

Financial Statement Analysis of Cathay United Bank (Cambodia) Plc.: A Five-Year Review (2019-2023)

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ABSTRACT

This study provides a comprehensive financial statement analysis of a foreign-owned commercial bank in Cambodia which is Cathay United Bank (Cambodia) Plc. over a five-year period from 2019 to 2023. The purpose of this study was to evaluate the bank's financial health by analyzing key financial ratios related to profitability, efficiency, and leverage, as well as assessing the financial performance and position across the five years. To achieve these objectives, this research employed a quantitative approach using horizontal analysis, vertical analysis, ratio analysis, and Du Pont analysis as the main analytical tools. Secondary data were collected from publicly available annual reports obtained from the official website of Cathay United Bank (Cambodia) Plc., specifically from the financial statement sections of the reports published between 2019 and 2023. The study revealed that 2019 was the bank's most profitable year, supported by a strong return on equity, reflecting the efficient use of shareholders' capital. However, from 2020 to 2023, the bank's profitability declined compared to 2019 and fluctuated over the subsequent years, despite the relative stability of its asset base. The study provides insights into the bank's financial stability, profitability, and overall financial health.

Keywords: Financial Statement Analysis, Financial Performance, Financial Position, Du Pont Analysis, Cathay United Bank (Cambodia) Plc.

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1. Introduction

Background of the study

In accordance with Financial Stability Review of National Bank of Cambodia (NBC) in 2023, global economy continued to recover in 2023 but at a slower speed amid several challenges related to geopolitical conflicts, high inflation, and tightening financial conditions (NBC, 2024). Global economic growth slowed from 3.5 percent in 2022 to 3.0 percent in 2023, mainly due to a sharp slowdown in advanced economies, from 2.6 to 1.5 percent, while the growth in emerging market and developing economies moderated slightly from 4.1 percent to 4.0 percent (International Monetary Fund, 2023). With the efforts of NBC, the banking system remained resilient and robust, and continued to maintain confidence from the public and investors. The banking system in Cambodia consisted of 58 commercial banks, 9 specialized banks, 4 microfinance deposit-taking institutions, 83 microfinance non-deposit-taking institutions, 16 financial lease institutions, 114 rural credit institutions, 6 third-party processors, 33 payment service institutions, 1 credit reporting service provider, 5 representative offices, and 2,928 money changers (NBC, 2023). In developing countries like Cambodia, the health of the bank finance is essential to the country's overall financial stability.

Research problem

Remarkably, the ability of banks to handle economic disruptions and their overall financial health are essential for evaluating the stability of the economy and the confidence investors and customers have in the banking sector (Stewart & Chowdhury, 2021). For the bank's stakeholders, including investors, regulators, and bank management, a deeper understanding of the bank's financial situation is required in order that they may make the right decision. In recent years, Cambodia's banking sector has seen rapid growth, attracting both local and international investors. Although the growth of Cambodia's banking sector is promising, it raises concerns about the long-term sustainability of individual banks and their ability to handle global financial challenges, with a noticeable lack of thorough assessments of their financial performance (Ahmed & Rungcharoenkitkul, 2014). Financial statement analysis play an important role in comprehending a company's financial performance (Agrawal, 2023). However, there are very few studies on the analysis of financial of performance among banks in Cambodia; for instance, there is a study examining ACLEDA Bank Plc's financial statement analysis in Cambodia using data from 2016 to 2019 (Koch et al., 2021).

For this reason, there is a need for a study on a foreign-owned commercial bank in Cambodia, namely Cathay United Bank (Cambodia) Plc. (CUBC). The bank operates as a commercial institution under Cambodian law, specifically the Law on Commercial Enterprises, and is regulated by the NBC in accordance with the Law on Banking and Financial Institutions. On December 25, 2009, the bank was granted an indefinite banking license by the NBC. It is a wholly-owned subsidiary of Cathay United Bank Limited, a commercial bank based in Taiwan, with its ultimate parent company being Cathay Financial Holdings (CUBC, 2023). Currently, there is no available comprehensive research that evaluates the financial performance of Cathay United Bank (Cambodia) Plc. from 2019 to 2023. This study seeks to fill this gap by providing a detailed analysis of CUBC's financial statements during this period. The study focuses on CUBC's financial performance over the period of five years from 2019 to 2023, with the objective of providing insights into the bank's stability, profitability, and financial health. The findings of this study not only provide essential insights for Cambodia's banking industry, but also add to the wider field of financial analysis in economies. First of all, this research provides a comprehensive analysis of CUBC's financial performance from 2019 to 2023, filling a gap in existing research. Second, this research investigates how foreign-owned banks, particularly in Cambodia, manage financial challenges. Third, this study contributes to the expanding body of knowledge on financial analysis in less developed economies. Currently, there is no available comprehensive research that evaluates the financial performance of CUBC from 2019 to 2023. This study seeks to fill that gap by providing a detailed analysis of CUBC's financial statements during this period.

Research objective and research question

This study aims to evaluate the financial health of a foreign-owned company operating in Cambodia's banking industry. The main specific research objectives of the study are as follows:

1. To assess the financial performance and financial position of Cathay United Bank (Cambodia) Plc. from 2019 to 2023.
2. To examine the key determinants of profitability of Cathay United Bank (Cambodia) Plc. by applying Du Pont Analysis to identify the effects of profit margin, asset utilization, and financial leverage over the period from 2019 to 2023.

To achieve the research objectives, the study poses the following research question:

1. How does Cathay United Bank (Cambodia) Plc. perform in terms of financial performance and financial position from 2019 to 2023, and what are the key determinants of its profitability based on Du Pont Analysis?

2. Literature Review

Overview of the key concepts

Financial statement is a report containing all the summarized financial data of a company for a certain period of time, which provides transparency about the company's business activities and financial performances (Wahlen et al., 2011). The basic purpose of financial accounting and financial statements is to provide financial information about individual business enterprises that is useful in making decisions (Osadchy et al., 2018). These objectives are to present reliable financial information about enterprise resources and obligation, economic progress, and other changes in resources and obligation, to present information helpful in estimating earnings potential, and to present other financial information needed by users, particularly owners and creditors. Financial analysis involves the use of various financial statements. These statements do several things. First, the balance sheet summarizes the assets, liabilities, and owner's equity of a business at a point in time, usually the end of a year or a quarter. Next, the income statement summarizes the revenues and expenses of the firm over a particular period of time, again usually a year or a quarter (Brigham & Houston, 2019). Although the balance sheet represents a snapshot of the firm's financial position at a given moment, the income statement provides a summary of the firm's profitability over time (Brigham & Houston, 2019).

Vertical analysis and horizontal analysis

Vertical analysis and horizontal analysis of the financial statements are used to assess the financial position and performance of the company. According to Brigham and Houston (2019), Vertical and Horizontal Analyses are essential tools for a comprehensive assessment of a company's financial health, trends, and risk. Vertical Analysis expresses each line item on a financial statement as a percentage of a base figure, providing a snapshot of the firm's structure and allowing for easy benchmarking against competitors, regardless of company size. In contrast, Horizontal Analysis compares financial data across multiple reporting periods, calculating the percentage change in each line item from a base year to effectively

highlight performance trends, growth rates, and operational variances over time. Brigham and Houston (2019) emphasized that using both techniques together gives a holistic view, revealing not only the composition of the firm's finances but also the direction in which those finances are moving. According to Weygandt et al. (2019), Vertical Analysis is a form of financial analysis in which the line items on a company's income statement or balance sheet are expressed as a percentage of a base figure, as shown in the following equations:

$$\text{Vertical Analysis (\% Income Statement)} = \frac{\text{Income Statement Line Items}}{\text{Revenue Base Figure}}$$

$$\text{Vertical Analysis (\% Balance Sheet)} = \frac{\text{Balance Sheet Line Items}}{\text{Total Assets Base Figure}}$$

Weygandt et al. (2019) also stated that Horizontal Analysis measures a company's operating performance by comparing its reported financial statements; that is, the income statement and balance sheet, to the financial results filed in a base period, as shown in the following formula:

$$\text{Horizontal Analysis (\% Change)} = \frac{\text{Comparison Period} - \text{Base Period}}{\text{Base Period}}$$

Table 1: Horizontal and Vertical Analysis in Previous Studies

Key Analytical Tool	Findings	Sources
Vertical Analysis and Horizontal Analysis	The Horizontal and Vertical Analysis served as effective tools, indicating the company's ability to maintain a strong financial standing, profitability, and revenue generation.	Lakada et al. (2017)
	The study focused on PT Unilever Indonesia Tbk and the study found that PT Unilever Indonesia Tbk showed good financial performance with stable growth in sales, assets, and profits during the analysis period. The study only focused on one company and used limited financial statement analysis techniques without comparing with other firms or external factors.	Stojmenović et al. (2025)

(to be continued)

Table 1: Horizontal and Vertical Analysis in Previous Studies (continued)

Key Analytical Tool	Findings	Sources
Vertical Analysis and Horizontal Analysis	The study concluded that horizontal and vertical analysis are useful tools for identifying financial trends, evaluating company performance, and supporting future financial predictions. The study relied mainly on secondary financial data and theoretical analysis, which may limit practical application across different industries.	Stojmenović et al. (2025)
	The findings provided insights into the company's growth direction and stability post-pandemic, offering practical guidance to improve its financial structure, cost efficiency, and overall profitability. The research showed that vertical and horizontal analysis help assess company financial stability, profitability, and growth trends effectively. The study used a limited sample and focused mainly on accounting data without considering macroeconomic influences.	Anastasia et al. (2025)
	Samsung Enterprise exhibited a highly stable and profitable financial structure across the periods analyzed. The Vertical Analysis confirmed strong internal financial structure, and the Horizontal Analysis revealed positive trends in revenue growth and overall financial performance between the analyzed years. The study found that Samsung Enterprise showed changes in revenues, assets, liabilities, and profitability over the analyzed periods, indicating fluctuations in financial performance and operational efficiency. The study focused only on Samsung Enterprise and relied mainly on financial statement analysis without considering external market and economic factors.	Shala et al. (2021)
	ACLEDA Bank Plc. had a very outstanding performance among the three other subsequent years, thanks to the high operational self-sufficiency, high return on assets, high return on equity, and high profit margin. The study found that ACLEDA Bank Plc. experienced growth in assets, liabilities, and profitability, indicating strong financial performance and stability. The analysis focused only on ACLEDA Bank Plc. and depended on historical financial statements, which may not fully predict future performance.	Koch et al. (2021)

Both Horizontal and Vertical Analysis are complementary, as shown in table 1. In reality, it is possible to construct analytical tables to describe the reporting structure and the fluctuations of its variables. In this research, these methods are used to analyze the financial performance and position of Cathay United Bank (Cambodia) Plc. Horizontal Analysis helps identify the changes and trends in financial data over different periods, while Vertical Analysis helps explain the proportion and structure of each item in the financial statements. Therefore, applying both methods provides a clearer understanding of the bank's financial condition and operational performance during the study period.

Limitations of Vertical and Horizontal Analysis

A primary drawback of Vertical and Horizontal Analysis is that they are purely descriptive; they identify what changes occurred in financial statements but fail to explain the underlying economic reasons (Brigham & Houston, 2019). Horizontal Analysis can be misleading if a significant event, like a one-time gain or loss, distorts the base year or comparison year figures, leading to exaggerated trend percentages. Similarly, Vertical Analysis offers limited insight when comparing companies of vastly different operational models or when comparing a company against industry averages during unusual economic cycles. Crucially, neither method provides the diagnostic linkage between operational choices and profitability, which requires supplementary ratio analysis to understand efficiency and leverage. In the case of Cathay United Bank (Cambodia) Plc., these limitations are important because banking performance is also affected by economic conditions, competition, and banking regulations in Cambodia. Therefore, additional ratio analysis is needed to better understand the bank's profitability and overall financial performance.

