083,602</u>

Total cash outflow for lease during the period was US\$7,001,616 (2024: US\$7,040,677).

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

10. INTANGIBLE ASSETS

	Computer software US\$	Core banking Software US\$	Others US\$	Work in progress US\$	Total US\$
As at 1 January 2025					
Cost	9,777,668	26,880,093	127,050	585,961	37,370,772
Accumulated amortisation	<u>(2,087,842)</u>	<u>(4,353,725)</u>	<u>(127,050)</u>	-	<u>(6,568,617)</u>
Net book amount	<u>7,689,826</u>	<u>22,526,368</u>	-	<u>585,961</u>	<u>30,802,155</u>
In KHR'000 equivalents	<u>30,951,550</u>	<u>90,668,631</u>	-	<u>2,358,493</u>	<u>123,978,674</u>
For the year ended December 2025					
Opening net book amount	7,689,826	22,526,368	-	585,961	30,802,155
Other adjustments	-	-	-	(119,301)	(119,301)
Transfer from work in progress	19,500	-	-	(19,500)	-
Additions	1,951	-	-	1,023,574	1,025,525
Amortisation charge	<u>(863,440)</u>	<u>(2,523,162)</u>	-	-	<u>(3,386,602)</u>
Closing net book amount	<u>6,847,837</u>	<u>20,003,206</u>	-	<u>1,470,734</u>	<u>28,321,777</u>
As at 31 December 2025					
Cost	9,799,118	26,880,093	127,050	1,470,734	38,276,995
Accumulated amortisation	<u>(2,951,281)</u>	<u>(6,876,887)</u>	<u>(127,050)</u>	-	<u>(9,955,218)</u>
Net book amount	<u>6,847,837</u>	<u>20,003,206</u>	-	<u>1,470,734</u>	<u>28,321,777</u>
In KHR'000 equivalents	<u>27,480,370</u>	<u>80,272,865</u>	-	<u>5,902,056</u>	<u>113,655,291</u>
As at 1 January 2024					
Cost	1,580,390	2,939,641	-	15,351,772	19,871,803
Accumulated amortisation	<u>(1,136,448)</u>	<u>(2,255,062)</u>	-	-	<u>(3,391,510)</u>
Net book amount	<u>443,942</u>	<u>684,579</u>	-	<u>15,351,772</u>	<u>16,480,293</u>
In KHR'000 equivalents	<u>1,813,503</u>	<u>2,796,505</u>	-	<u>62,711,989</u>	<u>67,321,997</u>
For the year ended December 2024					
Opening net book amount	443,942	684,579	-	15,351,772	16,480,293
Reclassification	(71,535)	(44,741)	116,276	-	-
Other adjustments	116,876	-	-	-	116,876
Transfer from PPE	-	-	-	872,836	872,836
Transfer from work in progress	7,869,852	23,008,265	-	(30,878,117)	-
Additions	24,510	914,028	-	15,239,470	16,178,008
Amortisation charge	<u>(693,819)</u>	<u>(2,035,763)</u>	<u>(116,276)</u>	-	<u>(2,845,858)</u>
Closing net book amount	<u>7,689,826</u>	<u>22,526,368</u>	-	<u>585,961</u>	<u>30,802,155</u>
As at 31 December 2024					
Cost	9,777,668	26,880,093	127,050	585,961	37,370,772
Accumulated amortisation	<u>(2,087,842)</u>	<u>(4,353,725)</u>	<u>(127,050)</u>	-	<u>(6,568,617)</u>
Net book amount	<u>7,689,826</u>	<u>22,526,368</u>	-	<u>585,961</u>	<u>30,802,155</u>
In KHR'000 equivalents	<u>30,951,550</u>	<u>90,668,631</u>	-	<u>2,358,493</u>	<u>123,978,674</u>

The cost of intangible assets which are fully depreciated as at 31 December 2025 was US\$2,654,862 (2024: US\$2,438,220).

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

11. DEFERRED TAX ASSETS

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR '000	US\$	KHR '000
<i>Non-current</i>				
Deferred tax assets	31,253,471	125,420,179	15,748,780	63,388,839
Deferred tax liabilities	(5,136,441)	(20,612,537)	(4,878,401)	(19,635,564)
Deferred tax assets - net	<u>26,117,030</u>	<u>104,807,642</u>	<u>10,870,379</u>	<u>43,753,275</u>

The movement of net deferred tax assets during the year as follows:

	For the year ended 31 December 2025		For the year 31 December 2024	
	US\$	KHR '000	US\$	KHR '000
At the beginning of the year	10,870,379	43,753,275	21,708,495	88,679,202
(Charged)/ credited to profit or loss	15,246,654	61,154,328	(10,838,116)	(44,121,970)
Currency translation differences	(3)	(99,961)	-	(803,957)
At the end of the year	<u>26,117,030</u>	<u>104,807,642</u>	<u>10,870,379</u>	<u>43,753,275</u>

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

11. DEFERRED TAX ASSETS (continued)

	Impairment loss US\$	Unamortised loan fees US\$	Net accrued interest receivables (AIR) US\$	Lease liabilities US\$	Interest expense US\$	Accrued expenses US\$	Net AIR on Modification losses US\$	Loan Outstanding on Modification losses US\$	Deferred Income US\$	Unrealised exchange gain/loss US\$	Total US\$
2024											
At 1 January 2024	10,651,160	8,883,649	113,154	4,279,393	87,696	840,291	-	-	-	790,690	25,646,033
(Charged)/credited to profit or loss	(9,116,425)	(288,611)	(113,154)	356,417	(47,495)	102,705	-	-	-	(790,690)	(9,897,253)
At 31 December 2024	<u>1,534,735</u>	<u>8,595,038</u>	<u>-</u>	<u>4,635,810</u>	<u>40,201</u>	<u>942,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,748,780</u>
In KHR '000 equivalent	<u>6,177,308</u>	<u>34,595,028</u>	<u>-</u>	<u>18,659,135</u>	<u>161,809</u>	<u>3,795,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,388,839</u>
2025											
At 1 January 2025	1,534,735	8,595,038	-	4,635,810	40,201	942,996	-	-	-	-	15,748,780
(Charged)/credited to profit or loss	12,073,152	(388,833)	-	239,448	(34,781)	4,453	(256,689)	3,398,850	469,091	-	15,504,691
At 31 December 2025	<u>13,607,887</u>	<u>8,206,205</u>	<u>-</u>	<u>4,875,258</u>	<u>5,420</u>	<u>947,449</u>	<u>(256,689)</u>	<u>3,398,850</u>	<u>469,091</u>	<u>-</u>	<u>31,253,471</u>
In KHR '000 equivalent	<u>54,608,448</u>	<u>32,931,501</u>	<u>-</u>	<u>19,564,412</u>	<u>21,750</u>	<u>3,802,113</u>	<u>(1,030,094)</u>	<u>13,639,587</u>	<u>1,882,462</u>	<u>-</u>	<u>125,420,179</u>

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

11. DEFERRED TAX ASSETS (continued)

(i) Deferred tax liabilities

	Right-of-use assets US\$	Depreciation US\$	Unrealised exchange gain/loss US\$	Total US\$
2024				
At 1 January 2024	3,726,304	211,234	-	3,937,538
Charged to profit or loss	322,837	454,975	163,051	940,863
At 31 December 2024	<u>4,049,141</u>	<u>666,209</u>	<u>163,051</u>	<u>4,878,401</u>
In KHR '000 equivalent	<u>16,297,793</u>	<u>2,681,491</u>	<u>656,280</u>	<u>19,635,564</u>
2025				
At 1 January 2025	4,049,141	666,209	163,051	4,878,401
Charged to profit or loss	207,268	(325,609)	376,381	258,040
At 31 December 2025	<u>4,256,409</u>	<u>340,600</u>	<u>539,432</u>	<u>5,136,441</u>
In KHR '000 equivalent	<u>17,080,969</u>	<u>1,366,828</u>	<u>2,164,740</u>	<u>20,612,537</u>

12. OTHER ASSETS

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Prepayments	3,877,858	15,561,844	3,222,544	12,970,740
Deposits	2,837,554	11,387,104	1,775,272	7,145,470
Account receivable	3,563	14,298	407	1,638
Others account receivable	150,922	605,651	31,039	124,932
	<u>6,869,897</u>	<u>27,568,897</u>	<u>5,029,262</u>	<u>20,242,780</u>
<i>Less:</i>				
Allowance for ECLs on deposit	(68,770)	(275,974)	(18,584)	(74,801)
	<u>6,801,127</u>	<u>27,292,923</u>	<u>5,010,678</u>	<u>20,167,979</u>
Current	4,122,440	16,543,352	1,427,908	5,747,330
Non-current	2,678,687	10,749,571	3,582,770	14,420,649
	<u>6,801,127</u>	<u>27,292,923</u>	<u>5,010,678</u>	<u>20,167,979</u>

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

13. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Demand deposits	16,305,433	65,433,703	15,207,369	61,209,660
Savings deposits	-	-	-	-
Term deposits	165,005,819	662,168,352	89,839,414	361,603,642
	181,311,252	727,602,055	105,046,783	422,813,302
<i>Add:</i>				
Accrued interest payables	2,564,939	10,293,099	2,031,887	8,178,345
	183,876,191	737,895,154	107,078,670	430,991,647
Current	166,329,463	667,480,135	101,994,645	410,528,446
Non-current	17,546,728	70,415,019	5,084,025	20,463,201
	183,876,191	737,895,154	107,078,670	430,991,647

a) By currency

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
USD	183,236,411	735,327,717	106,773,017	429,761,394
KHR	639,780	2,567,437	305,653	1,230,253
	183,876,191	737,895,154	107,078,670	430,991,647

b) By relationship

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Non-related parties	182,159,443	731,005,845	90,318,831	363,533,295
Related parties	1,716,748	6,889,309	16,759,839	67,458,352
	183,876,191	737,895,154	107,078,670	430,991,647

c) By annual interest rate

Annual interest rates during the year are as follows:

	As at 31 December 2025	As at 31 December 2024
Current accounts		
USD	0% - 3.10%	0% - 4.00%
KHR	0% - 3.10%	0% - 1.75%
Savings accounts		
USD	N/A	N/A
KHR	N/A	N/A
Fixed deposits		
USD	2.50% - 8.00%	1.50% - 8.00%
KHR	N/A	N/A

