

Sacombank

ធនាគារ សាខមប៉ែង (ខេមបូឌា) ភីអិលស៊ី



ANNUAL
REPORT **2014**

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EDITORIAL TEAM

Chief Editor

Mr. Nguyen Nhi Thanh
Member of the BOD cum General Director

Deputy Chief Editor

Mr. Phung Thai Phung
Deputy General Director

Graphic Designer

Mr. Cheng Sambo
Marketing Communication Officer

Mr. Tang Chheng
Marketing Communication Officer

MISSION

To be the leading Vietnamese bank and top ten bank in Cambodia.

VISION

- Constantly maximize value for customers and shareholders
- Bring value to staff in terms of career development and wealth
- Contribute to the development of the community

CORE VALUES

1. Pioneering to be an explorer and accept challenges to discover new horizons;
2. Novel, Dynamic and Innovative to turn difficulties and challenges into growth opportunities;
3. High Commitment with the highest professionalism, dedication and prestige towards customers and partners
4. Social Responsibility under its slogan: Sacombank and the Community - "Growing Together"
5. Making a Difference with innovative breakthroughs in Products, Business Methods and Corporate Governance Models.

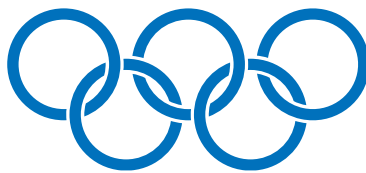


SACOMBANK (CAMBODIA) PLC. MILESTONES



Sacombank opened its Phnom Penh Branch, making it the 27th foreign bank to operate in Cambodia and the first Vietnamese bank to invest in the country. In pioneering the entry into the Cambodian banking sector, Sacombank Phnom Penh branch has contributed to an increase in cross-border trade between Cambodia and Vietnam. This event marks another mile in the bank's growth in Indochina region.

23 June 2009



Sacombank celebrated the grand opening of the first sub-branch in Phnom Penh Olympic sub-branch, located at one of the busiest trading areas in the city. The sub-branch supports to fulfil a high demand of financial services in the Olympic market area by providing key products and services such as trade finance, business loan, and money transfer.

08 December 2010



Sacombank continued to expand branch network as a part of its expansion strategy in Phnom Penh by opening the second sub-branch, located at Vietnamese Supermarket. The new branch creates significant opportunities for individual and business customers in the surroundings through diversified products and services and its convenient location particularly.

30 August 2011



Sacombank opened its third sub-branch in the western part of Phnom Penh city, located at Chbar Ampeou market area. As one of the crowded area in the city, where economic development is growing rapidly, Chbar Ampeou sub-branch has the opportunity to contribute to the improvement of the business conditions of market vendors.

05 September 2011



The Board of Directors announced to transform its Phnom Penh branch into wholly-owned subsidiary of Sacombank under the approval of National Bank of Cambodia and support of State Bank of Vietnam. This important event marked the transition to a new phase in the development and performance improvement strategy of Sacombank in Cambodia, thus further promoting the good trading relationship of the business communities between Vietnam and Cambodia.

01 October 2011



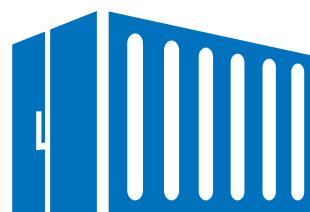
For the first time, Sacombank (Cambodia) Plc. (Sacombank Cambodia) started outreaching to one of the busiest trading hubs outside the capital city by opening a branch in Kampong Cham province. Besides the key products and services to meet the financial demands of local customers, the newest branch provides quick money transfer services between Kampong Cham and Phnom Penh, increasing the trading capacity between the country's two biggest economic hubs.

22 March 2012



In the response to strong demands from the bank's customers, Sacombank Cambodia moved its Vietnamese Supermarket Branch to a larger office located at 537 A-B Monivong Boulevard, Phnom Penh under the name of Preah Monivong branch. The creation of a new transaction office in the city centre is the right thing to support the continuous expansion of the bank. The new office has a perfect location where the economic development, strategy and growth potential exist.