Du Pont Model Analysis

Besides Vertical and Horizontal Analysis, Du Pont Analysis is a diagnostic tool that decomposes return on equity (ROE) into its key drivers, namely net profit margin, asset turnover, and financial leverage. While Vertical and Horizontal analyses identify where changes or structural differences exist, Du Pont Analysis explains why the ultimate measure of shareholder return changed, linking operational efficiency, asset utilization, and financing decisions (Brigham & Houston, 2019). Du Pont Analysis helps analysts identify the sources of a company's financial performance. It allows management and investors to focus remedial action on the weakest financial area, making it a far more insightful technique than simple ratio comparison (Brigham & Houston, 2019). Du Pont Analysis is used as the main analytical framework in this study because it helps explain the factors that affect Return on

Equity (ROE). Unlike traditional financial ratios, the Du Pont Analysis breaks ROE into profitability, efficiency, and leverage, providing a clearer understanding of financial performance. In this research, the model is applied to analyze the performance of Cathay United Bank (Cambodia) Plc. from 2019 to 2023. It helps identify whether changes in ROE are caused by profit management, asset efficiency, or financial leverage, making it suitable for evaluating performance in the banking sector.

Relationship between five-step and three-step Du Pont Analysis

There are two methods of Du Pont equation, namely the three-step method and the five-step method (Timothy, 2022). The three-step method is done by simply multiplying the three determinants of three main components; that is, net profit margin, total asset turnover, and equity multiplier to determine the return on equity. The five-step Du Pont analysis further breaks net profit margin into three components to know what impact does tax and interest burden have on return on equity of a business entity. The five-step Du Pont analysis is an extended version of the three-step Du Pont analysis which is the original equation giving a detailed analysis of factors affecting return on equity (Timothy, 2022).

The five-step Du Pont analysis formula

$$ROE = \left[\frac{EBIT}{\text{Revenue from Operations}} \times \frac{EBT}{EBIT} \times \frac{NI}{EBT} \right] \times \frac{\text{Revenue from Operations}}{\text{Average Total Assets}} \times \frac{\text{Average Total Assets}}{\text{Shareholder's equity}}$$

Here: EBIT = Operating Profit or Earnings before Interest and Tax

EBT = Earnings before Tax

NI = Net Income

The three-step Du Pont analysis formula

$$ROE = \frac{\text{Net Income}}{\text{Revenue from Operations}} \times \frac{\text{Revenue from Operations}}{\text{Average Total Assets}} \times \frac{\text{Average Total Assets}}{\text{Shareholder's Equity}}$$

Net outcome formula: *Return on Equity (ROE)* = $\frac{\text{Net Income}}{\text{Shareholder's Equity}}$

Basic Du Pont equation: $ROE = \text{Net Profit Margin} \times \text{Assets Turnover} \times \text{Equity Multiplier}$

As cited in Pardede (2024), the ratios used in the Du Pont Model Analysis are as follows:

- a. Asset Turnover shows the company’s ability to manage all assets/investments to generate sales.
- b. Net Profit Margin (Return on Sales) shows how much net profit the company earns.
- c. Return on Investment (Return on Asset) measures the rate of return from the business on the assets owned by company.
- d. Asset Leverage, often called the Equity Multiplier, describes the amount of equity or capital compared to the company’s total assets or the amount of assets financed by debt.
- e. Return on Equity (ROE) measures the business’s rate of return on all existing capital. The Du Pont system calculates Return on Equity (ROE) by multiplying Return on Asset (ROA) by Equity Multiplier (EM).

In this study on Cathay United Bank (Cambodia) Plc. from 2019 to 2023, the three-step Du Pont analysis is used to identify the key drivers of ROE in a clear and straightforward way, focusing on overall profitability, efficiency, and leverage performance.

Following Pardede (2024), operational variables are the determination of more abstract concepts to become measurable variables.

Table 2: Operational Definition of Variables (adapted from Pardede, 2024)

	Dimensions	Parameter
1	Net Profit Margin (NPM) is how much net profit the company obtains from sales.	$NPM = \frac{Net\ Profit}{Net\ Sales}$
2	Asset Turnover (ATO) shows the company’s ability to manage all assets/investments to generate sales.	$ATO = \frac{Net\ Sales}{Total\ Assets}$
3	Return on Asset (ROA) is used to measure the level of return from a business on the assets owned by the company.	$ROA = \frac{Net\ Profit\ After\ Tax}{Total\ Asset}$
4	Equity Multiplier (EM) shows how much equity or capital is compared to the company’s total assets or how much assets are financed by debt.	$EM = \frac{Total\ Asset}{Equity}$

(to be continued)

Table 2: Operational Definition of Variables (adapted from Pardede, 2024) (continued)

	Dimensions	Parameter
5	<p>Return on Equity (ROE) measures a business's rate of return on all existing capital.</p> <p>The profitability ratio is a ratio used to measure a company's performance in achieving profit.</p>	$ROE = \frac{\text{Net Profit After Tax}}{\text{Total Equity}}$ <ul style="list-style-type: none"> - Profitability increases, then financial performance is good. - Profitability decreases, then financial performance is not good.

Table 3: Du Pont analysis in previous studies

Key Analytical Tool	Findings	Sources
Du Pont analysis	<p>The study found Tiger Brands had the strongest financial performance (ROE), driven by high Profit Margin and effective Asset Turnover. Pioneer Foods and AVI showed weaker ROE, indicating the need to improve their operational efficiency and profit margins.</p>	Doorasamy (2016)
	<p>The study found that ROE was mainly influenced by profit margin efficiency and asset utilization among the selected companies. The study focused only on three listed companies in the food industry, limiting the generalization of findings to other industries.</p>	
	<p>The financial performance of Hyundai Green Food was the highest, followed by Foodmerce, and then Dongwon Home Food and Lotte Food. The analysis confirmed that Return on Equity (ROE) is a comprehensive measure of profitability, integrating operating, investing, and financing decisions.</p>	Kim (2016)

(to be continued)

Table 3: Du Pont analysis in previous studies

Key Analytical Tool	Findings	Sources
Du Pont analysis	The research showed that profitability and asset turnover significantly affected the financial performance of firms in food distribution market. The study concentrated only on the food distribution sector and relied mainly on historical financial statement data.	Kim (2016)
	The findings showed that Ashok Leyland had the highest average ROE driven primarily by strong Asset Turnover and Financial Leverage, while other companies exhibited varied performance across the three Du Pont components.	Bhagyalakshmi and Saraswathi (2019)
	The study concluded that variation in ROE among automobile companies were caused by differences in net profit margin, total asset turnover, and equity multiplier. The research covered only selected automobile companies and excluded external economic factors affecting performance.	
	2016 was the most profitable one for the bank that contained a high ROA, high OSS, high net interest income and low general and administrative expense.	Koch et al. (2021)
	The study found that ACLEDA Bank Plc. maintained strong profitability and financial stability, with ROE supported by efficient asset management and profitability growth. The analysis focused only on one bank and depended mainly on historical financial statement information.	
	The outcome of NPM, ROE Du Pont and TATO were the highest in 2019, whilst EM was the highest in 2023. The study revealed fluctuations in ROE due to changes in net profit margin, total asset turnover, and financial leverage during the study period. The study focused on a single company and only used financial ratio analysis without broader industry comparison.	Pardede (2024)

3. Research Methodology

Research design

This study used a quantitative method and a descriptive strategy to assess Cathay United Bank (Cambodia) Plc.'s financial performance from 2019 to 2023. A descriptive research strategy is intended to provide a complete summary of the subject matter without attempting to go deeply into the underlying reasons of the occurrence under study (Siedlecki, 2020). In this situation, the design attempts to give an in-depth examination of the bank's overall financial performance based on its financial statements and important data. The quantitative descriptive design is used in this study because it allows a clear analysis of the bank's financial statements from 2019 to 2023. It helps to describe the bank's financial performance and financial position based on key financial indicators such as profitability, efficiency, and financial leverage. This approach also supports the use of Du Pont analysis to identify the main factors affecting profitability, in line with the research objectives. On the other hand, the study focuses on presenting an overview of the available data regarding the bank's financial position. The results will assist in understanding the bank's financial status over the selected time period.

Research instrument

For this study, the researchers specifically chose a five-year period from 2019 to 2023 as the sample size for the financial data. This timeframe helps capture changes in profitability, efficiency, and financial position. The analysis applies horizontal, vertical, ratio and Du Pont analysis methods to examine the financial statements and meet the research objectives of the study. Referring to financial statement analysis that stated in Texas Southern University (TSU), one common method of benchmarking is to compare a firm's current performance against that of its own performance over a 3-5 years' period (trend analysis), by looking at the growth rate in various key items such as sales, costs, and profits. Another useful way is to restate the income statement and the balance sheet into common size statements, by expressing each income statement item as a percent of sales and each balance sheet item as a percent of total assets. First, a five-year period allows for a broad analysis of trends in Cathay United Bank (Cambodia) Plc.'s financial performance, making it simpler to identify major changes in important financial metrics. By looking over a period of five years, the research may smooth out any irregularities that may distort the data, providing more solid insights into the bank's financial health. It also includes any remarkable improvements, or

movements in the banking industry that may have influenced the bank's performance. In addition, financial data from 2019 was used to provide a baseline for computing averages, such as five-year averages of important financial measures. In order to ensure that the data was thorough and relevant, the researchers used secondary data, particularly the official annual reports from 2019 to 2023 from Cathay United Bank (Cambodia) Plc. website.

Data collection

The researchers used secondary data from the audited annual reports of Cathay United Bank (Cambodia) Plc. for the period 2019-2023, obtained from the bank's official website. These reports contain financial statements prepared under Cambodian International Financial Reporting Standards (CIFRSs), ensuring the data is reliable, consistent, and suitable for analysis of the bank's financial performance and position.

Data analysis

The researchers examined Cathay United Bank (Cambodia) Plc.'s financial statements from 2019 to 2023 using a combination of horizontal, vertical, ratio, and Du Pont analysis in order to achieve the study's aim of evaluating financial performance and financial position. The researchers started by reviewing the bank's yearly reports and extracting the relevant financial information for each year of the study period, such as the balance sheets and income statements. The bank's financial data from the various years was then compared using horizontal analysis. This method assisted in identifying trends and significant changes in financial data by calculating percentage changes for each item on the financial statements from year to year. Vertical analysis was then used to better understand the bank's financial structure by expressing each line item as a percentage of a base figure. The researchers also applied ratio and Du Pont analysis to evaluate key indicators such as profitability, asset utilization, and financial leverage. The results of these analyses were presented in tables and charts to support comparison across the five-year period.

Ethical considerations

For this research on Cathay United Bank (Cambodia) Plc., the researchers took the necessary ethical considerations into account after discussing the use of the data with the bank. Both sides agreed that this study would only use publicly available information posted on website and will ensure that all the data collected is publicly accessible with proper citation of the

sources, including accurate references and retrieval dates, respecting the bank's information. The researchers ensured that the study remained unique, unbiased, and supported by reliable data. To guarantee that credit was given where credit was due, all data sources were correctly cited. In order to prevent bias in the evaluation and display of findings, the researchers carefully credited the authors of secondary data using accurate in-text citations and references. The confidentiality of any sensitive information was ensured by using only publicly available financial data. Throughout the whole research process, ethical norms were closely adhered to, maintaining the study's credibility and accessibility.