KB PRASAC BANK PLC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

14. DEPOSITS FROM CUSTOMERS

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Demand deposits	243,278,240	976,275,577	82,915,861	333,736,341
Savings deposits	721,351,692	2,894,784,340	306,164,610	1,232,312,555
Fixed deposits	2,799,557,273	11,234,623,337	2,944,365,388	11,851,070,687
Other deposits	32,340	129,780	42,765	172,129
	<u>3,764,219,545</u>	<u>15,105,813,034</u>	<u>3,333,488,624</u>	<u>13,417,291,712</u>
<i>Add:</i>				
Accrued interest payables	69,014,379	276,954,703	89,549,496	360,436,721
	<u>3,833,233,924</u>	<u>15,382,767,737</u>	<u>3,423,038,120</u>	<u>13,777,728,433</u>
Current	3,648,658,243	14,642,065,529	3,251,154,953	13,085,898,686
Non-current	184,575,681	740,702,208	171,883,167	691,829,747
	<u>3,833,233,924</u>	<u>15,382,767,737</u>	<u>3,423,038,120</u>	<u>13,777,728,433</u>

a) By currency

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
USD	3,457,101,088	13,873,346,666	3,140,844,660	12,641,899,756
KHR	376,128,583	1,509,404,004	282,183,420	1,135,788,266
THB	4,253	17,067	10,040	40,411
	<u>3,833,233,924</u>	<u>15,382,767,737</u>	<u>3,423,038,120</u>	<u>13,777,728,433</u>

b) By relationship

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Non-related parties	3,824,020,452	15,345,794,074	3,412,019,312	13,733,377,731
Related parties	9,213,472	36,973,663	11,018,808	44,350,702
	<u>3,833,233,924</u>	<u>15,382,767,737</u>	<u>3,423,038,120</u>	<u>13,777,728,433</u>

Annual interest rates during the year are as follows:

	As at 31 December 2025	As at 31 December 2024
Current accounts		
USD	0% - 4.10%	0% - 5.00%
KHR	0% - 4.10%	0% - 5.00%
THB	N/A	N/A
Savings accounts		
USD	0% - 6.50%	0% - 5.00%
KHR	0% - 4.00%	0% - 4.00%
THB	0.10%	0.10%
Fixed deposits		
USD	1.50% - 8.50%	2.00% - 8.50%
KHR	1.50% - 8.50%	1.50% - 8.50%
THB	N/A	N/A

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

15. BORROWINGS

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Principal	289,901,292	1,163,373,885	884,025,310	3,558,201,873
Interest payable	2,050,951	8,230,466	8,289,593	33,365,612
	<u>291,952,243</u>	<u>1,171,604,351</u>	<u>892,314,903</u>	<u>3,591,567,485</u>

The Bank entered into borrowing agreements with various lenders, including both related and non-related parties. Borrowings are unsecured and the repayments of principal and interest are made either on quarterly, semi-annual or annual basis based on the repayment schedule for each of the borrowing agreements.

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Current	187,277,908	751,546,245	669,886,647	2,696,293,754
Non-current	104,674,335	420,058,106	222,428,256	895,273,731
	<u>291,952,243</u>	<u>1,171,604,351</u>	<u>892,314,903</u>	<u>3,591,567,485</u>

As of 31 December 2025, the Bank's financial covenant ratios were not in line with covenants on borrowings with a few lenders amounting to US\$18,919,203 (31 December 2024: US\$195,730,588). The Bank had obtained waivers approving for not testing these financial covenant ratios up to 31 December 2025 from certain lenders. The Bank is in the process of requesting the waivers for the other lenders. The non-current portion of the borrowings, amounting to US\$14,702,218, has been reclassified from non-current liabilities to current liabilities as of 31 December 2025 (31 December 2024: US\$8,333,333).

a) By currency

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
USD	114,956,384	461,319,969	659,736,107	2,655,437,831
KHR	176,995,859	710,284,382	232,578,796	936,129,654
	<u>291,952,243</u>	<u>1,171,604,351</u>	<u>892,314,903</u>	<u>3,591,567,485</u>

b) By relationship

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Non-related parties	235,204,432	943,875,386	326,891,460	1,315,738,127
Related parties	56,747,811	227,728,965	565,423,443	2,275,829,358
	<u>291,952,243</u>	<u>1,171,604,351</u>	<u>892,314,903</u>	<u>3,591,567,485</u>

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

15. BORROWINGS (continued)

c) Changes in liabilities arising from financing activities – borrowings

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
<i>Principal amount</i>				
At 1 January	884,025,310	3,558,201,873	1,381,324,112	5,642,708,998
Addition	184,531,010	740,153,881	427,683,307	1,741,098,743
Repayment of principal	(781,126,566)	(3,133,098,656)	(932,267,751)	(3,795,262,013)
Exchange difference and others	2,471,538	9,913,339	7,285,642	29,659,847
Currency translation differences	-	(11,796,552)	-	(60,003,702)
At the end of the year	<u>289,901,292</u>	<u>1,163,373,885</u>	<u>884,025,310</u>	<u>3,558,201,873</u>
<i>Interest payables</i>				
At 1 January	8,289,593	33,365,612	13,470,248	55,025,963
Change during the year	46,272,228	185,597,907	96,512,491	392,902,351
Interest payments	(46,054,385)	(184,724,138)	(96,271,950)	(391,923,107)
Exchange difference and others	(6,456,485)	(25,896,961)	(5,421,196)	(22,639,595)
Currency translation	-	(111,954)	-	-
At the end of the year	<u>2,050,951</u>	<u>8,230,466</u>	<u>8,289,593</u>	<u>33,365,612</u>

d) Annual interest rates for borrowings are as follows:

	As at 31 December 2025	As at 31 December 2024
Term loans		
USD	2.00% - 7.30%	2.00% - 9.43%
KHR	2.00% - 7.25%	2.00% - 7.50%
THB	N/A	N/A

16. INCOME TAX PAYABLE

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
<i>Current</i>				
At the beginning of the year	6,640,722	26,728,906	22,538,754	92,070,810
Current tax	42,367,845	169,937,426	13,438,307	54,707,348
Income tax paid	(13,319,479)	(53,424,430)	(29,336,339)	(119,428,236)
Currency translation differences	-	(21,592)	-	(621,016)
	<u>35,689,088</u>	<u>143,220,310</u>	<u>6,640,722</u>	<u>26,728,906</u>

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

17. PROVISION FOR EMPLOYEE BENEFITS

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Severance payment obligation	645,723	2,591,286	519,296	2,090,166
	<u>645,723</u>	<u>2,591,286</u>	<u>519,296</u>	<u>2,090,166</u>

18. OTHER LIABILITIES

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
<i>Current</i>				
Accrued expenses	4,061,255	16,297,816	3,752,471	15,103,696
Accrued bonuses and incentives	2,669,215	10,711,560	3,612,034	14,538,437
Deferred commission income	2,373,164	9,523,507	15,362	61,832
Account payable	2,191,224	8,793,382	1,067,129	4,295,194
Withholding taxes	1,316,688	5,283,869	2,042,843	8,222,443
Tax on salary	1,222,056	4,904,111	1,127,470	4,538,067
Others	2,415	9,693	10,260	41,296
	<u>13,836,017</u>	<u>55,523,938</u>	<u>11,627,569</u>	<u>46,800,965</u>

19. SUBORDINATED DEBTS

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Principal	19,923,020	79,951,079	29,855,320	120,167,663
Interest payable	235,278	944,171	359,333	1,446,315
	<u>20,158,298</u>	<u>80,895,250</u>	<u>30,214,653</u>	<u>121,613,978</u>
Current	10,489,353	42,093,774	10,359,333	41,696,315
Non-current	9,668,945	38,801,476	19,855,320	79,917,663
	<u>20,158,298</u>	<u>80,895,250</u>	<u>30,214,653</u>	<u>121,613,978</u>
Related parties	20,158,298	80,895,250	30,214,653	121,613,978
	<u>20,158,298</u>	<u>80,895,250</u>	<u>30,214,653</u>	<u>121,613,978</u>

These subordinated debts which are repayable based on the agreed schedules stated in each loan agreements. The subordinated debt from shareholder was approved by the NBC such that it can be included as Tier 2 Capital for purpose of regulatory capital calculation. There is only one subordinated debt outstanding with interest rate at 8.95% (2024: 8.95%) during the year.

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
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19. SUBORDINATED DEBTS (continued)

Changes in liabilities arising from financing activities – Subordinated debts

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
<i>Principal amount</i>				
At 1 January	29,855,320	120,167,663	50,206,058	205,091,747
Repayments	(10,000,000)	(40,110,000)	(20,500,000)	(83,455,500)
Others	67,700	271,545	149,262	607,646
Currency translation	-	(378,129)	-	(2,076,230)
At the end of the year	<u>19,923,020</u>	<u>79,951,079</u>	<u>29,855,320</u>	<u>120,167,663</u>
<i>Interest payables</i>				
At 1 January	359,333	1,446,315	598,306	2,444,080
Charge during the year	2,708,221	10,862,674	4,156,387	16,920,651
Interest payments	(2,354,917)	(9,445,572)	(4,395,360)	(17,893,511)
Others	(477,359)	(1,914,687)	-	-
Currency translation	-	(4,559)	-	(24,905)
At the end of the year	<u>235,278</u>	<u>944,171</u>	<u>359,333</u>	<u>1,446,315</u>

20. SHARE CAPITAL

There were no changes in the registered and paid up share capital of the Bank during the year.

The total authorised amount of share capital comprises 600 million shares as at 31 December 2025 (2024: 600 million shares) with a par value of US\$1 per share (2024: US\$1 per share). All issued shares have been fully paid for.

	As at 31 December 2025			As at 31 December 2024		
	US\$	KHR'000	%	US\$	KHR'000	%
Kookmin Bank Co, Ltd.	<u>600,000,000</u>	<u>2,400,000,000</u>	<u>100%</u>	<u>600,000,000</u>	<u>2,400,000,000</u>	<u>100%</u>

21. RESERVE

The central bank issued letter No. B7-023-2377 Chor. Tor dated 30 October 2023 approving the inclusion of equity transferred from Kookmin Bank Cambodia Plc. (as the result of merger) into reserves, other than revaluation reserves. The initial approved amount was US\$112,675,751. On 30 July 2024, the central bank issued letter No. B7.024.1521 Chor. Tor approved the change of the initial approved amount to US\$91,944,796. As at 31 December 2025 and 31 December 2024, US\$91,944,796 was maintained as the reserves.

22. REGULATORY RESERVES

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Balance at beginning of the year	42,653,005	171,446,292	4,546,626	18,068,117
Transfers (to)/from retained earnings	<u>(7,326,040)</u>	<u>(29,399,399)</u>	<u>38,106,379</u>	<u>153,378,175</u>
Balance at the end of the year	<u>35,326,965</u>	<u>142,046,893</u>	<u>42,653,005</u>	<u>171,446,292</u>

KB PRASAC BANK PLC.