26 November 2012



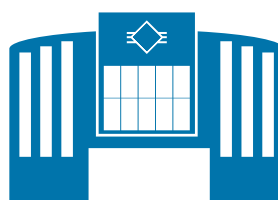
Sacombank Cambodia kicked-off cross-border trade payment service, aims to streamline the process for settling cross-border trade in the Vietnam dong and enables Cambodian enterprises to conduct cross-border trade in Vietnam dong electronically without holding an account in the currency. Vice versa, Cambodia suppliers can also receive their payment from Vietnam buyer directly in Khmer riel. The implementing of this service has been supporting the daily trade payment of enterprises in the both country and therefore enhance their trading capacity.

06 December 2012



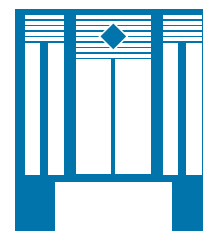
As a focal point for network expansion strategy, Sacombank Cambodia continued to expand its branch network in Phnom Penh by inaugurating Phsar Heng Ly branch, bringing its broad range of banking products & services to the surrounding community of the major market.

17 January 2013



Sacombank Cambodia announced the opening of Pochentong branch in the western part of Phnom Penh city. This branch is Sacombank Cambodia's 7th entity in the country, complementing Head Office and 5 branches: Olympic, Preah Monivong, Chbar Ampeou, Kampong Cham, Phsar Heng Ly.

24 June 2013



In order to support the business economy development of one of the most active city in the southern of Phnom Penh. Sacombank Cambodia announced the opening of Takhmao Branch. This is the eighth entity in the country and is the second entity outside Phnom Penh. Continued showing our commitment to expand in the country.

23 April 2014

MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS



Dear Customers, Partners and the entire staff of Sacombank (Cambodia) Plc,

In the year of 2014, although the economy continues to face many difficulties and challenges, but thanks to proactive restructuring all aspects of business operations, efforts to find and capitalize on the market opportunity, Sacombank (Cambodia) Plc has achieved many positive results. As of 31/12/2014, the total assets reached USD 151.77 million, rising USD 38.2 million (equivalent to 33.6%) compared with 2013; total deposits reached USD 111.1 million, in which mobilized from economic organizations and residents reached USD 46.4 million, up USD 17.3 million (equivalent to 59.5%) compared to the beginning of the year; loans reached USD 105.1 million, rising USD 22.1 million (equivalent to 26.7%) compared to the beginning of the year. Service income reached USD 875,000.00, an increase of USD 277,000.00 (equivalent to 46.32%) compared to the beginning of 2013. Profit before tax was USD 1.7 million, rising more than USD 1 million (approximately 146%) compared to 2013.

Network of Sacombank (Cambodia) Plc includes 1 Head Office and 7 branches (5 branches in Phnom Penh, one branch in Kampong Cham province and another branch in Kandal province) are operating more efficiently and stably and it positively contribute to the strategy implementation to become a modern retail bank, multifunctional and leading bank in Indochina of Sacombank. Sacombank (Cambodia) Plc is currently serving and getting trust from more than 6,000 customers in all sectors of economy, residents, domestic and oversea. Brand of Sacombank

(Cambodia) Plc is increasingly widely known in Cambodia.