4. Findings

The financial tools such as Horizontal Analysis, Vertical Analysis, Ratio Analysis, and Du Pont Analysis were used to collect data from CUBC's Separate Statement of Financial Position and Separate Statement of Comprehensive Income as of 31 December 2019, 2020, 2021, 2022, and 2023.

CUBC's separate statement of financial position

Table 2: CUBC's Separate Statement of Financial Position

Separate Statement of Financial Position as at 31 December 2019, 2020, 2021, 2022 and 2023					
	2023	2022	2021	2020	(Amount in US\$) 2019
ASSETS					
Cash on hand	16,909,877	15,220,906	14,255,750	15,047,034	18,757,064
Balances with the NBC	76,929,229	67,844,689	72,398,361	63,564,683	68,317,309
Balances with other banks-net	38,403,533	33,931,164	22,842,828	37,041,422	29,962,714
Loans and advances to customers-net	501,193,533	433,802,332	314,918,054	257,365,604	257,991,913
Investment securities	5,896,072	4,982,771	25,588	25,588	25,588
Investment in subsidiary	1,548,400	1,548,400	1,548,400	1,548,400	1,548,400
Property and equipment	5,349,530	4,858,968	4,083,934	4,748,347	3,805,980
Right-of-use assets	3,367,490	2,905,250	3,618,934	4,263,235	4,811,291
Intangible assets	1,320,670	1,519,049	1,188,724	1,322,417	1,717,204
Deferred tax assets-net	-	626,479	318,516	-	222,505
Other assets	3,526,547	3,083,583	2,882,689	2,775,798	3,102,887
TOTAL ASSETS	<u>654,444,881</u>	<u>570,323,591</u>	<u>438,081,778</u>	<u>387,702,528</u>	<u>390,262,855</u>
LIABILITIES					
Deposits from other financial institutions	101,236,623	65,492,994	64,361,489	4,026,696	-
Deposits from customers	253,113,565	244,620,073	249,506,993	258,340,855	239,617,305
Borrowings	175,359,353	135,020,860	4,568,168	9,509,981	33,765,144
Current income tax liabilities	3,660,696	3,208,475	1,130,253	151,285	1,601,421
Lease liabilities	342,735	-	3,880,270	4,485,351	4,872,520
Provisions	32,898	1,885,308	28,569	54,651	52,866
Deferred tax liabilities-net	61,374	55,042	-	20,914	-
Other liabilities	2,718,307	3,044,990	2,607,179	2,292,705	3,015,712
TOTAL LIABILITIES	<u>536,525,551</u>	<u>453,327,742</u>	<u>326,082,921</u>	<u>278,882,438</u>	<u>282,924,968</u>
EQUITY					
Share capital	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Regulatory reserves	8,722,786	3,688,393	3,276,531	3,534,142	1,443,177
Retained earnings	9,196,544	13,307,456	8,722,326	5,285,948	5,894,710
Currency translation reserves	-	-	-	-	-
TOTAL EQUITY	<u>117,919,330</u>	<u>116,995,849</u>	<u>111,998,857</u>	<u>108,820,090</u>	<u>107,337,887</u>
TOTAL LIABILITY AND EQUITY	<u>654,444,881</u>	<u>570,323,591</u>	<u>438,081,778</u>	<u>387,702,528</u>	<u>390,262,855</u>

Table 2 and figure 1 presented CUBC’s Separate Statement of Financial Position by year-over-year movement of total assets, total liabilities, and total equity from 2019 to 2023. Total Assets had a strong upward by rising from \$390,262,855 in 2019 to \$654,444,881 in 2023, and increase by 67.69%. The rise in total liabilities was increasing from \$282,924,968 in 2019 to \$536,525,551 in 2023, a growth of 89.64%. Total equity steadily increased from \$107,337,887 in 2019 to \$117,919,330 in 2023, up only 9.86% over five years. The figure highlighted the bank’s strong growth following all three financial metrics showing upward movement, but at different rates.

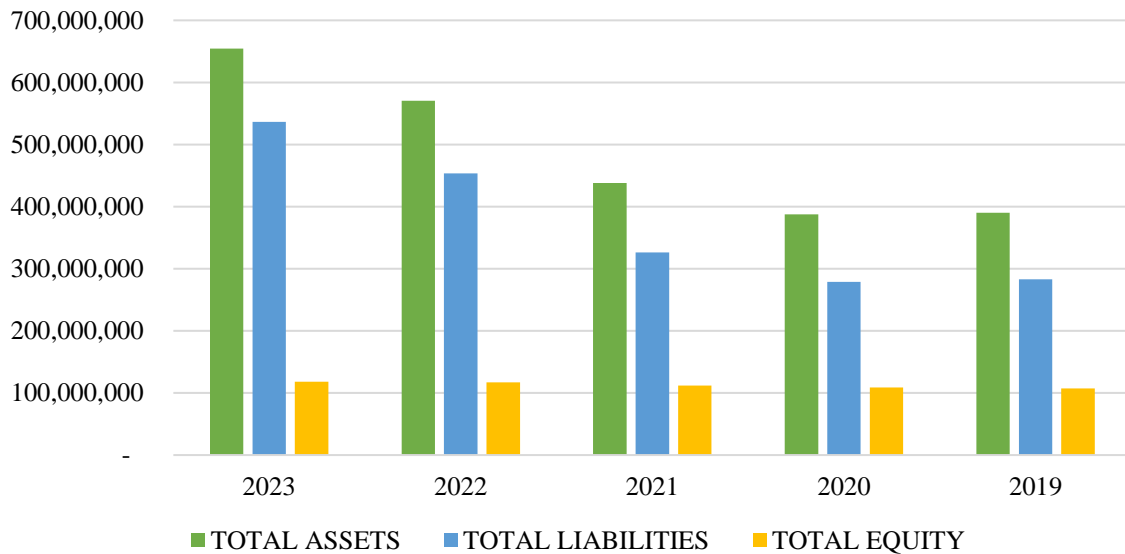


Figure 1: CUBC’s Separate Statement of Financial Position

CUBC's separate statement of comprehensive income

Table 3: CUBC's Separate Statement of Comprehensive Income

Separate Statement of Comprehensive Income as at 31 December 2019, 2020, 2021, 2022 and 2023					
	(Amount in US\$)				
	2023	2022	2021	2020	2019
Interest income	43,594,880	31,032,317	23,515,725	22,852,317	21,660,162
Interest expense	<u>(21,139,067)</u>	<u>(8,600,407)</u>	<u>(5,625,724)</u>	<u>(5,216,181)</u>	<u>(3,612,230)</u>
Net interest income	<u>22,455,813</u>	<u>22,431,910</u>	<u>17,890,001</u>	<u>17,636,136</u>	<u>18,047,932</u>
Fee and commission income	1,792,026	1,950,378	1,753,212	1,852,467	4,101,222
Fee and commission expense	<u>(865,409)</u>	<u>(689,843)</u>	<u>(654,314)</u>	<u>(794,738)</u>	<u>(959,586)</u>
Net fee and commission income	<u>926,617</u>	<u>1,260,535</u>	<u>1,098,898</u>	<u>1,057,729</u>	<u>3,141,636</u>
Net impairment losses on financial assets	(3,324,434)	(1,480,250)	(2,047,564)	(5,358,906)	(3,908,933)
Other operating income	<u>1,463,761</u>	<u>616,082</u>	<u>832,110</u>	<u>1,119,448</u>	<u>1,908,059</u>
Net operating income	<u>21,521,757</u>	<u>22,828,277</u>	<u>17,773,445</u>	<u>14,454,407</u>	<u>19,188,694</u>
Personnel expenses	(9,613,920)	(8,279,555)	(6,743,059)	(5,768,055)	(4,951,972)
Depreciation and amortisation	(2,589,762)	(2,218,061)	(2,256,222)	(2,319,662)	(2,050,834)
Other operating expenses	<u>(6,984,998)</u>	<u>(5,524,338)</u>	<u>(4,545,809)</u>	<u>(4,257,460)</u>	<u>(4,173,814)</u>
Profit before income tax	<u>2,333,077</u>	<u>6,806,323</u>	<u>4,228,355</u>	<u>2,109,230</u>	<u>8,012,074</u>
Income tax expense	<u>(1,409,596)</u>	<u>(1,809,331)</u>	<u>(1,049,588)</u>	<u>(627,027)</u>	<u>(1,754,287)</u>
Net profit for the year	<u>923,481</u>	<u>4,996,992</u>	<u>3,178,767</u>	<u>1,482,203</u>	<u>6,257,787</u>
Other comprehensive income					
Exchange differences on translation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>923,481</u>	<u>4,996,992</u>	<u>3,178,767</u>	<u>1,482,203</u>	<u>6,257,787</u>

Over the past five years, CUBC's Total Comprehensive Income had experienced significant ups and downs (see Table 3 and Figure 2). In 2019, it reached a peak of \$6,257,787, noting a strong financial year. However, this growth was followed by a decline of 76.31% in 2020, with income falling to \$1,482,203 possibly due to the global economic impact of the COVID-19 pandemic. CUBC's Total Comprehensive Income bounced back in 2021, with a 114.46% increase to \$3,178,767. This rebound continued into 2022, where income rose 57.19% with \$4,996,992. Remarkably, the unexpected downturn in 2023 saw an amount dropping 81.51% decreasing to \$923,481. This was the lowest figure in the five-year duration. Overall, there were periods of strong recovery and growth, but also abrupt setbacks.

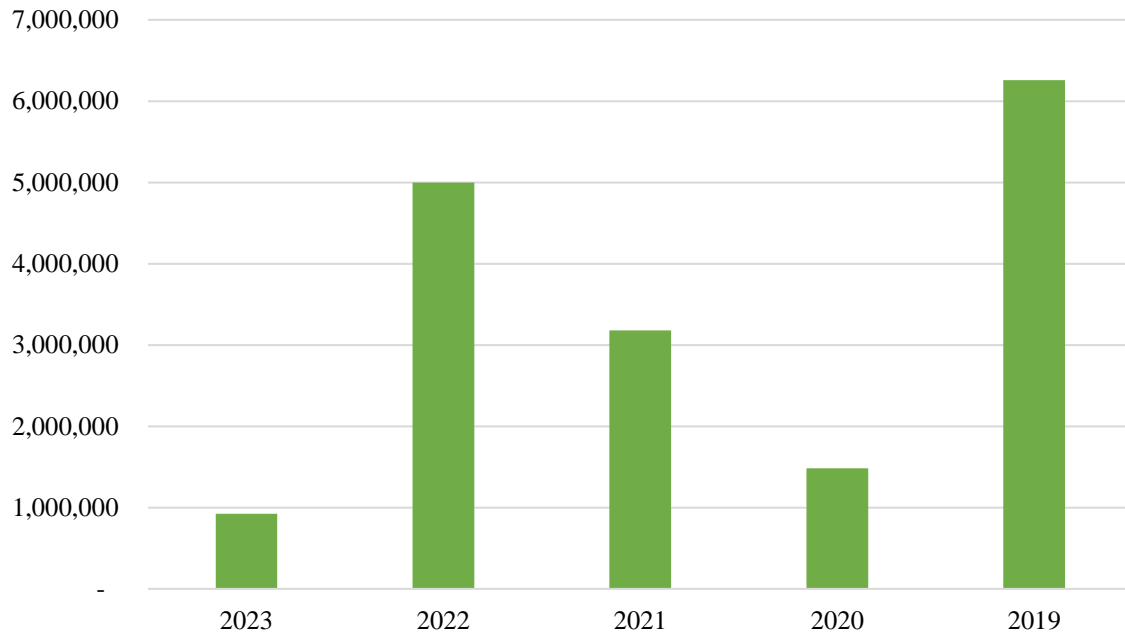


Figure 2: CUBC's Separate Statement of Comprehensive Income

Horizontal analysis of CUBC's separate statement of financial position

As shown in Table 4, in 2020, total assets decreased by \$2,560,327, representing a decrease of 0.66% from 2019. Total assets increased by \$47,818,923 in 2021, equating to 12.25% growth compared to 2019. In 2022, total assets experienced strong growth, increasing by \$180,060,736, or 46.14% compared to 2019. By 2023, total assets had grown by \$264,182,026, reflecting an overall increase of 67.69% since 2019.