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23. NET INTEREST INCOME

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
<i>Interest income from financial assets at amortised cost:</i>				
Loans and advances	696,517,318	2,793,730,962	701,212,848	2,854,637,504
Deposits and placements with banks	2,900,397	11,633,492	2,694,607	10,969,745
Deposits and placements with National Bank of Cambodia	760,993	3,052,344	885,606	3,605,302
Total interest income	<u>700,178,708</u>	<u>2,808,416,798</u>	<u>704,793,061</u>	<u>2,869,212,551</u>
<i>Interest expense on financial liabilities at amortised cost:</i>				
Deposits from customers	(188,975,132)	(757,979,255)	(226,090,315)	(920,413,672)
Deposit from other banks	(5,421,566)	(21,745,901)	(5,879,997)	(23,937,468)
Borrowings	(46,272,228)	(185,597,907)	(96,512,491)	(392,902,351)
Subordinated debts	(2,708,221)	(10,862,674)	(4,156,387)	(16,920,651)
Lease liabilities	(1,742,120)	(6,987,643)	(1,591,962)	(6,480,878)
Total interest expense	<u>(245,119,267)</u>	<u>(983,173,380)</u>	<u>(334,231,152)</u>	<u>(1,360,655,020)</u>
Net interest income	<u>455,059,441</u>	<u>1,825,243,418</u>	<u>370,561,909</u>	<u>1,508,557,531</u>

24. NET FEE AND COMMISSION INCOME

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
<i>Fee and commission income:</i>				
Local remittance and services	1,352,169	5,423,550	1,792,691	7,298,045
Penalty fee income from late loan repayments	233,081	934,888	-	-
Total fee and commission income	<u>1,585,250</u>	<u>6,358,438</u>	<u>1,792,691</u>	<u>7,298,045</u>
Borrowing service charges	(2,261,870)	(9,072,361)	(2,295,439)	(9,344,732)
Bank charges	(915,473)	(3,671,962)	(1,041,194)	(4,238,701)
VISA cards	(111,925)	(448,931)	-	-
Others fee expense	(20,724)	(83,124)	(3,793)	(15,441)
Total fee and commission expense	<u>(3,309,992)</u>	<u>(13,276,378)</u>	<u>(3,340,426)</u>	<u>(13,598,874)</u>
Net fee and commission income	<u>(1,724,742)</u>	<u>(6,917,940)</u>	<u>(1,547,735)</u>	<u>(6,300,829)</u>

KB PRASAC BANK PLC.

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25. OTHER (LOSS)/GAIN - NET

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Net foreign exchange gains	1,941,371	7,786,839	4,826,322	19,647,957
Non-credit risk modification losses	(16,994,252)	(68,163,945)	-	-
	<u>(15,052,881)</u>	<u>(60,377,106)</u>	<u>4,826,322</u>	<u>19,647,957</u>

26. CREDIT IMPAIRMENT LOSSES

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
<i>Expected Credit Loss (ECL)/ (Reversal):</i>				
Loans and advances to customers (Note 7.a)	177,170,241	710,629,837	127,631,762	519,588,903
Deposits and placements with other banks	(69,673)	(279,458)	71,505	291,097
Other assets	50,186	201,296	15,450	62,897
Off-balance sheet item	(7,844)	(31,463)	6,945	28,273
Other	-	-	586	2,386
	<u>177,142,910</u>	<u>710,520,212</u>	<u>127,726,248</u>	<u>519,973,556</u>
Recovery on loans previously written off	<u>(7,013,087)</u>	<u>(28,129,492)</u>	<u>(5,054,125)</u>	<u>(20,575,343)</u>
	<u>170,129,823</u>	<u>682,390,720</u>	<u>122,672,123</u>	<u>499,398,213</u>

27. PERSONNEL EXPENSES

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Salaries	70,998,297	284,774,169	68,372,571	278,344,737
Incentives and bonuses	18,091,091	72,563,366	18,735,445	76,271,997
Employee benefits	5,673,638	22,756,962	5,192,093	21,137,011
Employee social welfare fund expenses	1,357,385	5,444,471	1,333,073	5,426,940
Staff uniform	1,076,215	4,316,698	738,735	3,007,390
Medical expenses	110,690	443,978	80,664	328,383
Other staff benefits	690,706	2,770,422	683,690	2,783,301
	<u>97,998,022</u>	<u>393,070,066</u>	<u>95,136,271</u>	<u>387,299,759</u>

KB PRASAC BANK PLC.

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FOR THE YEAR ENDED 31 DECEMBER 2025**

28. DEPRECIATION AND AMORTISATION CHARGES

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Depreciation of property and equipment (note 8)	4,495,300	18,030,648	4,223,380	17,193,380
Amortisation of intangible assets (note 10)	3,386,602	13,583,661	2,845,858	11,585,488
Depreciation charge of right-of-use assets (note 9.ii)	5,610,970	22,505,601	5,719,231	23,282,989
	<u>13,492,872</u>	<u>54,119,910</u>	<u>12,788,469</u>	<u>52,061,857</u>

29. OTHER OPERATING EXPENSES

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Fuel costs	5,048,101	20,247,933	5,079,735	20,679,601
Maintenance	4,171,931	16,733,615	3,798,823	15,465,008
Marketing and promotions	1,741,245	6,984,134	2,486,638	10,123,103
Utilities	1,569,005	6,293,279	1,760,452	7,166,800
Transportation expense to leases of low-value assets	1,197,801	4,804,380	1,198,272	4,878,165
Communications	1,169,529	4,690,981	1,149,924	4,681,341
Printing and stationery	1,091,686	4,378,753	1,462,698	5,954,644
License fees	1,049,681	4,210,270	1,158,860	4,717,719
Donation	834,213	3,346,028	171,214	697,012
Other tax expenses	797,655	3,199,394	888,709	3,617,934
Professional fees	673,921	2,703,097	1,305,074	5,312,956
Office supplies	524,289	2,102,923	366,246	1,490,987
Entertainment expense	500,341	2,006,868	122,893	500,297
Per diem and travelling	464,059	1,861,341	368,401	1,499,760
Rental expense related to short-term lease and lease of low-value assets	420,690	1,687,388	354,107	1,441,570
Training	310,550	1,245,616	315,904	1,286,045
Stamp Tax	222,854	893,867	336,339	1,369,236
Transportation	259,579	1,041,171	274,244	1,116,447
Bank charges	29,928	120,041	58,632	238,691
Others expenses	615,516	2,468,835	764,027	3,110,357
	<u>22,692,574</u>	<u>91,019,914</u>	<u>23,421,192</u>	<u>95,347,673</u>

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29. OTHER OPERATING EXPENSES (continued)

Audit fee information

The following fees were paid or are payable to PricewaterhouseCoopers (Cambodia) Ltd.

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Statutory audit	133,000	533,463	123,000	500,733
Group reporting requirements	22,000	88,242	36,364	148,038
	<u>155,000</u>	<u>621,705</u>	<u>159,364</u>	<u>648,771</u>

30. INCOME TAX EXPENSE

a) Income tax expense

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Current income tax	42,367,845	169,937,426	13,438,307	54,707,348
Deferred income tax	(15,246,654)	(61,154,328)	10,838,116	44,121,970
	<u>27,121,191</u>	<u>108,783,098</u>	<u>24,276,423</u>	<u>98,829,318</u>

b) Reconciliation between income tax expenses and accounting profit

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Profit before income tax	134,182,597	538,206,397	120,041,184	488,687,660
Effective tax rate at 20%	26,836,519	107,641,280	24,008,237	97,737,533
<i>Tax effects in respect of:</i>				
Expenses not deductible for tax purposes	284,672	1,141,818	219,974	895,514
Tax reassessment on the current income tax of previous years	-	-	48,212	196,271
Income tax expenses	<u>27,121,191</u>	<u>108,783,098</u>	<u>24,276,423</u>	<u>98,829,318</u>

Under the Cambodian tax regulations, the Bank is subject to 20% Income Tax.

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**NOTES TO THE FINANCIAL STATEMENTS
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30. INCOME TAX EXPENSE (continued)

c) Other matters

Taxes are calculated on the basis of current interpretation of the tax regulations enacted as at reporting date. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

However, these regulations are subject to periodic variation and the ultimate determination of tax liabilities will be made following inspection by the tax authorities. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the taxes liabilities and balances in the period in which the determination is made.

31. CASH AND CASH EQUIVALENTS

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR '000	US\$	KHR '000
Cash on hand	123,328,504	494,917,287	101,026,944	406,633,450
<i>Deposits and placements with National Bank of Cambodia:</i>				
Current accounts	194,501,716	780,535,387	79,603,648	320,404,683
Term deposits (original term of three months or less)	3,607,000	14,474,890	-	-
<i>Deposits and placements with the other banks:</i>				
Current accounts	17,774,268	71,328,137	7,635,563	30,733,141
Savings accounts	1,606,419	6,446,559	189,349	762,130
Term deposits (original term of three months or less)	-	-	85,049,602	342,324,648
Cash and cash equivalents	<u>340,817,907</u>	<u>1,367,702,260</u>	<u>273,505,106</u>	<u>1,100,858,052</u>