Entering 2015, the Cambodian economy has stabilized and is expected to take the leap forward to create more favorable conditions for the operation of the banking sector, but it also creates more challenges for Sacombank (Cambodia) Plc in increasingly competitive conditions between banks. Board of Directors of Sacombank (Cambodia) Plc has set the key solutions to implement in order to maintain operation for Safety - Efficiency - Sustainability:

- Further promote lending as dispersed loan, small loan and select borrowers who fit the business conditions of Sacombank (Cambodia) Plc.
- Stabilize capital mobilization, especially focus on mobilization from economic organizations and residents.
- Focus on supporting trade between Cambodia
 - Vietnam to exploit the potential customer network between the two countries, increase service income and generate stable earnings platform.
- Strengthen the management of credit, actively prevent and handle overdue debts, bad debts.
- Closely manage operating cost and improve cost efficiency.
- Improve the productivity of the entire employees, train the planning employees in order to inherit to make the bank has stable workforce.
- Apply more information technology on the operation and management of the bank.
- Strongly develop products and services related to card.
- Improve the efficiency of all branches.

With the above solutions, Sacombank (Cambodia) Plc confidently set the business plan for 2015 with total assets of USD 170 million, total deposits reached USD 127 million, total loans reached USD 121 million, total service income reached more than USD 1 million, profit before tax reached USD 2.6 million. We are working hard to bring our partners and customers the feeling of modern banking products and services, the care with kindness and enthusiasm from our young and dynamic employees and accompanying the development with customers in the beautiful temple country.

We wish to continue receiving the support and trust from all customers, partners and receiving companionship and dedication of all employees in the development process of Sacombank (Cambodia) Plc.

Sincerely thank and wish good health, happiness and success.

Sincerely,

On behalf of Board of Directors

Chairman



Tram Be



INTRODUCTION OF SACOMBANK (CAMBODIA) PLC.

Sacombank is a leading commercial banks in the Vietnam and continuously growing in Cambodia and Laos with more than 10,000 employees and nearly 420 branches in the region.

The bank first established a presence in Cambodia on 23 June 2009 with the opening of its Phnom Penh branch, became the first Vietnamese bank to open its branch in Cambodia. In pioneering the entry into the Cambodian banking sector, Sacombank made a significant contribution in cross-border trade expansion between Cambodia and Vietnam.

After 2 years of operation, Sacombank (Cambodia) Plc. completed local incorporation on 1 October 2011. After the transformation, the bank continuously reforms its operation, cooperates with international strategic partners, develops new products and services to meet the characteristics of local financial market and become a more competitive banking service provider in the kingdom.

English name	: Saigon Thuong Tin Bank (Cambodia) Plc.
Abbreviated name	: Sacombank (Cambodia) Plc.
Head office	: 60 Preah Norodom Boulevard, Sangkat Chey Chumneas, Khan Daun Penh, Phnom Penh.
Telephone	: (855) 23 223 423
Fax	: (855) 23 223 433
Email	: info@sacombank.com.kh
Website	: www.sacombank.com.kh
Date of establishment	: 23 June 2009
Chartered capital	: USD 38,000,000
Number of business locations	: 8

Sacombank (Cambodia) Plc. provides a broad range of banking products and services to private individuals, self-employed customers as well as small and medium sized enterprises. These services include:

- Receipt of demand deposits, term deposits, savings deposits and other types of deposits.
- Issuance of certificates of deposit, bills of exchange, bills of credit.
- Grant of credit in the form of:
 - Lending;
 - Discount and rediscount of commercial instruments and other valuable papers;
 - Bank's guarantee;
 - Other forms of credit granting
- Opening of payment accounts for customers.
- Provision of payment facilities.
- Provision of the following payment services:
 - Rendering domestic payment services, including cheques, payment orders, banker's check, bank collection, letters of credit, entrusted collection and payment services;
 - International payment services and other payment services.

EVENT HIGHLIGHTS

05-06 April 2014

In connecting to the culture sport entertainment for all staffs become friendly. SACOMBANK (CAMBODIA) Plc has established sport program called "TENIS CUP".



23 April 2014

After getting official Operating Licenses, SACOMBANK (CAMBODIA) Plc., has launched the eight Branches under cutting bond dated 23/04/2014, at Takhmao Kandal province – in which new commercial location near Phnom Penh City.