In 2020, total liabilities declined by \$4,042,530, a decrease of 1.43% from 2019 (Table 4). In 2021, total liabilities increased by \$43,157,953, equating to a 15.25% rise from 2019. In 2022, total liabilities had grown by \$170,402,774, representing a 60.23% increase compared to 2019. Total liabilities reached an increase of \$253,600,583 in 2023, or 89.64% since 2019.

In 2020, as shown in Table 4, total equity increased slightly by \$1,482,203, or 1.38% since 2019. Total equity rose by \$4,660,970 in 2021, equivalent to 4.34% since 2019. By 2022, total equity increased by \$9,657,962, a growth of 9.00% from 2019. Total equity reached an increase of \$10,581,443 in 2023, equating to a 9.86% rise from 2019.

Table 4: Horizontal Analysis of CUBC's Separate Statement of Financial Position

Horizontal Separate Statement of Financial Position as at 31 December 2019, 2020, 2021, 2022 and 2023								
(Amount in US\$)								
	2023 vs 2019		2022 vs 2019		2021 vs 2019		2020 vs 2019	
	Value	%	Value	%	Value	%	Value	%
ASSETS								
Cash on hand	(1,847,187)	-9.85%	(3,536,158)	-18.85%	(4,501,314)	-24.00%	(3,710,030)	-19.78%
Balances with the NBC	8,611,920	12.61%	(472,620)	-0.69%	4,081,052	5.97%	(4,752,626)	-6.96%
Balances with other banks-net	8,440,819	28.17%	3,968,450	13.24%	(7,119,886)	-23.76%	7,078,708	23.63%
Loans and advances to customers-net	243,201,620	94.27%	175,810,419	68.15%	56,926,141	22.07%	(626,309)	-0.24%
Investment securities	5,870,484	22942.33%	4,957,183	19373.08%	-	0.00%	-	0.00%
Investment in subsidiary	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Property and equipment	1,543,550	40.56%	1,052,988	27.67%	277,954	7.30%	942,367	24.76%
Right-of-use assets	(1,443,801)	-30.01%	(1,906,041)	-39.62%	(1,192,357)	-24.78%	(548,056)	-11.39%
Intangible assets	(396,534)	-23.09%	(198,155)	-11.54%	(528,480)	-30.78%	(394,787)	-22.99%
Deferred tax assets-net	(222,505)	-100.00%	403,974	181.56%	96,011	43.15%	(222,505)	-100.00%
Other assets	423,660	13.65%	(19,304)	-0.62%	(220,198)	-7.10%	(327,089)	-10.54%
TOTAL ASSETS	264,182,026	67.69%	180,060,736	46.14%	47,818,923	12.25%	(2,560,327)	-0.66%
LIABILITIES								
Deposits from other financial institutions	101,236,623	0.00%	65,492,994	0.00%	64,361,489	0.00%	4,026,696	0.00%
Deposits from customers	13,496,260	5.63%	5,002,768	2.09%	9,889,688	4.13%	18,723,550	7.81%
Borrowings	141,594,209	419.35%	101,255,716	299.88%	(29,196,976)	-86.47%	(24,255,163)	-71.83%
Current income tax liabilities	2,059,275	128.59%	1,607,054	100.35%	(471,168)	-29.42%	(1,450,136)	-90.55%
Lease liabilities	(4,529,785)	-92.97%	(4,872,520)	-100.00%	(992,250)	-20.36%	(387,169)	-7.95%
Provisions	(19,968)	-37.77%	1,832,442	3466.20%	(24,297)	-45.96%	1,785	3.38%
Deferred tax liabilities-net	61,374	0.00%	55,042	0.00%	-	0.00%	20,914	0.00%
Other liabilities	(297,405)	-9.86%	29,278	0.97%	(408,533)	-13.55%	(723,007)	-23.97%
TOTAL LIABILITIES	253,600,583	89.64%	170,402,774	60.23%	43,157,953	15.25%	(4,042,530)	-1.43%
EQUITY								
Share capital	-	0%	-	0%	-	0%	-	0%
Regulatory reserves	7,279,609	504%	2,245,216	156%	1,833,354	127%	2,090,965	145%
Retained earnings	3,301,834	56%	7,412,746	126%	2,827,616	48%	(608,762)	-10%
Currency translation reserves	-	-	-	-	-	-	-	-
TOTAL EQUITY	10,581,443	9.86%	9,657,962	9.00%	4,660,970	4.34%	1,482,203	1.38%
TOTAL LIABILITY AND EQUITY	264,182,026	67.69%	180,060,736	46.14%	47,818,923	12.25%	(2,560,327)	-0.66%

Horizontal analysis of CUBC's separate statement of comprehensive income

As shown in Table 5, in 2020, interest income increased by 5.50% compared to 2019, amount to \$1,192,155. By 2021, interest income grew further by 8.57% over 2019, totaling \$1,855,563 in additional revenue, indicating a positive expansion in interest earning. A rise in 2022, where interest income raised 43.27% from 2019 with an amount \$9,372,155. The most remarkable growth was in 2023, where interest income more than doubled, increasing by 101.27% or \$21,934,718 compared to 2019, showing a strong recovery and revenue growth. Furthermore, interest expense in 2020 increased by 44.40% with a decrease amount \$1,603,951 compared to 2019. The growth continued 2021, with interest expense up by 55.74% and declined \$2,013,494. The rise in 2022, with interest expenses rising by 138.09% and dropped to \$4,988,177. In 2023, interest expense increased dramatically by 485.21%, a decrease of \$17,256,837 compared to 2019. Moreover, the net fee and commission income

suffered notable decline in 2020, falling by 66.33% or approximately \$2,083,907 compared to 2019. In 2021, the decline remained at 65.02%, dropping to \$2,042,738. The situation slightly improved in 2022, with a reduced decline of 59.88% or a decrease of \$1,881,101, yet this improvement was still a loss relative to 2019. However, by 2023, net fee and commission income declined further, with a 70.51% or \$2,215,019 decrease from the baseline year. In addition, personnel expenses increased steadily from 2019, increasing by 16.48% with a negative amount of \$816,083 in 2020 that mostly reflect wage inflation. By 2021, personnel expenses increased by 36.17% in amount of \$1,791,087. This upward trend remained in 2022, with expenses rising by 67.20% with amount of \$3,327,583. The rise in 2023, with personnel expenses rising by 94.14% with amount of \$4,661,948. Also, the net profit for the year declined by 76.31% with an amount decrease of \$4,775,584 in 2020, reflecting the financial loss from rising expenses. Although profitability improved in 2021, net profit declined by 49.20% with a decrease amount of \$3,079,020 compared to 2019. In 2022, the decline continued at 20.15%, dropping by \$1,260,795 (signaling a recovery compare to 49.20% in 2021). However, in 2023, net profit fell sharply again by 85.24% decreasing by \$5,334,306 relative to 2019, highlighting the balance rising income with faster growing expenses. Overall, comparing each year to the 2019 baseline revealed a financial path. While interest income displayed a growth by 2023, net fee and commission income consistently declined and personnel expenses nearly doubled, adding further cost burdens. These key financial items combined to cause a severe reduction in net profit by 2023.

Table 5: Horizontal Analysis of CUBC's Separate Statement of Comprehensive Income

Horizontal Separate Statement of Comprehensive Income as at 31 December 2019, 2020, 2021, 2022 and 2023								
(Amount in US\$)								
	2023 vs 2019		2022 vs 2019		2021 vs 2019		2020 vs 2019	
	Value	%	Value	%	Value	%	Value	%
Interest income	21,934,718	101.27%	9,372,155	43.27%	1,855,563	8.57%	1,192,155	5.50%
Interest expense	(17,526,837)	485.21%	(4,988,177)	138.09%	(2,013,494)	55.74%	(1,603,951)	44.40%
Net interest income	4,407,881	24.42%	4,383,978	24.29%	(157,931)	-0.88%	(411,796)	-2.28%
Fee and commission income	(2,309,196)	-56.31%	(2,150,844)	-52.44%	(2,348,010)	-57.25%	(2,248,755)	-54.83%
Fee and commission expense	94,177	-9.81%	269,743	-28.11%	305,272	-31.81%	164,848	-17.18%
Net fee and commission income	(2,215,019)	-70.51%	(1,881,101)	-59.88%	(2,042,738)	-65.02%	(2,083,907)	-66.33%
Net impairment losses on financial assets	584,499	-14.95%	2,428,683	-62.13%	1,861,369	-47.62%	(1,449,973)	37.09%
Other operating income	(444,298)	-23.29%	(1,291,977)	-67.71%	(1,075,949)	-56.39%	(788,611)	-41.33%
Net operating income	2,333,063	12.16%	3,639,583	18.97%	(1,415,249)	-7.38%	(4,734,287)	-24.67%
Personnel expenses	(4,661,948)	94.14%	(3,327,583)	67.20%	(1,791,087)	36.17%	(816,083)	16.48%
Depreciation and amortisation	(538,928)	26.28%	(167,227)	8.15%	(205,388)	10.01%	(268,828)	13.11%
Other operating expenses	(2,811,184)	67.35%	(1,350,524)	32.36%	(371,995)	8.91%	(83,646)	2.00%
Profit before income tax	(5,678,997)	-70.88%	(1,205,751)	-15.05%	(3,783,719)	-47.23%	(5,902,844)	-73.67%
Income tax expense	344,691	-19.65%	(55,044)	3.14%	704,699	-40.17%	1,127,260	-64.26%
Net profit for the year	(5,334,306)	-85.24%	(1,260,795)	-20.15%	(3,079,020)	-49.20%	(4,775,584)	-76.31%
Other comprehensive income								
Exchange differences on translation	-	-	-	-	-	-	-	-
Total comprehensive income for the year	(5,334,306)	-85.24%	(1,260,795)	-20.15%	(3,079,020)	-49.20%	(4,775,584)	-76.31%

Vertical analysis of CUBC's separate statement of financial position

This vertical analysis examined the structure of CUBC's financial position over five years, with each asset, liability, and equity item expressed as a percentage of total assets.

Regarding selected assets components, in 2019, 2020, 2021, 2022, and 2023, cash on hand steadily decreased from 4.81%, 3.88%, 3.25%, 2.67%, and 2.58%, indicating a reduction cash holding relative to the total base (see Table 6). Meanwhile, balances with the NBC also declined from 17.51% in 2019, 16.40% in 2020, 16.53% in 2021, 11.90% in 2022, and 11.75% in 2023. Balances with other banks fluctuated, starting at 7.68% in 2019 to 9.55% in 2020, then falling back to 5.21% in 2021, 5.95% in 2022, and 5.87% in 2023. The rise in 2020 could reflect temporary positioning during uncertain economic conditions in the COVID-19 pandemic. As for the most significant asset items, loans and advances to customers, showed a steady increase from 66.11% in 2019, 66.38% in 2020, 71.89% in 2021, 76.06% in 2022, and 76.58% in 2023. This trend clearly showed the bank's growing focus on lending activities as the main source of asset and revenue generation. However, investment securities indicated limited investment in marketable securities throughout the period by remaining 0.01% in 2019, 2020, and 2021 then 0.87% in 2022 and 0.90% in 2023. Also, investment in subsidiary showed a minor decrease from 0.40% in 2019 and 2020, 0.35% in 2021, 0.27% in 2022, and 0.24% in 2023. In the same time, property and equipment, along with right-of-use assets, decreased as a percentage of total assets, dropping from 0.98% in 2019 to 0.82% in 2023 and 1.23% in 2019 to 0.51% in 2023, respectively. This indicated relatively stable but slightly reducing investments in assets. Next, intangible assets also declined from 0.44% in 2019, 0.34% in 2020, 0.27% in 2021 and 2022, to 0.20% in 2019, showing nonphysical assets. Deferred tax assets and other assets also showed a decrease percentage as a stable proportion of total assets, indicating limited impact on the overall asset from 0.06% in 2019 to 0.00% in 2023 and 0.80% in 2019 to 0.54% in 2023.