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
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32. CASHFLOW INFORMATION

a) Cash flow from operations

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Profit for before income tax	134,182,597	538,206,397	120,041,184	488,687,660
<i>Adjustments for:</i>				
Depreciation and amortisation charges (Note 28)	13,492,872	54,119,910	12,788,469	52,061,857
Non-cash adjustments for PPE/IA	119,301	478,516	(70,668)	(287,689)
Credit impairment loss	170,129,823	682,390,720	122,672,123	499,398,213
Loss on disposal of property and equipment	23,778	95,374	60,013	244,313
Gain on early terminate and modification of lease contract	(39,228)	(157,344)	(35,661)	(145,176)
Non-cash employee benefits expenses	4,935,386	19,795,833	4,469,001	18,193,303
Unrealised gain/loss	(1,941,371)	(7,786,839)	(4,826,322)	(19,647,957)
Non-credit risk modification losses	16,994,252	68,163,945	-	-
Other non-cash	(3,917,247)	(15,712,078)	-	-
Net Interest income (Note 23)	(455,059,441)	(1,825,243,418)	(370,561,909)	(1,508,557,531)
<i>Changes in working capital:</i>				
Statutory deposits	15,067,502	60,435,751	84,056,065	342,192,241
Loans and advances	(123,355,226)	(494,777,811)	(130,497,368)	(531,254,785)
Other assets	(1,840,635)	(7,382,787)	3,189,904	12,986,099
Deposits from banks and other financial institutions	76,264,469	305,896,785	(2,281,141)	(9,286,525)
Deposits from customers	430,730,921	1,727,661,724	418,135,299	1,702,228,802
Other liabilities	2,216,293	8,889,551	755,965	3,077,534
Cash generated from operations	<u>278,004,046</u>	<u>1,115,074,229</u>	<u>257,894,954</u>	<u>1,049,890,359</u>

b) Net debt reconciliation

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR '000	US\$	KHR '000
Net debt				
Cash and cash equivalents	340,817,907	1,367,702,260	273,505,106	1,100,858,052
Borrowings	(291,952,243)	(1,171,604,351)	(892,314,903)	(3,591,567,485)
Subordinated debts	(20,158,298)	(80,895,250)	(30,214,653)	(121,613,978)
Lease liabilities	(21,740,326)	(87,243,928)	(20,505,975)	(82,536,549)
Net debt	<u>6,967,040</u>	<u>27,958,731</u>	<u>(669,530,425)</u>	<u>(2,694,859,960)</u>
Cash and liquid investments	340,817,907	1,367,702,260	273,505,106	1,100,858,052
Gross debt – fixed interest rates	(263,556,203)	(1,057,651,042)	(353,673,244)	(1,423,534,807)
Gross debt – variable interest rates	(70,294,664)	(282,092,487)	(589,362,287)	(2,372,183,205)
Net debt	<u>6,967,040</u>	<u>27,958,731</u>	<u>(669,530,425)</u>	<u>(2,694,859,960)</u>

KB PRASAC BANK PLC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

32. CASHFLOW INFORMATION (continued)

b) Net debt reconciliation (continued)

	Borrowings US\$	Subordinated debt US\$	Lease liabilities US\$	Sub-total US\$	Cash and cash equivalents US\$	Total US\$
Net debt as at 1 January 2024	(1,394,794,360)	(50,804,364)	(19,922,591)	(1,465,521,315)	225,946,587	(1,239,574,728)
Cash flows	504,584,444	20,500,000	5,828,093	530,912,537	47,558,519	578,471,056
New leases	-	-	(6,723,077)	(6,723,077)	-	(6,723,077)
Foreign exchange differences	(7,285,642)	(149,262)	(339,795)	(7,774,699)	-	(7,774,699)
Other changes - non cash	5,180,655	238,973	651,395	6,071,023	-	6,071,023
Net debt as at 31 December 2024	(892,314,903)	(30,214,653)	(20,505,975)	(943,035,531)	273,505,106	(669,530,425)
In KHR '000 equivalent	<u>(3,591,567,485)</u>	<u>(121,613,978)</u>	<u>(82,536,549)</u>	<u>(3,795,718,012)</u>	<u>1,100,858,052</u>	<u>(2,694,859,960)</u>
Net debt as at 1 January 2025	(892,314,903)	(30,214,653)	(20,505,975)	(943,035,531)	273,505,106	(669,530,425)
Cash flows	596,595,556	10,000,000	5,462,146	612,057,702	67,312,801	679,370,503
New leases	-	-	(6,732,293)	(6,732,293)	-	(6,732,293)
Foreign exchange differences	(2,471,538)	(67,700)	(1,821,141)	(4,360,379)	-	(4,360,379)
Other changes - non cash	6,238,642	124,055	1,856,937	8,219,634	-	8,219,634
Net debt as at 31 December 2025	(291,952,243)	(20,158,298)	(21,740,326)	(333,850,867)	340,817,907	6,967,040
In KHR '000 equivalent	<u>(1,171,604,351)</u>	<u>(80,895,250)</u>	<u>(87,243,928)</u>	<u>(1,339,743,529)</u>	<u>1,367,702,260</u>	<u>27,958,731</u>

KB PRASAC BANK PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025****33. COMMITMENTS AND CONTINGENT LIABILITIES****a) Loan commitments**

Contractual amounts arising from off-balance sheet financial instruments that the Bank committed to extend credit to customers are as follows:

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR '000	US\$	KHR '000
Unused portion of overdrafts	1,139,799	4,574,013	1,875,706	7,549,717
Guarantees	1,732,216	6,951,383	8,819,233	35,497,413
Net exposure	<u>2,872,015</u>	<u>11,525,396</u>	<u>10,694,939</u>	<u>43,047,130</u>

b) Lease commitment

Lease commitments for low-value assets and short-term leases are immaterial.

c) Tax contingent liabilities

As at 31 December 2025, the Bank has tax contingent liabilities of KHR95,097,122,857 (US\$23,626,614).

The General Department of Taxation (GDT) issued a comprehensive tax reassessment on 14 January 2025 for the tax audit period from 1 January 2020 to 31 December 2021. The reassessed amount includes withholding taxes, additional taxes and interest totalling KHR95,097,122,857 (US\$23,626,614).

On 5 March 2025, the Bank filed an objection letter to the GDT. There had not been a response from the GDT yet.

The Bank did not recognise this amount as liabilities but disclosed as tax contingent liabilities. It is subject to the interpretation of the tax regulations. The management consulted their tax consultants and assessed that it is not probable that the Bank will pay the amount, and timing and the final outflow cannot be reliably estimated. (Note 3)

34. RELATED PARTY TRANSACTIONS AND BALANCES

The Bank entered into a number of transactions with related parties in the normal course of business. The volumes of related party transactions, outstanding balance at the year end and relating expenses and income for the year are as follows:

a) Related parties and relationship

The related parties of and their relationship with the Bank are as follows:

Relationship	Related party
Ultimate parent	KB FINANCIAL GROUP INC.
Immediate parent	Kookmin Bank Co, Ltd.
Related company	KB Daehan Specialised Bank Plc. KB Bank Myanmar Co., Ltd.
Key management personnel	All directors of the Bank who make critical decisions in relation to the strategic direction of the Bank and senior management staff (including their close family members)

KB PRASAC BANK PLC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

34. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Loans and advances to key management personnel

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Loans to key management personnel	1,467,236	5,888,018	1,707,561	6,872,933
	For the year ended 31 December 2025		For the year ended 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Interest income	100,090	401,461	111,140	452,451
	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
<i>Principal amount</i>				
At 1 January	1,704,512	6,860,661	816,895	3,337,016
Addition	266,896	1,070,520	1,272,251	5,179,334
Repayments	(506,908)	(2,033,208)	(384,634)	(1,565,845)
Currency translation difference	-	(20,935)	-	(89,844)
At the end of the year	1,464,500	5,877,038	1,704,512	6,860,661
<i>Interest payables</i>				
At 1 January	3,049	12,272	1,624	6,634
Charge during the year	100,090	401,461	111,140	452,451
Interest payments	(100,403)	(402,704)	(109,715)	(446,650)
Currency translation difference	-	(49)	-	(163)
At the end of the year	2,736	10,980	3,049	12,272

Loans and advances to key management personnel are secured and having interest rate of 4.10% to 8.10% per annum (2024: 4.10% to 8.40% per annum). Allowances for expected credit losses for loans to related parties recognised during the year of US\$ 1,545 (31 December 2024: US\$ 1,239).

c) Borrowings from parent and related companies

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
<i>Outstanding borrowings</i>				
Kookmin Bank Co, Ltd.	50,749,738	203,658,699	565,423,443	2,275,829,358
KB Daehan Specialized Bank Plc.	5,998,073	24,070,267	-	-
	56,747,811	227,728,966	565,423,443	2,275,829,358

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

34. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) Borrowings from parent and related companies (continued)

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
<i>Principal amount</i>				
At 1 January	558,392,146	2,247,528,388	640,471,932	2,616,327,842
Addition	95,980,563	384,978,038	547,809,917	2,230,134,172
Repayment of principal	(600,000,000)	(2,406,600,000)	(630,000,000)	(2,564,730,000)
Others	1,607,854	6,449,102	110,297	449,019
Currency translation differences	-	(7,705,529)	-	(34,652,645)
At the end of the year	<u>55,980,563</u>	<u>224,649,999</u>	<u>558,392,146</u>	<u>2,247,528,388</u>
<i>Interest payables</i>				
At 1 January	7,031,297	28,300,970	6,596,670	26,947,397
Change during the year	25,492,164	102,249,070	39,331,978	160,120,482
Interest payments	(31,756,213)	(127,374,170)	(38,897,351)	(158,351,116)
Currency translation differences	-	(96,903)	-	(415,793)
At the end of the year	<u>767,248</u>	<u>3,078,967</u>	<u>7,031,297</u>	<u>28,300,970</u>

Please refer to Note 15 for key terms and conditions.

d) Subordinated debts from parent

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
<i>Outstanding subordinated debts</i>				
Kookmin Bank Hong Kong Branch	<u>20,158,298</u>	<u>80,895,250</u>	<u>30,214,653</u>	<u>121,613,978</u>
<i>Interest expense</i>				
Kookmin Bank Hong Kong Branch	<u>2,594,025</u>	<u>10,404,634</u>	<u>3,501,809</u>	<u>14,255,864</u>

Please refer to Note 19 for key terms and conditions.

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
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34. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

f) Key management compensation

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	US\$	KHR'000	US\$	KHR'000
Directors' fees	<u>220,198</u>	<u>883,214</u>	<u>247,729</u>	<u>1,008,505</u>
<i>Key management personnel</i>				
Management incentive – short term	1,254,518	5,031,872	1,158,737	4,717,218
Salaries and employee benefits – short term	<u>6,953,093</u>	<u>27,888,856</u>	<u>7,084,577</u>	<u>28,841,313</u>
	<u>8,207,611</u>	<u>32,920,728</u>	<u>8,243,314</u>	<u>33,558,531</u>

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT

The Bank's activities expose them to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk and price risk), and liquidity risk. Taking risk is core to the financial business, and the operational risks are the inevitable consequence of being in business.

The Bank does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage their risk exposure.