07 May 2014

Exhibition was arranged by annual under arranging by commercial pushing center and investment in Ho Chi Minh City with purpose to push more aggressive trade operation-tourism-Vietnam Cambodia services. As a sponsor this exhibition, SACOMBANK (CAMBODIA) Plc., participated as a part of organizer seminar under slogan "Boost trade-investment-tourism-Vietnam Cambodia and other main activities within exhibition.



08 May 2014

SACOMBANK (CAMBODIA) Plc., has visited Vietnamese association living in Cambodia (VAC) and sponsored amount USD1,000.00 for supporting Vietnamese families are living in Cambodia with challenging difficulty.



08 May 2014

For this May 8th SACOMBANK (CAMBODIA) Plc., sponsored amount USD 500,000.00 to Red Cross and Organization in Cambodia which is the largest humanitarian organization in this country, with intend contributing support organization in order to implement its action plan.



13-15 May 2014

SACOMBANK (CAMBODIA) Plc., arranging annual trip to Phu Quoc Island in Vietnam Country in order to promote and encourage all staffs are always efforts, working hard and trying to work regardless of exhaustion and difficulties also making friendly, happy and warmly under umbrella of SACOMBANK (CAMBODIA) Plc.



23 June 2014

On the occasion the 5th year anniversary, dated 23/06/2014 SACOMBANK (CAMBODIA) Plc has celebrating under warmly at own Headquarter and also giving away souvenir to staffs are working in SACOMBANK over 05 years.



09 July 2014

Every year, SACOMBANK (CAMBODIA) Plc., has celebrating preliminary report on the first of 06 months. Also this program Board of Management selected out employees with have excellent achievement for award and encouragement.

01 October 2014

SACOMBANK (CAMBODIA) Plc., has been launched 03 kinds of ATM Card on the purpose bring benefit and respond to the customer's requirement, such as: Local Debit Card, Visa Debit Card- Credit Card of SACOMBANK (CAMBODIA) Plc.