For selected liabilities components, deposit from other financial institutions increased from 0.00% in 2019, 1.04% in 2020, 14.69% in 2021, 11.48 in 2022 to 15.47% in 2023, indicating a greater reliance on interbank or institutional funding (Table 6). Conversely, deposits from customers was a core funding source that declined notably from 61.40% in 2019, 66.63% in 2020, 56.95% in 2021, 42.89% in 2020 to 38.68% in 2023, highlighting a departure from customer deposits as the primary liability. Meanwhile, borrowings also increased significantly from 8.65% in 2019, 2.45% in 2020, 1.04% in 2021, 23.67% in 2022 to 26.80%

in 2023, further increasing external debt financing. The current income tax liabilities stayed relatively steady, fluctuating slightly 0.41% in 2019, 0.04% in 2020, 0.26% in 2021 to 0.56% in 2022 and 2023. Also, lease liabilities decreased from 1.25% in 2019 to 0.05% in 2023. Provisions, deferred tax liabilities, and other liabilities remained minimal, collectively under 1% of total assets. Overall, total liabilities increased from 72.50% in 2019 to 81.98% in 2023, signaling a growing dependence on external funding sources.

For selected equity components, share capital declined as a percentage of total assets from 25.62% in 2019, 25.79% in 2020, 22.83% in 2021, 17.53% in 2022 to 15.28% in 2023, which may indicate increased leverage or asset growth (Table 6). In addition, regulatory reserves increased from 0.37% in 2019, 0.91% in 2020, 0.75% in 2021, 0.65% in 2022 to 1.33% in 2023. Retained earnings remained relatively flat, starting from 1.51% in 2019 to 1.41% in 2023. CUBC had no currency translation reserves during this period, indicating either no significant foreign operations. Thus, total equity consequently decreased from 27.50% in 2019 to 18.02% in 2023, indicating overall decline of equity base relative to total assets. All in all, this vertical analysis showed that the bank's financial position increasingly driven by loans funded through growing external liabilities, with a relatively smaller equity base.

Table 6: Vertical Analysis of CUBC's Separate Statement of Financial Position

Vertical Separate Statement of Financial Position					
as at 31 December 2019, 2020, 2021, 2022 and 2023					
	<i>(Amount in US\$)</i>				
	<i>(as % of Total Assets)</i>				
	2023	2022	2021	2020	2019
	(%)	(%)	(%)	(%)	(%)
ASSETS					
Cash on hand	2.58%	2.67%	3.25%	3.88%	4.81%
Balances with the NBC	11.75%	11.90%	16.53%	16.40%	17.51%
Balances with other banks-net	5.87%	5.95%	5.21%	9.55%	7.68%
Loans and advances to customers-net	76.58%	76.06%	71.89%	66.38%	66.11%
Investment securities	0.90%	0.87%	0.01%	0.01%	0.01%
Investment in subsidiary	0.24%	0.27%	0.35%	0.40%	0.40%
Property and equipment	0.82%	0.85%	0.93%	1.22%	0.98%
Right-of-use assets	0.51%	0.51%	0.83%	1.10%	1.23%
Intangible assets	0.20%	0.27%	0.27%	0.34%	0.44%
Deferred tax assets-net	0.00%	0.11%	0.07%	0.00%	0.06%
Other assets	0.54%	0.54%	0.66%	0.72%	0.80%
TOTAL ASSETS	100.00%	100.00%	100.00%	100.00%	100.00%
LIABILITIES					
Deposits from other financial institutions	15.47%	11.48%	14.69%	1.04%	0.00%
Deposits from customers	38.68%	42.89%	56.95%	66.63%	61.40%
Borrowings	26.80%	23.67%	1.04%	2.45%	8.65%
Current income tax liabilities	0.56%	0.56%	0.26%	0.04%	0.41%
Lease liabilities	0.05%	0.00%	0.89%	1.16%	1.25%
Provisions	0.01%	0.33%	0.01%	0.01%	0.01%
Deferred tax liabilities-net	0.01%	0.01%	0.00%	0.01%	0.00%
Other liabilities	0.42%	0.53%	0.60%	0.59%	0.77%
TOTAL LIABILITIES	81.98%	79.49%	74.43%	71.93%	72.50%
EQUITY					
Share capital	15.28%	17.53%	22.83%	25.79%	25.62%
Regulatory reserves	1.33%	0.65%	0.75%	0.91%	0.37%
Retained earnings	1.41%	2.33%	1.99%	1.36%	1.51%
Currency translation reserves	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL EQUITY	18.02%	20.51%	25.57%	28.07%	27.50%
TOTAL LIABILITY AND EQUITY	100.00%	100.00%	100.00%	100.00%	100.00%

Vertical analysis of CUBC's separate statement of comprehensive income

As shown in Table 7, interest income remained at the baseline at 100% throughout the period, showing the total earnings generated from the bank's lending and investing activities. However, interest expense showed the cost of funds paid to depositors or other creditors. This component has shown a significant upward trajectory over the years, rising from the declined percentage of 16.68% in 2019 to the declined percentage of 48.49% in 2023. This indicates that CUBC's cost of borrowing had increased, possibly due to rising interest rates or changes in funding activities, which directly compacted the net interest income. Accordingly, net interest income, which was the difference between interest income and interest expense, declined from 83.32% in 2019 to 51.51% in 2023. Despite this decline, net interest income remained the largest benefactor to total income and as the main profit driver.

Fee and commission income decreased from 18.93% in 2019 to 4.11% in 2023. Similarly, fee and commission expense dropped by 4.43% in 2019 to 1.99% in 2023. The net fee and commission income declined from 14.50% in 2019 to 2.13% in 2023, showing a market changes impacting noninterest revenue structure. Meanwhile, a notable trend in net impairment losses on financial assets compared to interest income, it was loss at the percentage of 18.05% in 2019, increased to 23.45% in 2020, and decreased to 7.63% in 2023. These lose likely reflected economic uncertainties, possibly linked to global or local financial disruptions during that period. As other operating income, which may include gained from foreign exchange or other services but decreased from 8.81% in 2019 to 3.36% in 2023. This decline might signal reduced reliance on noncore income sources. The combine of the above components is seen in net operating income, which dropped from 88.59% of interest income in 2019 to 49.37% in 2023. Meanwhile, profit before income tax dropped significantly from 36.99% in 2019 to just 5.35% in 2023, showing the overall decline in operating income and increased expenses. Income tax expense declined, in line with pretax profit, falling from 8.10% in 2019 to 3.23% in 2023. Ultimately, net profit for the year decreased markedly from 28.89% of interest income in 2019 to a modest 2.12% in 2023.

Table 7: Vertical Analysis of CUBC's Separate Statement of Comprehensive Income

Vertical Separate Statement of Comprehensive Income as at 31 December 2019, 2020, 2021, 2022 and 2023					
	<i>(Amount in US\$)</i> <i>(as % of Interest income)</i>				
	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)
Interest income	100.00%	100.00%	100.00%	100.00%	100.00%
Interest expense	<u>-48.49%</u>	<u>-27.71%</u>	<u>-23.92%</u>	<u>-22.83%</u>	<u>-16.68%</u>
Net interest income	<u>51.51%</u>	<u>72.29%</u>	<u>76.08%</u>	<u>77.17%</u>	<u>83.32%</u>
Fee and commission income	4.11%	6.28%	7.46%	8.11%	18.93%
Fee and commission expense	<u>-1.99%</u>	<u>-2.22%</u>	<u>-2.78%</u>	<u>-3.48%</u>	<u>-4.43%</u>
Net fee and commission income	<u>2.13%</u>	<u>4.06%</u>	<u>4.67%</u>	<u>4.63%</u>	<u>14.50%</u>
Net impairment losses on financial assets	-7.63%	-4.77%	-8.71%	-23.45%	-18.05%
Other operating income	<u>3.36%</u>	<u>1.99%</u>	<u>3.54%</u>	<u>4.90%</u>	<u>8.81%</u>
Net operating income	<u>49.37%</u>	<u>73.56%</u>	<u>75.58%</u>	<u>63.25%</u>	<u>88.59%</u>
Personnel expenses	-22.05%	-26.68%	-28.67%	-25.24%	-22.86%
Depreciation and amortisation	-5.94%	-7.15%	-9.59%	-10.15%	-9.47%
Other operating expenses	<u>-16.02%</u>	<u>-17.80%</u>	<u>-19.33%</u>	<u>-18.63%</u>	<u>-19.27%</u>
Profit before income tax	<u>5.35%</u>	<u>21.93%</u>	<u>17.98%</u>	<u>9.23%</u>	<u>36.99%</u>
Income tax expense	<u>-3.23%</u>	<u>-5.83%</u>	<u>-4.46%</u>	<u>-2.74%</u>	<u>-8.10%</u>
Net profit for the year	<u>2.12%</u>	<u>16.10%</u>	<u>13.52%</u>	<u>6.49%</u>	<u>28.89%</u>
Other comprehensive income					0.00%
Exchange differences on translation	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total comprehensive income for the year	<u>2.12%</u>	<u>16.10%</u>	<u>13.52%</u>	<u>6.49%</u>	<u>28.89%</u>

Analysis of operational variables

Net Profit Margin (NPM): From 2019 to 2023, CUBC’s net profit margin showed noticeable ups and downs (as shown in table 8). In 2019, it reached a highest of 28.96%, showing a strong profitability. However, it dropped to 8.17% in 2020, likely due to rising costs. NPM improved slightly in 2021 and 2022, reaching 16.20% and 20.26%, but fell again in 2023 to just 4.98%, despite recorded high revenue. This highlight that increased expenses significantly impacted profit.

Table 8: Net Profit Margin (NPM) Calculation

Parameter	2023	2022	2021	2020	2019
A. Net Profit After Tax	2,333,077	6,806,323	4,228,355	2,109,230	8,012,074
B. Total Revenue (Sales)	46,850,667	33,598,777	26,101,047	25,824,232	27,669,443
NPM = (A/B)	4.98%	20.26%	16.20%	8.17%	28.96%
Maximum			28.96%		
Minimum			4.98%		
Average			15.71%		

Over the five years, the highest margin was in 2019 at 28.96%, while the lowest was in 2023 at 4.98%. On average, CUBC maintained a net profit margin of 15.71%, indicating moderate profitability year to year, as show in Figure 3.