The financial assets and liabilities held by the Bank are as follows:

	As at 31 December 2025		As at 31 December 2024	
	US\$	KHR '000	US\$	KHR '000
Financial assets				
<i>Financial assets measured at amortised costs:</i>				
Cash on hand	123,328,504	494,917,287	101,026,944	406,633,450
Deposits and placements with National Bank of Cambodia	204,747,791	821,652,885	88,409,022	355,846,314
Deposits and placements with other banks	19,364,957	77,711,572	92,789,111	373,476,172
Loans and advances	4,874,931,308	19,563,099,339	4,925,632,585	19,825,671,154
Other financial assets	2,923,269	11,731,078	1,788,134	7,197,239
	<u>5,225,295,829</u>	<u>20,969,112,161</u>	<u>5,209,645,796</u>	<u>20,968,824,329</u>
Financial assets at fair value through other comprehensive income	53,755	215,719	53,755	216,364
Total financial assets	<u>5,225,349,584</u>	<u>20,969,327,880</u>	<u>5,209,699,551</u>	<u>20,969,040,693</u>
Financial liabilities				
<i>Financial liabilities measured at amortised cost:</i>				
Deposits from banks and other financial institutions	183,876,191	737,895,154	107,078,670	430,991,647
Deposits from customers	3,833,233,924	15,382,767,737	3,423,038,120	13,777,728,433
Borrowings	291,952,243	1,171,604,351	892,314,903	3,591,567,485
Lease liabilities	21,740,326	87,243,928	20,505,975	82,536,549
Other financial liabilities	11,297,273	45,335,957	8,457,256	34,040,455
Subordinated debts	20,158,298	80,895,250	30,214,653	121,613,978
Total financial liabilities	<u>4,362,258,255</u>	<u>17,505,742,377</u>	<u>4,481,609,577</u>	<u>18,038,478,547</u>

35 FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk

a) Credit risk measurement

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises from deposits and placements with the central bank, deposits and placements with other banks, loans and advances, other financial assets at amortised cost, and credit commitments. Credit exposure arises principally in lending activities. Credit risk is managed on a group basis.

Central bank has no historical loss, and with strong capacity to meet obligation in near term, expected credit loss for deposits and placements with the central bank are nil. Deposits and placements with other banks are considered to be 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 a three-stage approach in Note 35.1 (c).

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 Bank 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 under CIFRS 9.

b) Risk limit control and mitigation policies

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

The Bank 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 collateral for loans and advances. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types as security for loans and advances are:

- mortgages over residential properties (land, building and other properties); and
- charges over business assets such as land and buildings

c) Impairment (expected credit loss), write-off, and modification of financial assets policies

The measurement of expected credit loss allowance under the CIFRS9'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.

**NOTES TO THE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

c) Impairment (expected credit loss), write-off, and modification of financial assets policies (continued)

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 Bank in addressing the requirements of the standard on the measurement of allowances are:

(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.

(ii) Definition of default and credit-impaired assets

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

- The borrower/obligor is 90 days past due or more on its contractual payments.
- The loan is forced impaired due to various reasons, such as bankruptcy, significant financial difficulty, 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 Bank 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

c) Impairment (expected credit loss), write-off, and modification of financial assets policies (continued)

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

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) 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. Expected credit losses are the discounted product of the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per Definition of default and credit-impaired above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- Loss Given Default (LGD) represents the Bank'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 a percentage loss per unit of exposure at the time of default (EAD). LGD is being the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

The ECL is determined by projecting the PD, LGD, and EAD for each future year and for each collective segment. These three components are multiplied together. This effectively calculates 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.

The lifetime PD is developed by applying a maturity profile to the current 12M PD.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower.

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 year except for the change described in Note 35 c) (iv).

**NOTES TO THE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

c) Impairment (expected credit loss), write-off, and modification of financial assets policies (continued)

(iv) Forward-looking information incorporated in the ECL models

The estimation of ECL considers forward-looking information. The Bank has performed statistical analysis based on historical experience to identify the key economic variables impacting credit risk and expected credit losses for each portfolio.

The analysis is performed on PD to understand the impact changes in these variables have had historically on default rate. Historical economic variables for analysis are sourced from National Bank of Cambodia, International Monetary Fund and World Bank published data.

As at 31 December 2024 and as at 31 December 2025

The statistic regression analysis shows no relationship of these economic variables on historical default rate, which is a reflective relationship of the current economic condition.

The Bank assumed a certain correlation and applied a forward-looking scalar estimate on the historical probability of default and loss given default. The Bank has performed directional verification as a back-testing and assessed that the scalar is appropriate. The management assessed that the approach effectively absorb the credit risk for the recent economic condition.

The Bank used key macroeconomic variables (MEVs) like GDP growth rates, unemployment rates, the Consumer Price Index, and Loan Interest Rate Term Loan Weighted Average [KHR/USD] to estimate forward-looking scalar. The Bank applied a time-weighted average of the past four years to forecast these MEVs. MEVs for baseline, upside, and downside scenarios are computed by adjusting the baseline forecasted MEVs with plus/minus four standard deviation. Then the Bank applied probability-weighted scenarios over these baseline, upside, and downside scenarios, reflecting the management's prospect of the Bank's future portfolio performance and Cambodia's economic landscape at the reporting date.

Other forward-looking considerations not otherwise analysed within above, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors.

Sensitivity analysis:

The most significant assumptions affecting the ECL allowance is the change in weightings determined for each of the economic scenarios.

The Bank is to periodically perform statistical analysis and monitor its portfolios's circumstances.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

c) Impairment (expected credit loss), write-off, and modification of financial assets policies (continued)

(v) Management's post-model overlay on restructured loans

At year end, management assessed the heightened repayment risk relating to restructured loans with principal grace periods expiring in 2025 and 2026. Management concluded that the potential deterioration in borrowers' repayment capacity upon expiry of these grace periods was not fully captured in the modelled ECL outcomes. Accordingly, a post-model adjustment (management overlay) was applied to the impairment allowance, which resulted in additional impairment charges for the year.

As a result, an additional ECL of US\$32,610,019 has been provided as a management overlay as at 31 December 2025 (31 December 2024: Nil). The management overlay has been presented together with their respective ECL by stages.

	As at 31 December 2025	
	US\$	KHR'000
<i>Allowance for expected credit loss</i>		
Before management overlay	330,785,802	1,327,443,423
Management overlay	<u>32,610,019</u>	<u>130,864,006</u>
After management overlay	<u><u>363,395,821</u></u>	<u><u>1,458,307,429</u></u>

(vi) 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 group to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modelling purposes. The appropriateness of groupings is monitored and reviewed on a periodic basis.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

c) Impairment (expected credit loss), write-off, and modification of financial assets policies (continued)

(vii) Write off policy

Write-off is usually taken when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. When a loan or debt instrument is deemed uncollectible, it is written off against the related allowance for impairment. Such loans are either written off in full or partially after taking into consideration the realisable value of collateral (if any) and when in the judgement of the management, there is no prospect of recovery. All write-offs must be approved by The Board of Directors or its delegated authorities.

(viii) Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans and advances to customers. When this happens, the Bank assess whether or not the new terms are substantially different to the original terms. The Bank 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.
- 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 Bank monitors the subsequent performance of modified assets. The Bank 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).

The following table includes summary information for loans with lifetime ECL whose cash flows were modified during the period as part of the Bank's restructuring activities and their respective effect on the Bank's financial performance:

Loans and advances	As at 31 December 2025	
	US\$	KHR'000
Amortised cost before modification	33,280,357	133,554,073
Net modification (loss)	(3,936,961)	(15,791,151)
Exchange difference	-	(7,874)
Amortised cost after modification	<u>29,343,396</u>	<u>117,755,048</u>

There were no material gains/losses from loan modification during 2024 and thus no gains/losses were recognised.

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**NOTES TO THE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

d) Maximum exposures to credit risk before collateral held or other credit enhancements of the Bank are as follows:

	Maximum credit exposure US\$	Maximum credit exposure KHR '000
31 December 2024		
On-balance sheet items		
Deposits and placements with other banks	92,789,111	373,476,172
Loans and advances to customers	4,925,632,585	19,825,671,154
Other financial assets	1,788,134	7,197,239
	<u>5,020,209,830</u>	<u>20,206,344,565</u>
Total		
Off-balance sheet items		
Commitments	1,875,706	7,549,717
	<u>1,875,706</u>	<u>7,549,717</u>
31 December 2025		
On-balance sheet items		
Deposits and placements with other banks	19,364,957	77,711,572
Loans and advances to customers	4,874,931,308	19,563,099,339
Other financial assets	2,923,269	11,731,078
	<u>4,897,219,534</u>	<u>19,652,541,989</u>
Total		
Off-balance sheet items		
Commitments	1,139,799	4,574,013
	<u>1,139,799</u>	<u>4,574,013</u>

The above table represents a worst-case scenario of credit risk exposure to the Bank, 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, 99.9% for the Bank (2024: 99.9%) of total maximum exposure is derived from deposits and placements with other banks and loans and advances. While deposits and placements with other banks are low credit risk, management is confident of its ability to continue to control and sustain minimal exposure on credit risk resulting from the Bank's loans and advances due to the following:

- Most loans and advances are collateralised
- The Bank has a proper credit evaluation process in place for granting of loans and advances.

**NOTES TO THE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

e) Credit quality of financial assets

Loans and advances and credit commitments

The Bank assesses credit quality of loans, advances and financing using NBC classification. Credit quality description is summarised as follows:

NBC classification	Days past due (DPD)	Credit Quality	Description
Standard	Short term: $0 \leq \text{DPD} \leq 14$ Long term: $0 \leq \text{DPD} < 30$	Standard monitoring	Obligors in this category exhibit strong capacity to meet financial commitment.
Special mention	Short term: $15 \leq \text{DPD} \leq 30$ Long term: $30 \leq \text{DPD} < 90$	Special monitoring	Obligors in this category have a fairly acceptable capacity to meet financial commitments.
Sub-standard	Short term: $31 \leq \text{DPD} \leq 60$ Long term: $90 \leq \text{DPD} < 180$		
Doubtful	Short term: $61 \leq \text{DPD} \leq 90$ Long term: $180 \leq \text{DPD} < 360$	Default/Credit impaired	Obligors are assessed to be impaired.
Loss	Short term: $\text{DPD} \geq 91$ Long term: $\text{DPD} \geq 360$		

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:

Credit Quality	Description
Sovereign	Refer to financial assets issued by central banks or guarantees by central banks.
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.
No rating	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.