BRANCH NETWORK

HEAD OFFICE

60 Preah Norodom Boulevard, Sangkat Chey Chumneas,
Khan Daun Penh, Phnom Penh.

Tel: (855) 23 223 422 | Fax: (855) 23 223 433

Olympic Branch

319-321, Sihanouk, Phnom Penh

Tel: (855) 23 223 420 | Fax: (855) 23 223 402

Preah Monivong Branch

537A-B, Preah Monivong, Phnom Penh

Tel: (855) 23 223 421 | Fax: (855) 23 214 734

Chbar Ampeou Branch

577A-578B, National Road 1, Phnom Penh

Tel: (855) 23 223 418 | Fax: (855) 23 721 571

Kampong Cham Branch

43, National Road No 7, Sangkat Veal Vong,
Kampong Cham

Tel: (855) 42 942 800 | Fax: (855) 42 942 801

Phsar Heng Ly Branch

25-27A Street 271, Phnom Penh

Tel: (855) 23 881 468 | Fax: (855) 23 881 665

Pochentong Branch

378-379, Russian Federation Blvd., Phnom Penh

Tel: (855) 23 890 146 | Fax: (855) 23 890 246

Takhmao Branch

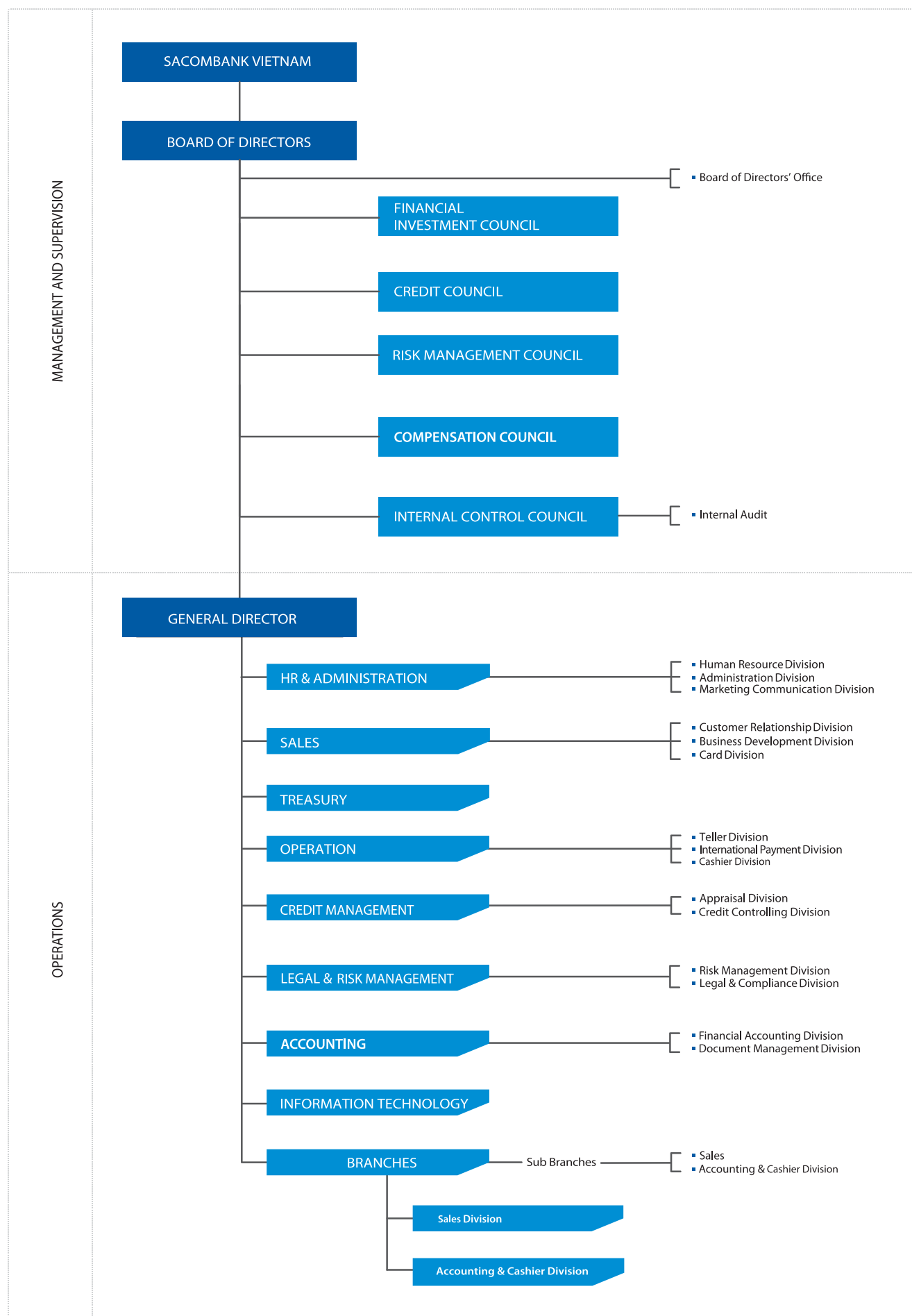
539, Street 21B, Sangkat Takhmao, Kandal

Tel: (855) 23 425 835 | Fax: (855) 23 425 586

Email: info@sacombank.com.kh

Website: www.sacombank.com.kh

ORGANIZATION CHART



INTRODUCTION OF THE BOARD OF DIRECTORS



Mr. Tram Be
Chairman

Over 11 years' experience in
Finance and Banking



Mr. NGUYEN MIEN TUAN
Vice Chairman

Over 17 years' experience in
Finance and Banking



Mr. TRAM KHAI HOA
Vice Chairman

Over 7 years' experience in
Finance and Banking



Mr. NGUYEN BA TRI
Member

Over 21 years' experience in
Finance and Banking



Mr. NGUYEN NHI THANH
Member

Over 25 years' experience in
Finance and Banking



Mr. DUONG THE NHAT XUAN
Independent member

Over 7 years' experience in
Finance and Banking



Ms. THACH THI PHOLY
Independent member

Over 8 years' experience in
Finance and Banking

INTRODUCTION OF THE BOARD OF MANAGEMENT



Ms. THEARO SIDTHIPOR

Deputy General Director

Over 12 years' experience in Finance and Banking
Master Degree of Financial and Banking