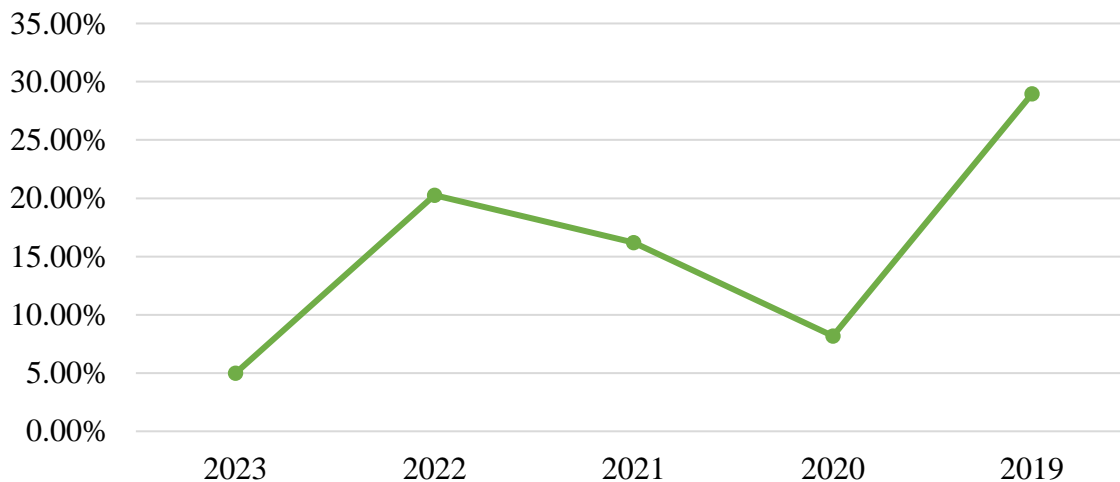


Figure 3: Net Profit Margin (NPM)

Asset Turnover: From 2019 to 2023, CUBC’s asset turnover ratio served as an indicator of how it used its assets to generate revenue. In 2019, the ratio was 0.071, meaning the bank generated about 7.1 cents in revenue for every dollar of assets. It dropped in 2020 to 0.067, the down to 0.060 and 0.059 in both 2021 and 2022. In 2023, the ratio improved to 0.072, the highest point in the five years period, showing better asset as revenue grew significantly.

Table 9: Asset Turnover (ATO) Calculation

Parameter	2023	2022	2021	2020	2019
A. Total Revenue (Sales)	46,850,667	33,598,777	26,101,047	25,824,232	27,669,443
B. Total Assets	654,444,881	570,323,591	438,081,778	387,702,528	390,262,855
ATO = (A/B)	0.072	0.059	0.060	0.067	0.071
Maximum			0.072		
Minimum			0.059		
Average			0.066		

The highest asset turnover ratio was recorded in 2023 at 0.072, while the lowest was in 2022 at 0.059. The five years average stood at 0.066, likely the bank consistent to generate around 6.6 cents per dollar of assets. While the ratio did not reveal ups and downs year to year, the improvements in 2023 showed a positive move toward using assets more efficiently, as shown in Figure 4.

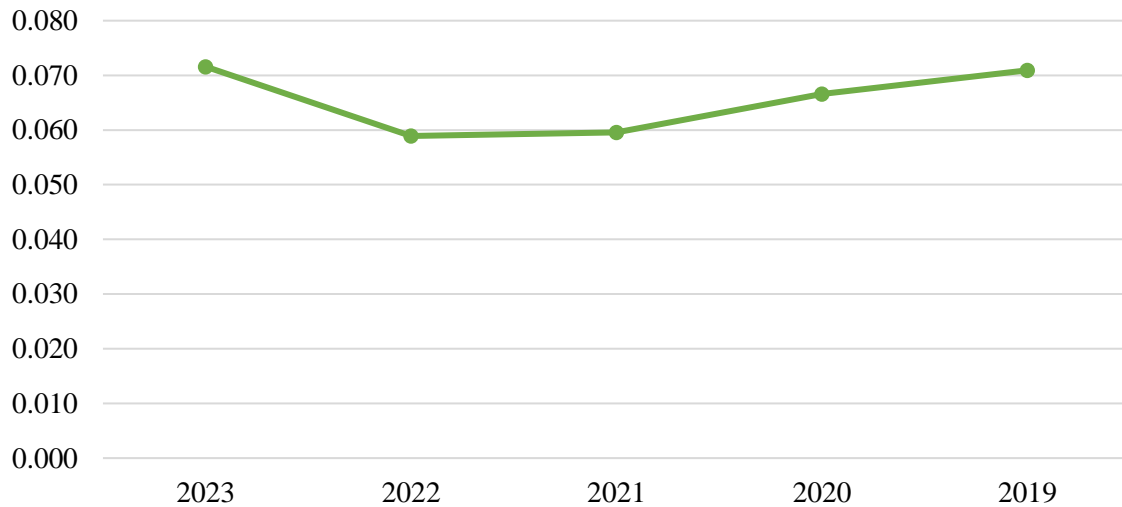


Figure 4: Asset Turnover (ATO)

Return on Asset: Between 2019 and 2023, the bank’s ROA showed a decline in general, reflecting reduced efficiency in generating profit from its asset base. In 2019, ROA was at its strongest, reaching 2.05%, meaning the bank earned just over two cents in profit for every dollar of assets. However, this performance declined in the following years. ROA dropped to 0.54% in 2020, improved slightly to 0.97% in 2021, then grow again at 1.19% in 2022. By 2023, ROA had fallen to its lowest of just 0.36%, despite growth in total assets, showing the bank’s struggle to maintain profitability in proportion to its asset growth.

Table 10: Return on Asset (ROA) Calculation

Parameter	2023	2022	2021	2020	2019
A. Net Profit After Tax	2,333,077	6,806,323	4,228,355	2,109,230	8,012,074
B. Total Assets	654,444,881	570,323,591	438,081,778	387,702,528	390,262,855
ROA = (A/B)	0.36%	1.19%	0.97%	0.54%	2.05%
Maximum			2.05%		
Minimum			0.36%		
Average			1.02%		

The highest ROA during the five years period was 2.05% in 2019, indicating asset efficiency. The lowest was in 2023 at just 0.36%, showing a significant drop in return. The average ROA over the period stood at 1.02%, which reflects overall profitability from assets. These figures highlighted the need for stronger asset and improved profit generation, as shown in figure 5.

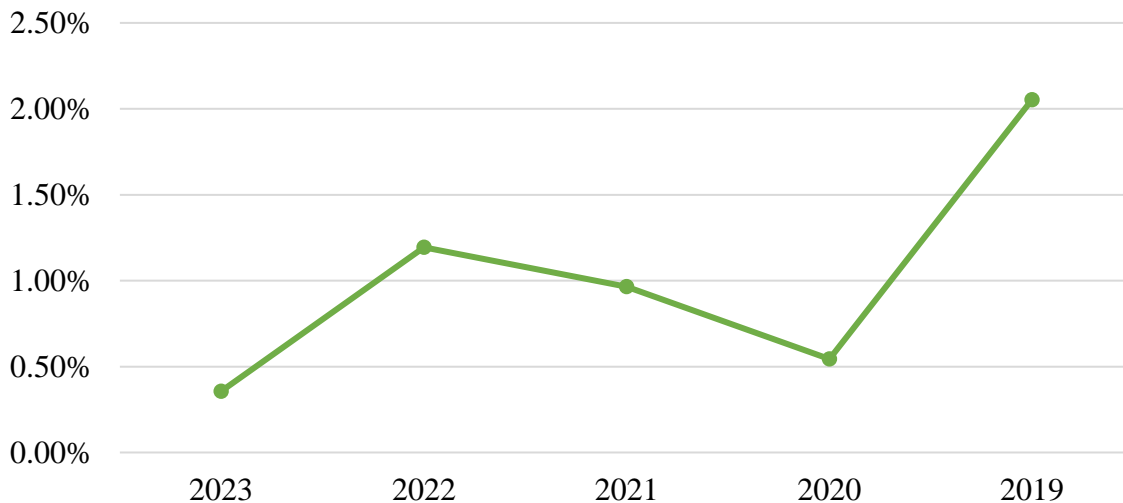


Figure 5: Return on Asset (ROA)

Equity Multiplier (EM): From 2019 to 2023, CUBC’s equity multiplier increased, which reflects the financial leverage used gradually increased each year. In 2019, the EM stood at 3.64, indicating that for every dollar of equity, the bank held \$3.64 in total assets. By 2020, the EM dropped a bit to 3.56. This ratio continued to rise, reaching 3.91 in 2021 and climbing further to 4.87 in 2022. By 2023, it peaked at 5.55, the highest point in the five-year duration. This increase likely showed that the bank has been relying more on debt and external funding to finance asset growth, which can get both risk and return.

Table 11: Equity Multiplier (EM) Calculation

Parameter	2023	2022	2021	2020	2019
A. Total Assets	654,444,881	570,323,591	438,081,778	387,702,528	390,262,855
B. Total Equity (Capital)	117,919,330	116,995,849	111,998,857	108,820,090	107,337,887
EM = (A/B)	5.55	4.87	3.91	3.56	3.64
Maximum			5.550		
Minimum			3.563		
Average			4.307		

The highest equity multiplier was recorded in 2023 at 5.55, while the lowest in 2020 at 3.56. The five years periods average stood at 4.31, showing a moderate but increasing use of financial leverage. This upward trend signaled the bank’s growing depend on liabilities rather than equity, which could enhance returns but also raises the debt management, as shown in Figure 6.

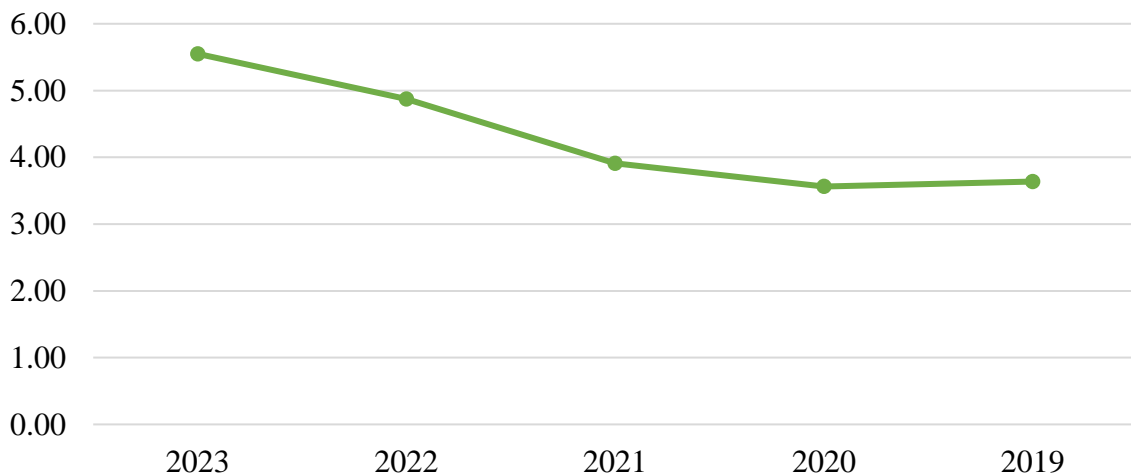


Figure 6: Equity Multiplier (EM)

Return on Equity (ROE): Between 2019 and 2023, the bank’s return on equity measured how effectively it generates profit from shareholder’s equity. In 2019, ROE was at a strong 7.46%, showing efficient uses of capital to create value for shareholders. But performance declined the following year, dropping to 1.94% in 2020, likely due to lower profitability. The bank regained some momentum in 2021 and 2022, with ROE rising to 3.78% and 5.82%, respectively. By 2023, ROE dropped again to 1.98%, indicating that while equity levels remained stable, profit generation from that capital weakened significantly.