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

e) Credit quality of financial assets (continued)

Financial assets other than loans and advances and credit commitments (continued)

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

	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$	Total US\$
31 December 2025				
Deposits and placements with other banks				
Investment grade	18,905,554	-	-	18,905,554
Non-investment grade	-	-	-	-
No rating	475,133	-	-	475,133
Gross carrying amount	19,380,687	-	-	19,380,687
Loss allowance (ECL)	(15,730)	-	-	(15,730)
Net carrying amount	<u>19,364,957</u>	<u>-</u>	<u>-</u>	<u>19,364,957</u>
In KHR '000 equivalent	<u>77,711,572</u>	<u>-</u>	<u>-</u>	<u>77,711,572</u>
	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$	Total US\$
31 December 2024				
Deposits and placements with other banks				
Investment grade	87,577,951	-	-	87,577,951
Non-investment grade	-	-	-	-
No rating	5,296,563	-	-	5,296,563
Gross carrying amount	92,874,514	-	-	92,874,514
Loss allowance (ECL)	(85,403)	-	-	(85,403)
Net carrying amount	<u>92,789,111</u>	<u>-</u>	<u>-</u>	<u>92,789,111</u>
In KHR '000 equivalent	<u>373,476,172</u>	<u>-</u>	<u>-</u>	<u>373,476,172</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

e) Credit quality of financial assets (continued)

Loans and advances to customers

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

	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
31 December 2025				
Loans and advances at amortised cost				
Standard monitoring	4,701,323,985	-	-	4,701,323,985
Special monitoring	-	119,455,505	-	119,455,505
Default	-	-	417,547,639	417,547,639
Gross carrying amount	4,701,323,985	119,455,505	417,547,639	5,238,327,129
Loss allowance (ECL)	(25,218,409)	(33,093,018)	(305,084,394)	(363,395,821)
Net carrying amount	<u>4,676,105,576</u>	<u>86,362,487</u>	<u>112,463,245</u>	<u>4,874,931,308</u>
In KHR '000 equivalent	<u>18,765,211,676</u>	<u>346,572,660</u>	<u>451,315,003</u>	<u>19,563,099,339</u>
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
31 December 2024				
Loans and advances at amortised cost				
Standard monitoring	4,824,784,198	-	-	4,824,784,198
Special monitoring	-	34,945,900	-	34,945,900
Default	-	-	316,836,170	316,836,170
Gross carrying amount	4,824,784,198	34,945,900	316,836,170	5,176,566,268
Loss allowance (ECL)	(18,595,317)	(9,042,190)	(223,296,176)	(250,933,683)
Net carrying amount	<u>4,806,188,881</u>	<u>25,903,710</u>	<u>93,539,994</u>	<u>4,925,632,585</u>
In KHR '000 equivalent	<u>19,344,910,246</u>	<u>104,262,433</u>	<u>376,498,475</u>	<u>19,825,671,154</u>

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

f) Loss allowance

Expected credit loss reconciliation – loans and advances to customers

	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-	
	US\$	Impaired	Impaired	US\$
	US\$	US\$	US\$	US\$
Expected Credit Losses				
Loss allowance as at 1 January 2025	18,595,318	9,042,189	223,296,176	250,933,683
<i>Changes due to exposure:</i>				
Transfer to stage 1	6,066,243	(1,872,029)	(4,194,214)	-
Transfer to stage 2	(1,181,664)	2,255,398	(1,073,734)	-
Transfer to stage 3	(2,798,660)	(5,540,875)	8,339,535	-
Net remeasurement of loss allowance	861,440	27,723,236	139,791,376	168,376,052
New financial assets originated	7,210,742	1,840,443	6,518,300	15,569,485
Financial assets collected during the year	(3,535,010)	(355,344)	(2,884,942)	(6,775,296)
Written-off during the year	-	-	(64,708,103)	(64,708,103)
Loss allowance as at 31 December 2025	<u>25,218,409</u>	<u>33,093,018</u>	<u>305,084,394</u>	<u>363,395,821</u>
<i>In KHR'000 equivalent</i>	<u>101,201,475</u>	<u>132,802,281</u>	<u>1,224,303,673</u>	<u>1,458,307,429</u>

(*) This is the impact of the measurement of ECL due to changes in PD, LGD, and credit rating of obligors during the year arising from regular refreshing of inputs to models.

The above table is for the loss allowance after management overlay.

	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-	
	US\$	Impaired	Impaired	US\$
	US\$	US\$	US\$	US\$
Gross carrying amount				
Gross carrying amount as at 1 January 2025	4,824,784,198	34,945,900	316,836,170	5,176,566,268
<i>Changes due to financial instruments recognised:</i>				
Transfer to stage 1	14,224,136	(7,230,432)	(6,993,704)	-
Transfer to stage 2	(109,826,905)	111,639,378	(1,812,473)	-
Transfer to stage 3	(149,521,195)	(21,349,289)	170,870,484	-
New financial assets originated	1,320,695,165	2,891,953	7,793,802	1,331,380,920
Financial assets collected during the year	(1,199,031,414)	(1,442,005)	(4,438,537)	(1,204,911,956)
Written-off during the year	-	-	(64,708,103)	(64,708,103)
Gross carrying amount as at 31 December 2025	<u>4,701,323,985</u>	<u>119,455,505</u>	<u>417,547,639</u>	<u>5,238,327,129</u>
<i>In KHR'000 equivalent</i>	<u>18,866,413,152</u>	<u>479,374,942</u>	<u>1,675,618,674</u>	<u>21,021,406,768</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

f) Loss allowance (continued)

Expected credit loss reconciliation – loans and advances to customers

	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-	Total
	US\$	Impaired	Impaired	US\$
	US\$	US\$	US\$	US\$
Expected Credit Losses				
Loss allowance as at 1 January 2024	17,414,840	22,012,671	121,002,535	160,430,046
<i>Changes due to exposure:</i>				
Transfer to stage 1	9,259,688	(7,020,011)	(2,239,677)	-
Transfer to stage 2	(467,371)	866,518	(399,147)	-
Transfer to stage 3	(2,536,015)	(12,435,994)	14,972,009	-
Net remeasurement of loss allowance	(7,635,514)	6,339,275	126,815,742	125,519,503
New financial assets originated	5,721,028	1,184,598	2,692,831	9,598,457
Financial assets collected during the year	(3,161,339)	(1,904,867)	(2,419,990)	(7,486,196)
Written-off during the year	-	-	(37,128,127)	(37,128,127)
Loss allowance as at 31 December 2024	<u>18,595,317</u>	<u>9,042,190</u>	<u>223,296,176</u>	<u>250,933,683</u>
<i>In KHR'000 equivalent</i>	<u>74,846,151</u>	<u>36,394,815</u>	<u>898,767,109</u>	<u>1,010,008,075</u>

(*) This is the impact of the measurement of ECL due to changes in PD, LGD, and credit rating of obligors during the year arising from regular refreshing of inputs to models.

	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-	Total
	US\$	Impaired	Impaired	US\$
	US\$	US\$	US\$	US\$
Gross carrying amount				
Gross carrying amount as at 1 January 2024	4,430,926,220	441,243,616	194,307,522	5,066,477,358
<i>Changes due to financial instruments recognised:</i>				
Transfer to stage 1	281,281,250	(277,116,979)	(4,164,271)	-
Transfer to stage 2	(25,826,729)	26,554,807	(728,078)	-
Transfer to stage 3	(102,461,329)	(65,398,064)	167,859,393	-
New financial assets originated	1,433,382,032	2,197,768	873,811	1,436,453,611
Financial assets collected during the year	(1,192,517,246)	(92,535,248)	(4,184,080)	(1,289,236,574)
Written-off during the year	-	-	(37,128,127)	(37,128,127)
Gross carrying amount as at 31 December 2024	<u>4,824,784,198</u>	<u>34,945,900</u>	<u>316,836,170</u>	<u>5,176,566,268</u>
<i>In KHR'000 equivalent</i>	<u>19,419,756,397</u>	<u>140,657,248</u>	<u>1,275,265,584</u>	<u>20,835,679,229</u>

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35. FINANCIAL RISK MANAGEMENT (continued)

35.1 Credit risk (continued)

g) Concentration of financial assets with credit risk exposure

i. Industry sector

The following table provides a breakdown of the Bank's main credit exposure at their carrying amounts, as categorised by industry sector.

	Deposits and placements with other banks US\$	Loans and advances to customers US\$	Other financial assets US\$	Total US\$
31 December 2025				
Financial intermediaries	19,380,687	26,209,780	-	45,590,467
Trade and Commerce	-	1,101,157,950	-	1,101,157,950
Service	-	677,991,888	-	677,991,888
Real-estate Loans	-	803,385,528	-	803,385,528
Home Improvement	-	956,337,348	-	956,337,348
Agriculture	-	336,523,487	-	336,523,487
Auto Loan	-	375,989,791	-	375,989,791
Transportation	-	228,080,667	-	228,080,667
Construction	-	45,044,695	-	45,044,695
Personal Loan	-	640,898,302	-	640,898,302
Manufacture	-	46,707,693	-	46,707,693
Others	-	-	2,992,039	2,992,039
Total	19,380,687	5,238,327,129	2,992,039	5,260,699,855
Less: Expected credit loss	(15,730)	(363,395,821)	(68,770)	(363,480,321)
Net carrying amount	19,364,957	4,874,931,308	2,923,269	4,897,219,534
In KHR '000 equivalent	77,711,572	19,563,099,339	11,731,078	19,652,541,989
31 December 2024				
Financial intermediaries	92,874,514	-	-	92,874,514
Trade and Commerce	-	1,272,071,560	-	1,272,071,560
Service	-	698,193,313	-	698,193,313
Real-estate Loans	-	771,240,621	-	771,240,621
Home Improvement	-	863,325,070	-	863,325,070
Agriculture	-	446,329,546	-	446,329,546
Auto Loan	-	350,468,630	-	350,468,630
Transportation	-	234,770,889	-	234,770,889
Construction	-	48,136,180	-	48,136,180
Personal Loan	-	441,288,531	-	441,288,531
Manufacture	-	50,741,928	-	50,741,928
Others	-	-	1,788,134	1,788,134
Total	92,874,514	5,176,566,268	1,788,134	5,271,228,916
Less: Expected credit loss	(85,403)	(250,933,683)	-	(251,019,086)
Net carrying amount	92,789,111	4,925,632,585	1,788,134	5,020,209,830
In KHR '000 equivalent	373,476,172	19,825,671,154	7,197,239	20,206,344,565

35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk

The Bank 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.

The Bank does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge its risk exposure.

a) Foreign exchange risk

The Bank operates in Cambodia and transacts in many currencies and is exposed to currency risks primarily with respect to Khmer Riel.