Mr. NGUYEN NHI THANH

Member of the BOD cum General Director

Over 25 years' experience in Finance and Banking
Master Degree of Economics

Mr. PHUNG THAI PHUNG

Deputy General Director

Over 12 years' experience in Finance and Banking
Bachelor of Business Administration

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Sacombank (Cambodia) Plc. (herein referred to as “the Bank”) presents its report together with the Bank’s financial statements as at 31 December 2014 and for the year then ended.

THE BANK

The Bank was initially set up as a branch of Saigon Thuong Tin Commercial Joint Stock Bank (“Sacombank”), incorporated in Vietnam. The Bank operates in the Kingdom of Cambodia under indefinite banking license No. 27 dated 19 June 2009 issued by the National Bank of Cambodia. The Bank also obtained license No. 523/09B from the Ministry of Commerce dated 18 March 2009.

On 1 October 2011, the legal status of the Bank from a branch was changed to a private limited company which is wholly-owned by Sacombank pursuant to the approval by the Ministry of Commerce on 20 September 2011.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of banking business and the provision of related financial services. There were no significant changes to these principal activities during the year.

FINANCIAL RESULTS

The financial results of the Bank are as follows:

	2014 US\$	2013 US\$
Profit before tax	1,714,993	688,495
Income tax expense	(381,562)	(213,781)
Net profit for the year	1,333,431	474,714
KHR’000 equivalent (Note 2.1.5)	5,433,731	1,896,483

SHARE CAPITAL

The share capital of the Bank is US\$38,000,000 as at 31 December 2014 and 31 December 2013.

RESERVES AND PROVISIONS

There were no material movements to or from reserves and provisions during the year other than those disclosed in the financial statements.

REPORT OF THE BOARD OF MANAGEMENT (continued)

BAD AND DOUBTFUL LOANS AND ADVANCES

Before the financial statements of the Bank were prepared, the Board of Management took reasonable steps to ascertain that actions had been taken in relation to writing off of bad loans and advances and making of provision for bad and doubtful loans and advances, and satisfied themselves that all known bad loans and advances had been written off and that adequate provision had been made for bad and doubtful loans and advances.

At the date of this report, the Board of Management is not aware of any circumstances, which would render the amount written off for bad loans and advances, or the amount of provision for bad and doubtful loans and advances in the financial statements of the Bank, inadequate to any material extent.

CURRENT ASSETS

Before the financial statements of the Bank were prepared, the Board of Management took reasonable steps to ascertain that any current assets, other than loans, which were unlikely to be realized in the ordinary course of business at their value as shown in the accounting records of the Bank had been written down to an amount which they might be expected to realize.

At the date of this report, the Board of Management is not aware of any circumstances, which would render the values attributed to current assets in the financial statements of the Bank misleading or inappropriate in any material aspect.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- No charge on the assets of the Bank, which has arisen since the end of the financial year which secures the liabilities of any other person; and
- No contingent liability in respect of the Bank that has arisen since the end of the financial year other than in the ordinary course of banking business.

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

EVENTS SINCE THE BALANCE SHEET DATE

There is no significant event occurring after the balance sheet date, which requires disclosure or adjustment other than those already disclosed in the accompanying notes to the financial statements.