Table 12: Return on Equity (ROE) Calculation

Parameter	2023	2022	2021	2020	2019
A. Net Profit After Tax	2,333,077	6,806,323	4,228,355	2,109,230	8,012,074
B. Total Equity (Capital)	117,919,330	116,995,849	111,998,857	108,820,090	107,337,887
ROE = (A/B)	1.98%	5.82%	3.78%	1.94%	7.46%
Maximum			7.46%		
Minimum			1.94%		
Average			4.19%		

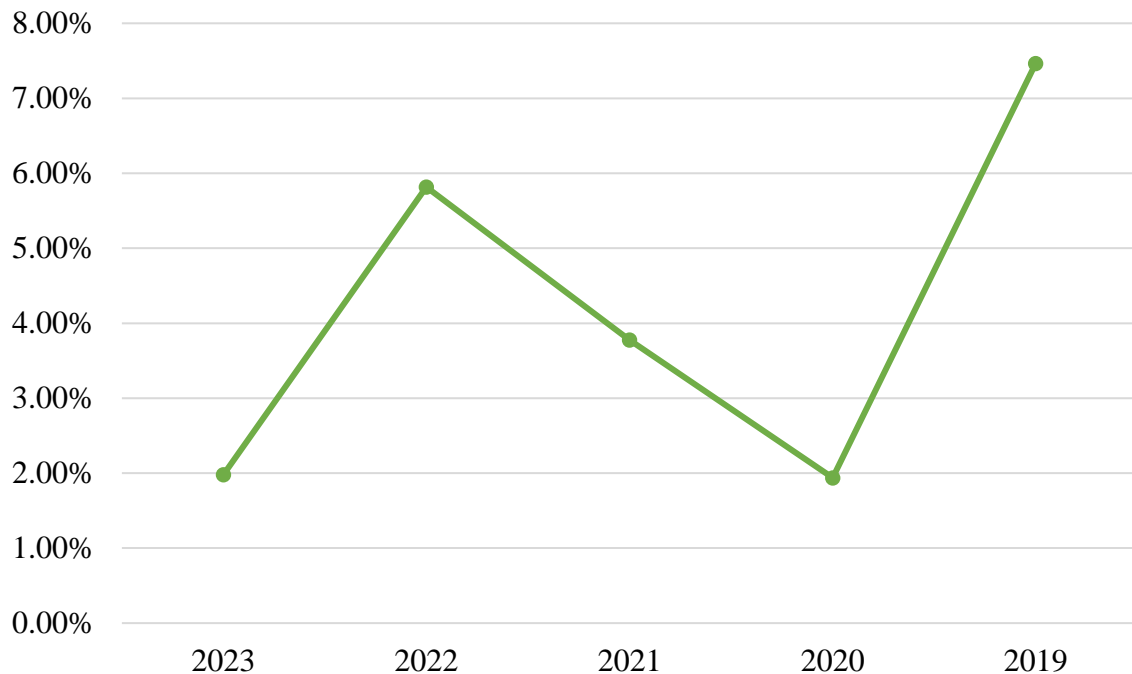


Figure 7: Return on Equity (ROE)

Du Pont Analysis

As shown in Table 13, in 2019, CUBC recorded its highest ROE at 7.46%, driven by a strong NPM of 28.96%, solid ATO of 0.071, and EM of 3.64. This indicated that the bank was highly profitable and fairly efficient in using its assets, allowing it to maintain a reasonable level of financial leverage. In simple terms, it was turning equity into strong returns through a well balance financial structure. However, in 2020, ROE dropped sharply to 1.94%. The decline was mainly due to a fall in NPM to 8.17%, even though ATO of 0.067 and the EM of 3.56 remained fairly stable. This showed that reduced profitability was the reason for the weaker return on equity that year. In 2021, ROE raised slightly to 3.78%, with improvements in both NPM of 16.20% and ATO of 0.060. By 2022, it increased further to 5.82%, supported by a stronger NPM of 20.26% and a higher EM of 4.87, showing that improved profitability and increased leverage helped boost returns. In 2023, despite achieving its highest revenue and asset base over the five years, ROE fell again to 1.98%, almost the same to its 2020 level. This drop was mainly caused by a sharp decline in NPM to just 4.98%, while both ATO of 0.072 and EM of 5.55 were at their highest levels. This showed that although CUBC had more assets and was using more debts to finance growth, low profitability severely limited returns to shareholders.

Table 13: Du Pont Calculation

Parameter	2023	2022	2021	2020	2019
A. Net Profit Margin (NPM)	4.98%	20.26%	16.20%	8.17%	28.96%
B. Asset Turnover (ATO)	0.072	0.059	0.060	0.067	0.071
C. Equity Multiplier (EM)	5.55	4.87	3.91	3.56	3.64
ROE = (A × B × C)	1.98%	5.82%	3.78%	1.94%	7.46%
Maximum			7.46%		
Minimum			1.94%		
Average			4.19%		

This analysis highlighted that NPM is the most sensitive and influential factor affecting ROE in this five-year period. The Du Pont analysis showed the maximum in 2019 of 7.46%, when all three components were strong especially in profitability, the minimum in 2020 of 1.94% caused by a drop in NPM, and the average by 4.19% reflecting returns. Even when ATO and EM were favorable, low profitability in 2020 and 2023 pulled ROE down. The bank should be focused on improving its cost structure and operational profitability to strengthen shareholder returns moving forward, as shown in Figure 8.

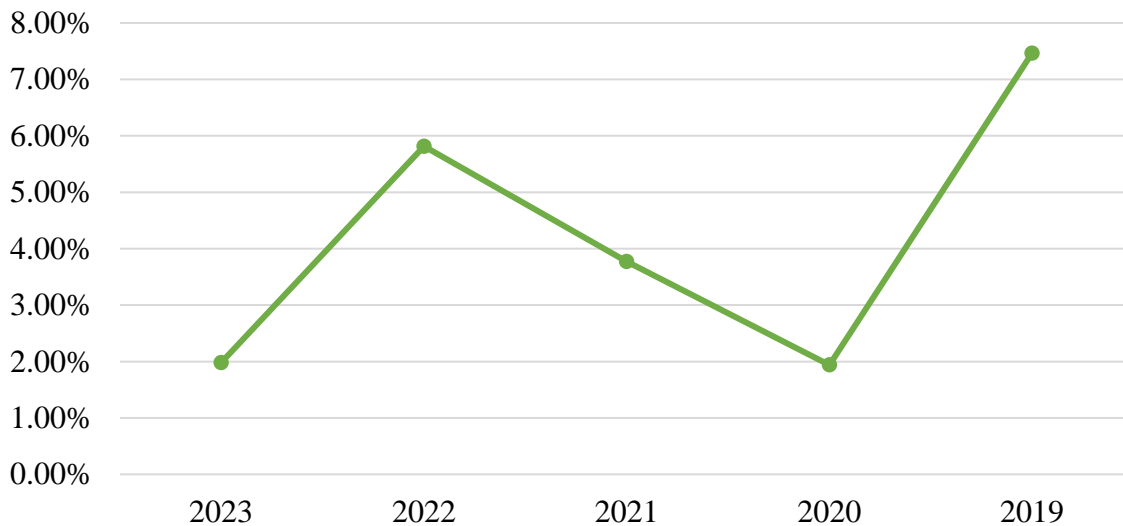


Figure 8: Du Pont Chart

Discussion

Cathay United Bank (Cambodia) Plc. displayed a downward trend in both Return on Assets and Return on Equity between 2019 and 2023. ROA dropped from 2.05% in 2019 to 0.36% in 2023, while ROE fell from 7.46% to 1.98% over the same period. This indicates that the bank is becoming less effective at generating profit from both its assets and equity. Three additional foreign-owned commercial banks in Cambodia such as Union Commercial Bank Plc., Taiwan Cooperative Bank Phnom Penh Branch, and Mega International Commercial Bank-Phnom Penh Branch were included as references in order to determine whether this reduction is specific to CUBC or a part of larger trend (detailed in Table 14 & Figure 9). During the same time period, ROA and ROE showed comparable declining trends for all these three related banks (NBC, 2019, 2020, 2021, 2022, and 2023).

Table 14: Peer Banks Data of ROA and ROE from 2019 to 2023

No.	Bank Name	Items	2023	2022	2021	2020	2019
1	Union Commercial Bank Plc. <i>Data on Banking Sector in NBC</i>	A. Total Assets	819,100,912	884,899,567	753,658,904	846,178,514	695,359,285
		B. Total Equity	197,046,843	233,316,361	193,819,758	343,824,220	236,887,751
		C. Net Profit					
		After Tax	1,067,778	15,420,691	12,912,382	8,458,675	15,929,084
		ROA = (C/A)	0.13%	1.74%	1.71%	1.00%	2.29%
		Maximum			2.29%		
		Minimum			0.13%		
		Average			1.38%		
		ROE = (C/B)	0.54%	6.61%	6.66%	2.46%	6.72%
		Maximum			6.72%		
		Minimum			0.54%		
		Average			4.60%		
		2	Taiwan Cooperative Bank Phnom Penh Branch <i>Data on Banking Sector in NBC</i>	A. Total Assets	937,978,705	1,183,559,834	1,301,646,551
B. Total Equity	241,945,461			328,538,777	444,203,063	450,714,592	364,502,015
C. Net Profit							
After Tax	(83,567,090)			19,079,798	31,508,904	33,933,407	16,039,652
ROA = (C/A)	-8.91%			1.61%	2.42%	2.51%	1.31%
Maximum					2.51%		
Minimum					-8.91%		
Average					-0.21%		
ROE = (C/B)	-34.54%			5.81%	7.09%	7.53%	4.40%
Maximum					7.53%		
Minimum					-34.54%		
Average					-1.94%		
3	Mega International Commercial Bank-Phnom Penh Branch <i>Data on Banking Sector in NBC</i>			A. Total Assets	508,790,289	581,281,210	550,127,636
		B. Total Equity	163,331,978	214,330,403	216,212,639	202,434,044	199,739,622
		C. Net Profit					
		After Tax	213,197	10,805,642	13,883,252	11,022,507	7,910,422
		ROA = (C/A)	0.04%	1.86%	2.52%	2.03%	1.54%
		Maximum			2.52%		
		Minimum			0.04%		
		Average			1.60%		
		ROE = (C/B)	0.13%	5.04%	6.42%	5.44%	3.96%
		Maximum			6.42%		
		Minimum			0.13%		
		Average			4.20%		

Table 14 showed that Union Commercial Bank Plc.’s ROA dropped from 2.29% in 2019 to 0.13% in 2023, and ROE from 6.72% to 0.54%. Taiwan Cooperative Bank Phnom Penh Branch recorded the fall of ROA from 1.31% to -8.91%, and ROE from 4.40% to -34.54%. Mega International Commercial Bank-Phnom Penh Branch’s ROA decreased from 1.54% to 0.04%, and ROE from 3.96% to 0.13%. This steady drop in performance across several banks indicates that CUBC’s performance trend is common, whilst it is a reflection of larger issues facing the banking industry in Cambodia during this period, including the slowdown in economy, and the effects of the COVID-19 pandemic. Thus, the inclusion of the three peer banks supports the observation that CUBC’s declining ROA and ROE are consistent with industry trends rather than being only the consequence of internal inefficiencies.