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

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

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

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

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35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk (continued)

a) Foreign exchange risk (continued)

	In US\$ equivalent				Total
	USD	KHR	THB	Others	
31 December 2025					
Financial assets					
Cash on hand	92,616,242	30,705,600	6,662	-	123,328,504
Deposits and placements with National Bank of Cambodia	160,089,490	44,658,301	-	-	204,747,791
Deposits and placements with banks	18,069,018	1,117,715	51,032	127,192	19,364,957
Loans and advances	4,185,832,007	689,035,494	63,807	-	4,874,931,308
Financial assets at FVOCI	53,755	-	-	-	53,755
Other financial assets	2,796,458	126,811	-	-	2,923,269
	<u>4,459,456,970</u>	<u>765,643,921</u>	<u>121,501</u>	<u>127,192</u>	<u>5,225,349,584</u>
Financial liabilities					
Deposits from banks and other financial institutions	183,236,411	639,780	-	-	183,876,191
Deposits from customers	3,457,101,088	376,128,583	4,253	-	3,833,233,924
Borrowings	114,956,384	176,995,859	-	-	291,952,243
Lease liabilities	21,740,326	-	-	-	21,740,326
Other liabilities	10,978,711	318,562	-	-	11,297,273
Subordinated debts	20,158,298	-	-	-	20,158,298
	<u>3,808,171,218</u>	<u>554,082,784</u>	<u>4,253</u>	<u>-</u>	<u>4,362,258,255</u>
Net asset position	<u>651,285,752</u>	<u>211,561,137</u>	<u>117,248</u>	<u>127,192</u>	<u>863,091,329</u>
In KHR '000 equivalents	<u>2,613,609,723</u>	<u>848,994,843</u>	<u>470,516</u>	<u>510,421</u>	<u>3,463,585,503</u>

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk (continued)

a) Foreign exchange risk (continued)

	In US\$ equivalent				Total
	USD	KHR	THB	Others	
31 December 2024					
Financial assets					
Cash on hand	77,377,913	23,418,020	231,011	-	101,026,944
Deposits and placements with National Bank of Cambodia	73,922,424	14,486,598	-	-	88,409,022
Deposits and placements with banks	92,152,298	457,234	47,159	132,420	92,789,111
Loans and advances	4,257,075,398	668,300,234	256,953	-	4,925,632,585
Financial assets at FVOCI	53,755	-	-	-	53,755
Other financial assets	1,781,458	6,676	-	-	1,788,134
	<u>4,502,363,246</u>	<u>706,668,762</u>	<u>535,123</u>	<u>132,420</u>	<u>5,209,699,551</u>
Financial liabilities					
Deposits from banks and other financial institutions	106,773,017	305,653	-	-	107,078,670
Deposits from customers	3,140,844,660	282,183,420	10,040	-	3,423,038,120
Borrowings	659,736,107	232,578,796	-	-	892,314,903
Lease liabilities	20,505,975	-	-	-	20,505,975
Other liabilities	8,249,717	207,029	510	-	8,457,256
Subordinated debts	30,214,653	-	-	-	30,214,653
	<u>3,966,324,129</u>	<u>515,274,898</u>	<u>10,550</u>	<u>-</u>	<u>4,481,609,577</u>
Net asset position	<u>536,039,117</u>	<u>191,393,864</u>	<u>524,573</u>	<u>132,420</u>	<u>728,089,974</u>
In KHR '000 equivalents	<u>2,157,557,446</u>	<u>770,360,303</u>	<u>2,111,406</u>	<u>532,991</u>	<u>2,930,562,146</u>

Sensitivity analysis

As shown in the table above, the Bank is primarily exposed to changes in USD/KHR exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US-dollar denominated financial instruments.

The analysis below is based on the assumption that USD/KHR and USD/THB exchange rate had not increased or decreased over/under 2% or -2%, which is set based on the 3-year average of exchange rate from 2023 to 2025.

	31 December 2025		31 December 2024	
	-2%	+2%	-2%	+2%
	Depreciation US\$	Appreciation US\$	Depreciation US\$	Appreciation US\$
KHR	(4,148,258)	4,317,575	(3,752,821)	3,905,997
THB	(2,300)	2,392	(10,286)	10,706
	<u>(4,150,558)</u>	<u>4,319,967</u>	<u>(3,763,107)</u>	<u>3,916,703</u>
In KHR '000 equivalents	<u>(16,656,189)</u>	<u>17,336,028</u>	<u>(15,146,506)</u>	<u>15,764,730</u>

35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk (continued)

b) Securities price risk

Securities price risk is the risk that changes in the market prices of securities will result in fluctuations in revenues or in the values of financial assets. As at 31 December 2025 and 31 December 2024, the Bank has no investment in securities which are subject to the changes in the market prices.

c) Interest rate risk

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 Bank's main interest rate risk arises from borrowings with variable rates if any, which exposes the Bank to cash flow interest rate risk. Majority of the borrowings at fixed rates are around 75.92% of the total borrowings of the Bank (2024: majority of the borrowings at fixed rates are around 36.11% of the total borrowings of the Bank). The Bank does not have fair value interest rate risk as the interest rates of financial instruments measured at amortised cost are similar to prevailing market rates.

The Bank have a policy to set limits on the level of mismatch of interest rate repricing that may be undertaken, and 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 exposures of the Bank to interest rate risk. The assets and liabilities at carrying amount are categorised by the earlier of contractual repricing or maturity dates.

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35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk (continued)

c) Interest rate risk (continued)

	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
As at 31 December 2025							
Financial assets							
Cash on hand	-	-	-	-	-	123,328,504	123,328,504
Deposits and placements with National Bank of Cambodia	-	10,246,074	-	-	-	194,501,717	204,747,791
Deposits and placements with other banks	13,988,230	-	-	-	-	5,376,727	19,364,957
Loans and advances to customers	4,745,434	10,956,852	73,925,278	1,770,593,929	3,014,709,815	-	4,874,931,308
Financial assets at fair value through other comprehensive income	-	-	-	-	-	53,755	53,755
Other financial assets	-	-	-	-	-	2,923,269	2,923,269
	<u>18,733,664</u>	<u>21,202,926</u>	<u>73,925,278</u>	<u>1,770,593,929</u>	<u>3,014,709,815</u>	<u>326,183,972</u>	<u>5,225,349,584</u>
Financial liabilities							
Deposits from banks and other financial institutions	65,009,627	1,521,757	99,798,079	17,546,728	-	-	183,876,191
Deposits from customers	1,183,283,696	530,741,867	1,934,632,677	182,447,277	2,128,407	-	3,833,233,924
Borrowings	44,687,908	34,459,493	108,130,507	104,674,335	-	-	291,952,243
Lease liabilities	451,023	903,319	3,933,185	12,577,982	3,874,817	-	21,740,326
Other liabilities	-	-	-	-	-	11,297,273	11,297,273
Subordinated debts	-	-	10,196,788	9,961,510	-	-	20,158,298
	<u>1,293,432,254</u>	<u>567,626,436</u>	<u>2,156,691,236</u>	<u>327,207,832</u>	<u>6,003,224</u>	<u>11,297,273</u>	<u>4,362,258,255</u>
Interest sensitivity gap	<u>(1,274,698,590)</u>	<u>(546,423,510)</u>	<u>(2,082,765,958)</u>	<u>1,443,386,097</u>	<u>3,008,706,591</u>	<u>314,886,699</u>	<u>863,091,329</u>
In KHR '000 equivalent	<u>(5,115,365,442)</u>	<u>(2,192,797,546)</u>	<u>(8,358,139,789)</u>	<u>5,792,308,407</u>	<u>12,073,939,550</u>	<u>1,263,640,323</u>	<u>3,463,585,503</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk (continued)

c) Interest rate risk (continued)

	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
As at 31 December 2024							
Financial assets							
Cash on hand	-	-	-	-	-	101,026,944	101,026,944
Deposits and placements with National Bank of Cambodia	-	2,646,535	6,158,839	-	-	79,603,648	88,409,022
Deposits and placements with other banks	89,626,658	-	-	-	-	3,162,453	92,789,111
Loans and advances to customers	4,596,415	10,908,323	75,078,381	1,812,639,322	3,022,410,144	-	4,925,632,585
Financial assets at fair value through other comprehensive income	-	-	-	-	-	53,755	53,755
Other financial assets	-	-	-	-	-	1,788,134	1,788,134
	<u>94,223,073</u>	<u>13,554,858</u>	<u>81,237,220</u>	<u>1,812,639,322</u>	<u>3,022,410,144</u>	<u>185,634,934</u>	<u>5,209,699,551</u>
Financial liabilities							
Deposits from banks and other financial institutions	29,588,537	14,864,582	57,541,526	5,084,025	-	-	107,078,670
Deposits from customers	677,053,142	656,300,729	1,917,764,273	170,823,109	1,096,867	-	3,423,038,120
Borrowings	34,022,657	93,988,859	541,875,131	222,428,256	-	-	892,314,903
Lease liabilities	456,618	841,100	3,679,691	12,441,097	3,087,469	-	20,505,975
Other liabilities	-	-	-	-	-	8,457,256	8,457,256
Subordinated debts	-	-	-	30,214,653	-	-	30,214,653
	<u>741,120,954</u>	<u>765,995,270</u>	<u>2,520,860,621</u>	<u>440,991,140</u>	<u>4,184,336</u>	<u>8,457,256</u>	<u>4,481,609,577</u>
Interest sensitivity gap	<u>(646,897,881)</u>	<u>(752,440,412)</u>	<u>(2,439,623,401)</u>	<u>1,371,648,182</u>	<u>3,018,225,808</u>	<u>177,177,678</u>	<u>728,089,974</u>
In KHR '000 equivalent	<u>(2,603,763,972)</u>	<u>(3,028,572,658)</u>	<u>(9,819,484,189)</u>	<u>5,520,883,933</u>	<u>12,148,358,877</u>	<u>713,140,155</u>	<u>2,930,562,146</u>

**NOTES TO THE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.2 Market risk (continued)

c) Interest rate risk (continued)

Sensitivity

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 component of equity sensitive to higher or lower interest income from financial instruments at floating rate as a result of changes in interest rates.

Table below summarises impact on post tax profit for the Bank for the year 2025 and in 2024.

	Impact on post tax profit	
	US\$	KHR '000
2025		
Interest rate increase by 200 basis point	1,124,715	4,513,481
Interest rate decrease by 200 basis point	(1,124,715)	(4,513,481)
2024		
Interest rate increase by 200 basis point	9,429,797	37,954,933
Interest rate decrease by 200 basis point	(9,429,797)	(37,954,933)

35.3 Liquidity risk

Liquidity risk is the risk that the Bank are 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.

a) Liquidity risk management process

Management monitors balance sheet liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting, taking the form of daily cash position and projection for the next day, week and month respectively, are key periods for liquidity management. In addition, management monitors the movement of main depositors and projection of their withdrawals.

b) Funding approach

The Bank's main sources of liquidity arise from shareholders' capital contribution, customers' deposits, and borrowings. The sources of liquidity are regularly reviewed by management through review of maturity of term deposits and the key depositors.

c) Non-derivative cash flows

The table below presents the cash flows of the financial instruments by the Bank by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash flows.