REPORT OF THE BOARD OF MANAGEMENT (continued)

THE BOARD OF DIRECTORS

The members of the Board of Directors from 1 January 2014 to the date of this report are:

Name	Position	Date of appointment
Mr Tram Be	Chairman	Appointed on 1 August 2012
Mr Tram Khai Hoa	Vice Chairman	Appointed on 1 August 2012
Mr Nguyen Mien Tuan	Vice Chairman	Appointed on 1 August 2012
Mr Duong The Nhat Xuan	Independent Member	Appointed on 11 September 2012
Mr Nguyen Ba Tri	Member	Appointed on 15 November 2013
Mr Nguyen Nhi Thanh	Member	Appointed on 2 January 2014
Ms Thach Thi Pho Ly	Independent Member	Appointed on 7 July 2014
Mr Deang Sarann	Independent Member	Resigned on 2 January 2014

THE BOARD OF MANAGEMENT

The members of the Board of Management from 1 January 2014 to the date of this report are:

Name	Position	Date of appointment
Mr Nguyen Nhi Thanh	Member of the BOD cum General Director	Appointed on 19 September 2011
Mr Phung Thai Phung	Deputy General Director	Re-appointed on 1 March 2012
Ms Thearo Sidthipor	Deputy General Director	Appointed on 11 February 2013

AUDITOR

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

THE BOARD OF MANAGEMENT'S BENEFITS

During and at the end of the year, no arrangement existed, to which the Bank was a party, whose object was to enable the Board of Management to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

No manager has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Board of Management, or the fixed salary of a full time employee of the Bank as disclosed in Note 24(c) to the financial statements) by reason of a contract made by the Bank or with a firm of which he is a member, or with a company in which he has a material financial interest other than those disclosed in the financial statements.

REPORT OF THE BOARD OF MANAGEMENT (continued)

THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Management is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2014, and its financial performance and cash flows for the year then ended. In preparing these financial statements, the Board of Management is required to:

- Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- Comply with regulations and guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards or, if there has been any departure in the interests of fair presentation, ensure this has been appropriately disclosed, explained and quantified in the financial statements;
- Maintain adequate accounting records and an effective system of internal control; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Bank will continue operation in the foreseeable future.

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

The Board of Management confirms that the Bank has complied with these requirements in preparing the financial statements.

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the National Bank of Cambodia.

On behalf of the Board of Management:



Mr Nguyen Nhi Thanh

Member of the BOD cum General Director

Phnom Penh, Kingdom of Cambodia

30 March 2015

INDEPENDENT AUDITORS' REPORT

To: The Owner of Sacombank (Cambodia) Plc.

We have audited the accompanying financial statements of Sacombank (Cambodia) Plc. ("the Bank"), which comprise the balance sheet as at 31 December 2014, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the National Bank of Cambodia, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Cambodian International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of the financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the National Bank of Cambodia.

Maria Cristina M. Calimbas

Partner



Ernst & Young (Cambodia) Ltd.

Certified Public Accountant

Registered Auditor

Phnom Penh, Kingdom of Cambodia

30 March 2015

BALANCE SHEET

as at 31 December 2014

	Notes	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
ASSETS					
Cash and gold	3	3,937,016	16,043,340	4,541,043	18,141,467
Balances with the National Bank of Cambodia	4	11,731,012	47,803,874	14,874,294	59,422,805
Due from other financial institutions	5	28,045,678	114,286,138	10,552,899	42,158,832
Loans and advances to customers	6	102,913,961	419,374,391	81,326,952	324,901,173
Investments in securities	7	25,000	101,875	25,000	99,875
Property and equipment	8	1,191,022	4,853,415	1,163,126	4,646,688
Intangible assets	9	64,338	262,177	130,397	520,936
Deferred tax assets	13	11,114	45,290	-	-
Other assets	10	3,849,243	15,685,665	953,683	3,809,965
TOTAL ASSETS		151,768,384	618,456,165	113,567,394	453,701,741
LIABILITIES					
Due to other financial institutions	11	64,567,256	263,111,568	41,464,037	165,648,828
Due to customers	12	46,445,350	189,264,801	29,099,099	116,250,901
Current income tax liability	13	337,025	1,373,377	153,232	612,162
Deferred income tax liability	13	6,872	28,003	40,864	163,252
Other liabilities	14	1,078,450	4,394,685	764,876	3,055,680
Total liabilities		112,434,953	458,172,434	71,522,108	285,730,823
OWNER'S EQUITY					
Paid-up capital	15	38,000,000	154,850,000	38,000,000	151,810,000
Retained earnings		1,333,431	5,433,731	4,045,286	16,160,918
Total owner's equity		39,333,431	160,283,731	42,045,286	167,970,918
TOTAL LIABILITIES AND OWNER'S EQUITY		151,768,384	618,456,165	113,567,394	453,701,741