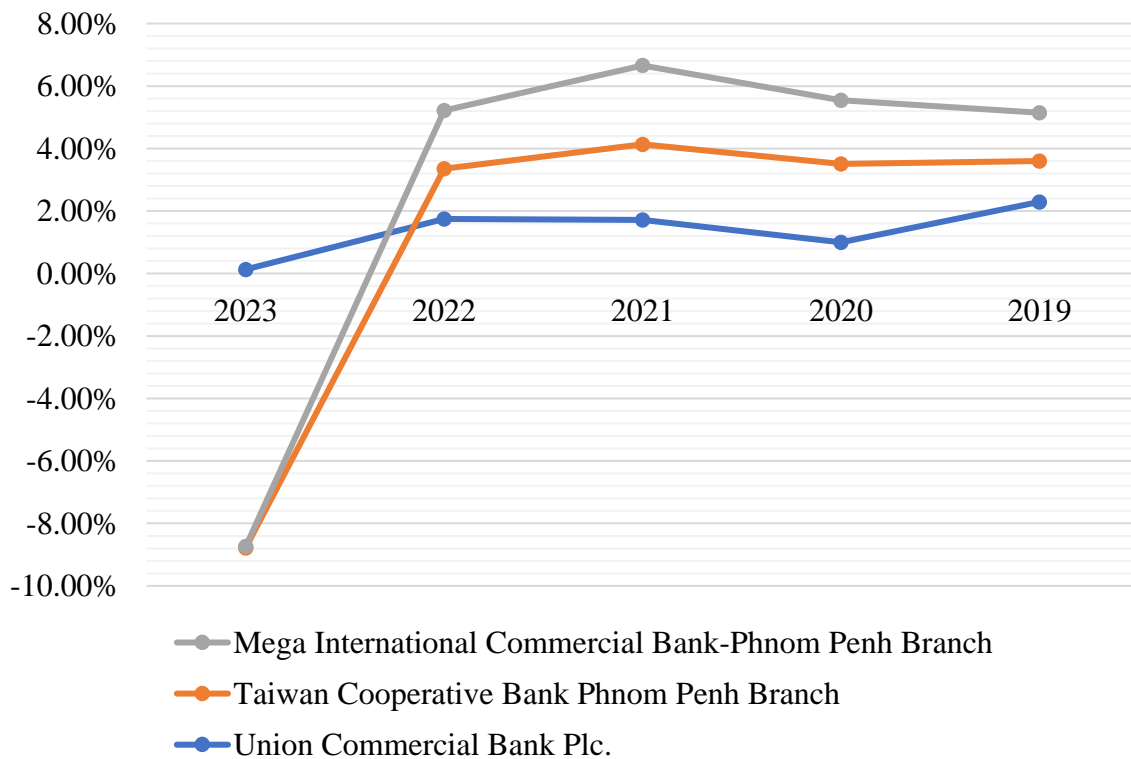


Figure 9: Peer Banks Data of ROA

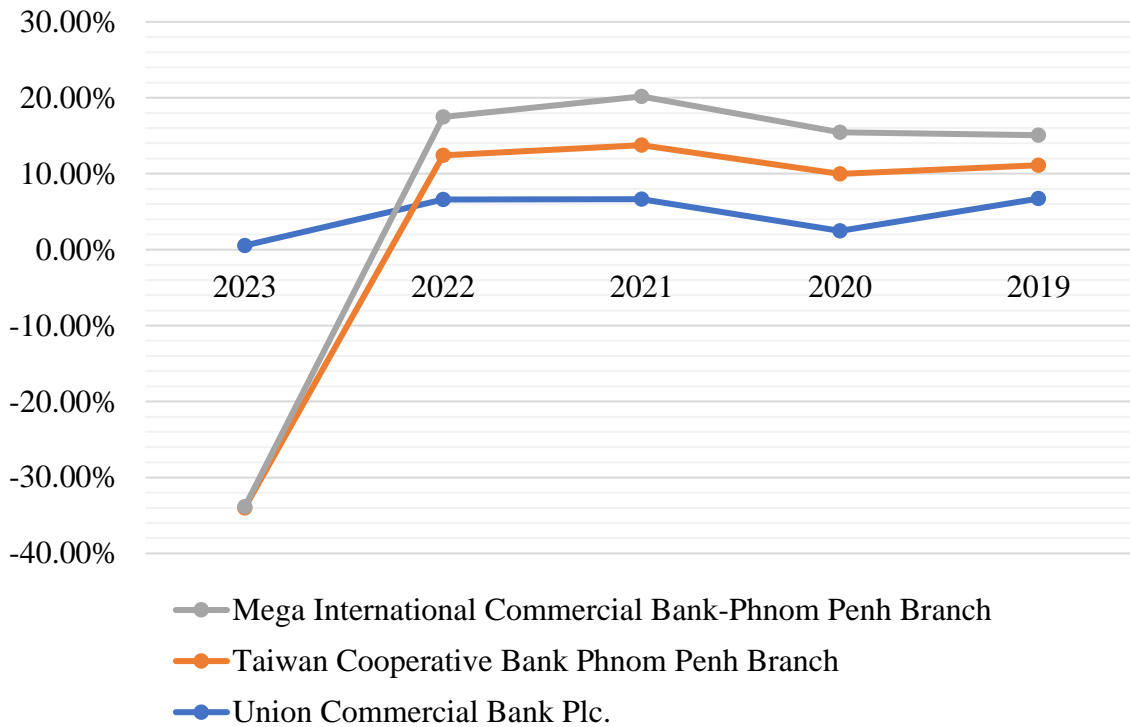


Figure 10: Peer Banks Data of ROE

5. Conclusion and Recommendations

Summary of the key findings

This study aimed to assess the financial performance and financial position of Cathay United Bank (Cambodia) Plc. from 2019 to 2023 by analyzing the key financial ratios using Du Pont Analysis. The return on equity showed an up and down trend during this period, starting at a high of 7.46% in 2019, declining to 1.94% in 2020, and closing at 1.98% in 2023. This difference indicated the bank's capacity to generate profits for shareholders fluctuated over time, as a result of shifts in financial management. Moreover, the asset turnover ratio remained stable, went from 0.059 in 2022 to 0.072 in 2023. This implied that the bank efficiency in turning its assets into income was steady and the bank could have effectively positioned assets base in order to generate revenue. Overall, the findings proved that although the bank's usage of its assets was quite constant, the ability to turn a profit fluctuated. This indicated that enhanced financial practices could help the bank strengthen and sustain future income.

Conclusion

This research effectively obtained the objective of assessing the financial performance and financial position of Cathay United Bank (Cambodia) Plc. from 2019 to 2023 through financial ratio analysis, emphasizing the Du Pont Analysis. The study provided useful insights into the bank's profitability and asset efficiency throughout this five-year review.

In the years analyzed, 2019 was the most profitable years, receiving a profit after tax of \$6,257,787 with total assets of \$390,262,855. This was supported by a strong return on equity, reflecting the efficient use of shareholders' capital. In contrast, by 2023, the bank's profit had declined to \$923,481 despite an increase in total assets to \$654,444,881. Even though the bank made less net profit after taxes, the bank total assets still went up. This result occurred mainly because it gave out more loans and advances to customers and investment securities. In 2019, the loans and advances to customers were about \$257,991,913, and by 2023, they had grown to \$501,193,533. Investment in securities also increased from just \$25,588 in 2019 to \$5,896,072 in 2023. This indicated a reduction in the bank's ability to turn a profit on its expanding asset base, reflecting issues with financial oversight along with operational efficiency.

To sum up, profitability fluctuated significantly even though asset consumption remained relatively stable. In order to achieve sustainable growth, these findings highlight the significance of consistent financial plans and performance evaluation. The remarkable 2019 achievement serves as a benchmark for practices that might enhance future results.

Theoretical implication

This research contributes to the body of knowledge that exists in financial statement analysis by demonstrating methods to apply the Du Pont analysis methodology to assess a bank's financial performance over time. It strengthens the concept that return on equity can potentially be further evaluated by breaking return on equity into its various parts such as net profit margin, asset turnover, and equity multiplier. The findings reaffirm that fluctuations in these key components can significantly influence overall profitability, particularly in financial institutions where leverage and asset management play an essential role. This study can serve as a reference for future studies exploring profitability patterns in the banking sector.

Practical implication

The findings of this study are informative for Cathay United Bank (Cambodia) Plc. stakeholders, financial managers, and bank management. The study emphasizes the need for more efficient asset usage and cost management by identifying 2019 as the most profitable year and demonstrating a notable fall by 2023 despite additional assets. Bank management can use these findings to determine which internal strategies led to better performance in prior years and where changes are required. This assessment method may also help analysts and investors make more accurate analyses of long-term value generation and stability of finances.

Recommendations of the study

The findings on the financial statement of Cathay United Bank (Cambodia) Plc., which is evident for bank management and investors as a necessary source for decision making purposes on its overall financial health performance. Based on the findings, the bank is suggested to examine the following aspects. First, to better track financial health and identify indicators of declining performance, the bank should regularly examine ROE and other various components for enhancing profitability monitoring. By the time, the bank should improve asset usage. Since asset growth did not lead to higher profits in subsequent years, the bank ought to focus on enhancing its approach to use the bank's capitals to generate income. Moreover, the bank shall examine inefficiencies that might have caused the decline in net income. A detailed internal review on operational efficiency particularly between 2019 and 2023 should be conducted to identify the issue. Finally, bank management should apply Du Pont analysis annually. Incorporating Du Pont analysis into regular financial health assessments can determine which areas need the most attention rather its net margin profit, asset turnover, or equity multiplier. To maintain a good financial health performance, the bank is greatly urge to use the procedure above.

Limitations and future research

This study has various limitations even though it offers insightful information. First, it only focuses at one financial institution which is Cathay United Bank (Cambodia) Plc., which restricts the scope of the findings. Second, the analysis depends on secondary data from financial statements that have been made public, which might not include qualitative or internal elements that affect performance. Lastly, only specific financial ratios under Du Pont

analysis were used, other indicators like market-based ratios or any risk measures were excluded. After all, future researchers are urged to broaden this study's analytical focus by comparing several banks or financial institutions. A broader overview of financial performance might be obtained by including qualitative data, such as management decisions, economic conditions, or market circumstances. Deeper understanding of long-term performance trends may also be possible by combining Du Pont analysis with other financial models or by using a wider variety of financial ratios.

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Authors' Biography

Pisey Ork has graduated with a Bachelor's degree in Finance and Banking from ACLEDA University of Business and is currently pursuing a Master's degree in Finance. She has been working in the financial industry since 2022, where she has been involved in supporting business planning processes, preparing performance reports, and conducting market research. She also has experience in drafting formal reports and participating in departmental reviews and analysis. Her academic and professional interests focus on financial management, banking operations, and strategic market assessment areas that continue to shape her career and research within local growing financial sector.

Phorn Ngam currently graduated her master's degree in Finance and Banking at ACLEDA University of Business. She holds a bachelor's degree in Business Administration with a focus on Finance and Banking, which she earned in 2022. In her professional role, Mrs. Ngam serves as the Manager of the Research and Incubation Unit at ACLEDA University of Business, where she applies her expertise to support innovative projects and research initiatives. Hailing from Banteay Meanchey Province in Cambodia, Mrs. Ngam has demonstrated a strong commitment to advancing her knowledge and contributing to the field of finance and banking, business, education, research and innovation both academically and professionally.

Homoly Hong born in 1980, with a passion for finance that began in 2002 with a law degree, he embarked on a journey of continuous learning. He soon added accounting expertise through a bachelor's degree in 2003, followed by an MBA specializing in finance in 2011, all from prestigious Cambodian institutions. He is currently pursuing the esteemed ACCA program at Cam-Ed Business School, demonstrating his dedication to staying at the forefront of the field. His career path at ACLEDA Bank Plc. exemplifies his dedication and growth. Starting as an accountant in 2003, he quickly progressed through various accounting and

auditing roles. His talent was recognized with promotions, culminating in his current position as Vice President and Chief Financial Officer of ACLEDA University of Business. He previously served as Deputy Managing Director and Head of Planning & Finance Office, demonstrating his leadership and strategic acumen. Beyond his impressive career, he is a dedicated trainer. Since 2005, he has been a valuable member of ACLEDA Bank's trainer pool, sharing his expertise with others. His training programs cover a broad range of topics, from core accounting and finance to business plan development and financial auditing.

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