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
As at 31 December 2025						
Financial assets						
Cash on hand	123,328,504	-	-	-	-	123,328,504
Balance with the NBC	194,501,716	10,260,254	-	-	-	204,761,970
Deposit with other banks	19,380,686	-	-	-	-	19,380,686
Loans and advances to customers	122,205,302	115,825,154	519,010,432	3,074,913,188	3,275,587,250	7,107,541,326
Financial assets at fair value through other comprehensive income	53,755	-	-	-	-	53,755
Other assets	2,923,269	-	-	-	-	2,923,269
	<u>462,393,232</u>	<u>126,085,408</u>	<u>519,010,432</u>	<u>3,074,913,188</u>	<u>3,275,587,250</u>	<u>7,457,989,510</u>
Financial liabilities						
Deposits from banks and financial institutions	65,028,015	1,628,625	102,265,676	19,004,989	-	187,927,305
Deposits from customers	1,180,117,068	535,221,566	1,994,606,457	202,119,868	3,336,180	3,915,401,139
Borrowings	46,807,003	36,906,536	115,190,648	115,413,091	-	314,317,278
Lease liabilities	598,476	1,175,566	5,065,091	15,643,941	4,724,721	27,207,795
Other liabilities	11,297,272	-	-	-	-	11,297,272
Subordinated debts	-	-	11,749,621	10,742,204	-	22,491,825
	<u>1,303,847,834</u>	<u>574,932,293</u>	<u>2,228,877,493</u>	<u>362,924,093</u>	<u>8,060,901</u>	<u>4,478,642,614</u>
Liquidity gap	<u>(841,454,602)</u>	<u>(448,846,885)</u>	<u>(1,709,867,061)</u>	<u>2,711,989,095</u>	<u>3,267,526,349</u>	<u>2,979,346,896</u>
In KHR '000 equivalents	<u>(3,376,757,317)</u>	<u>(1,801,222,550)</u>	<u>(6,861,696,516)</u>	<u>10,883,212,238</u>	<u>13,112,583,239</u>	<u>11,956,119,094</u>
Off-balance-sheet items						
Unused portion of approved credit facilities – term loans and overdrafts, and guarantees	1,139,799	-	-	-	-	1,139,799
In KHR '000 equivalents	<u>4,574,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,574,013</u>

KB PRASAC BANK PLC.

**NOTES TO THE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.3 Liquidity risk (continued)

c) Non-derivative cash flows (continued)

	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
As at 31 December 2024						
Financial assets						
Cash on hand	101,026,944	-	-	-	-	101,026,944
Balance with the NBC	79,603,648	2,654,194	6,218,526	-	-	88,476,368
Deposit with other banks	92,849,602	-	-	-	-	92,849,602
Loans and advances to customers	102,255,023	120,630,585	536,639,684	3,241,475,123	3,424,738,837	7,425,739,252
Financial assets at fair value through other comprehensive income	53,755	-	-	-	-	53,755
Other assets	1,788,134	-	-	-	-	1,788,134
	<u>377,577,106</u>	<u>123,284,779</u>	<u>542,858,210</u>	<u>3,241,475,123</u>	<u>3,424,738,837</u>	<u>7,709,934,055</u>
Financial liabilities						
Deposits from banks and financial institutions	29,608,032	15,012,293	59,483,187	5,922,357	-	110,025,869
Deposits from customers	677,920,145	663,771,850	1,990,973,829	195,953,003	1,692,067	3,530,310,894
Borrowings	34,773,143	101,489,267	571,676,945	237,257,300	-	945,196,655
Lease liabilities	594,932	1,096,032	4,737,000	15,204,225	3,428,506	25,060,695
Other liabilities	8,457,256	-	-	-	-	8,457,256
Subordinated debts	-	-	12,335,667	22,342,083	-	34,677,750
	<u>751,353,508</u>	<u>781,369,442</u>	<u>2,639,206,628</u>	<u>476,678,968</u>	<u>5,120,573</u>	<u>4,653,729,119</u>
Liquidity gap	<u>(373,776,402)</u>	<u>(658,084,663)</u>	<u>(2,096,348,418)</u>	<u>2,764,796,155</u>	<u>3,419,618,264</u>	<u>3,056,204,936</u>
In KHR '000 equivalents	<u>(1,504,450,018)</u>	<u>(2,648,790,769)</u>	<u>(8,437,802,382)</u>	<u>11,128,304,524</u>	<u>13,763,963,512</u>	<u>12,301,224,867</u>
Off-balance-sheet items						
Unused portion of approved credit facilities – term loans and overdrafts, and guarantees	1,875,706	-	-	-	-	1,875,706
In KHR '000 equivalents	<u>7,549,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,549,717</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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35. FINANCIAL RISK MANAGEMENT (continued)

35.4 Fair value of financial assets and liabilities

a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Bank classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Bank's financial assets measured and recognised at fair value as at 31 December 2025 and 31 December 2024 on a recurring basis:

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
As at 31 December 2025				
Financial assets				
Financial assets at FVOCI				
Equity securities	-	-	53,755	53,755
Total financial assets	-	-	53,755	53,755
<i>In KHR'000 equivalent</i>	-	-	215,719	215,719
As at 31 December 2024				
Financial assets				
Financial assets at FVOCI				
Equity securities	-	-	53,755	53,755
Total financial assets	-	-	53,755	53,755
<i>In KHR'000 equivalent</i>	-	-	216,364	216,364

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Bank is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

35. FINANCIAL RISK MANAGEMENT (continued)

35.4 Fair value of financial assets and liabilities (continued)

b) Fair value measurements using significant unobservable inputs (level 3)

The unlisted equity securities are the investment in Credit Bureau Cambodia (CBC) to be measured at fair value through other comprehensive income as they are not held for trading and the Bank has irrevocably elected at initial recognition to recognize as the financial assets at FVOCI. These are the strategic investments and the Bank considers this classification to be more relevant.

The fair value of FVOCI have been determined based on present values and the discount rate used were adjusted for counterparty or own credit risk.

There is no gain/loss recognized in other comprehensive income due to fair value approximate the carrying amount.

c) Financial instruments not measured at fair value

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

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

(i) Deposits and placements with the central bank and banks

The carrying amounts of deposits and placements with the central bank and 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 loan and advances to customers is approximate to their carrying value as reporting date.

(iii) Deposits from banks, other financial institutions and customers

The fair value of deposits from banks, other financial institutions and customers with maturities of less than one year approximate their carrying values due to the relatively short maturity of these instruments. The fair value of deposits and placements of other banks and financial institutions and deposits from customers with remaining maturities of one year or more are expected to approximate their carrying amount due to the Bank offered similar interest rate of the instrument with similar maturities and terms.

(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.

35. FINANCIAL RISK MANAGEMENT (continued)

35.4 Fair value of financial assets and liabilities (continued)

c) Financial instruments not measured at fair value (continued)

(v) Borrowings and subordinated debts

Borrowings and subordinated debts at fixed rate issued are not quoted in active market while float rate borrowings and subordinated debts are periodically reset, and their fair value approximate their carrying amount because the rates are similar to the prevailing market rates of borrowings with similar terms and maturities.

(vi) Debt securities

The estimated fair value of debt securities is generally based on quoted and observable market prices at the date of statement of financial position. They are not presently traded. The estimated fair values of debt securities are approximate their carrying values based on estimated future cash flows using prevailing market rates.

35.5 Capital management

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

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

The central bank requires all commercial banks to comply with the regulatory capital requirement, capital adequacy ratio, liquidity and other prudential ratios.

Starting from 1 January 2025, the Bank adopted the new capital adequacy framework in accordance with Prakas No. B70-24-745 Prokor on Capital Adequacy Ratios in Banks and Financial Institutions, issued by the National Bank of Cambodia on 31 December 2024. The new NBC capital adequacy requirements apply from the 2025 financial year onward, whereas for the 2024 financial year the Bank applied the previous regulatory framework based on Net Worth.

The table below summarises the regulatory capital applicable as at 31 December 2025:

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35. FINANCIAL RISK MANAGEMENT (continued)

35.5 Capital management (continued)

	31 December 2025	
	US\$	KHR '000
Tier 1 Capital		
Common Equity Tier 1 Capital (CET1)		
Paid in Capital or Endowment and Other Qualifying Common Shares	600,000,000	2,407,800,000
Retained Earnings	530,306,488	2,128,119,936
Disclosed Reserve	91,944,796	368,974,466
Total CET1 before Regulatory Adjustments	1,222,251,284	4,904,894,402
Regulatory Adjustments Applied in Calculation of CET1		
Other Intangible Assets (Net of Related Deferred Tax Liabilities and Amortization) except Software for Core Banking System	6,847,836	27,480,367
Deferred Tax Assets (Net of Related Deferred Tax Liabilities)	26,117,030	104,807,641
Related Party Transactions	1,467,236	5,888,019
Total Regulatory Adjustments Applied to CET1	34,432,102	138,176,027
CET1 after Deduction of Regulatory Adjustments	1,187,819,182	4,766,718,375
Additional Tier 1 Capital (AT1) - None		
Total Tier 1 Capital	1,187,819,182	4,766,718,375
Tier 2 Capital		
Qualifying Tier 2 Instruments Including Subordinated Debt	20,000,000	80,260,000
Impairment Provisions	58,398,342	234,352,545
Total Tier 2 before Regulatory Adjustments	78,398,342	314,612,545
Regulatory Adjustments Applied in Calculation of Tier 2 Capital – None		
Total Tier 2 after Deduction of Regulatory Adjustments	78,398,342	314,612,545
Total Regulatory Capital	1,266,217,524	5,081,330,920

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35. FINANCIAL RISK MANAGEMENT (continued)

35.5 Capital management (continued)

The table below summarises the composition of the net worth applicable as at 31 December 2024.

	As at 31 December 2024	
	US\$	KHR '000
Tier 1 capital		
Share capital	600,000,000	2,415,000,000
Reserves	91,944,796	370,077,804
Retained earnings (*)	196,927,389	792,632,742
Net profit for the last financial year	95,764,761	385,453,163
Less: Intangible assets and goodwill	(30,802,155)	(123,978,674)
Less: Loans to related parties	(1,705,515)	(6,864,698)
	<u>952,129,276</u>	<u>3,832,320,337</u>
Tier 2 complementary capital		
General provision (**)	58,804,961	236,689,968
Subordinated debt approved by NBC	30,000,000	120,750,000
	<u>88,804,961</u>	<u>357,439,968</u>
Total Net Worth	<u>1,040,934,237</u>	<u>4,189,760,305</u>

(*) For the calculation of net worth, retained earnings are capped to ensure compliance with the maximum retained earnings requirement of 20%.

(**) This includes the effect of regulatory reserve relating to regulatory provision of accrued interest receivable amounted to US\$9,867,735 which is permitted to be added back to the 'General provision' line in the Tier 2 capital for the year ended 31 December 2024.