INCOME STATEMENT

for the year ended 31 December 2014

	Notes	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Interest and similar income	16	8,402,834	34,241,549	5,922,402	23,659,996
Interest and similar expense	17	(2,606,807)	(10,622,739)	(1,462,216)	(5,841,553)
Net interest and similar income		5,796,027	23,618,810	4,460,186	17,818,443
Fees and commission income	18	1,010,505	4,117,808	778,406	3,109,732
Fees and commission expense	19	(194,425)	(792,282)	(164,823)	(658,468)
Net fees and commission income		816,080	3,325,526	613,583	2,451,264
Income from investments in securities		-	-	62,040	247,850
Other operating (loss)/income	20	(55,707)	(227,006)	21,266	84,958
TOTAL OPERATING INCOME		6,556,400	26,717,330	5,157,075	20,602,515
General and administrative expenses	21	(4,295,569)	(17,504,444)	(3,804,714)	(15,199,832)
Credit loss expense	6	(545,838)	(2,224,290)	(663,866)	(2,652,145)
PROFIT BEFORE TAX		1,714,993	6,988,596	688,495	2,750,538
Current corporate income tax expense	13	(426,668)	(1,738,672)	(231,315)	(924,103)
Deferred corporate income tax benefit	13	45,106	183,807	17,534	70,048
Total income tax expense		(381,562)	(1,554,865)	(213,781)	(854,055)
NET PROFIT FOR THE YEAR		1,333,431	5,433,731	474,714	1,896,483

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

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	Paid-up capital US\$	Retained earnings US\$	Retained earnings US\$	Total US\$
Balance as at 1 January 2013	38,000,000	3,570,572	84,589	41,655,161
Net profit for the year	-	474,714	-	474,714
Realised gain on available-for-sale investments reclassified to the income statement	-	-	(84,589)	(84,589)
Balance as at 31 December 2013	38,000,000	4,045,286	-	42,045,286
KHR'000 equivalent (Note 2.1.5)	151,810,000	16,160,918	-	167,970,918
Balance as at 1 January 2014	38,000,000	4,045,286	-	42,045,286
Net profit for the year	-	1,333,431	-	1,333,431
Profit transferred to parent bank	-	(4,045,286)	-	(4,045,286)
Balance as at 31 December 2014	38,000,000	1,333,431	-	39,333,431
KHR'000 equivalent (Note 2.1.5)	154,850,000	5,433,731	-	160,283,731

STATEMENT OF CASH FLOWS

For the year ended 31 december 2014

	Notes	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Net cash provided by operating activities	22	16,165,007	65,872,402	9,667,957	38,623,489
Cash flows from investing activities					
Acquisition of property and equipment	8	(398,426)	(1,623,586)	(434,572)	(1,736,115)
Acquisition of intangible asset	9	-	-	(68,400)	(273,258)
Proceeds from disposal of property and equipment		9,500	38,713	-	-
Net cash used in investing activities		(388,926)	(1,584,873)	(502,972)	(2,009,373)
Cash flow from a financing activity					
Profit transferred to parent bank		(4,045,286)	(16,484,540)	-	-
Net increase in cash and cash equivalents		11,730,795	47,802,989	9,164,985	36,614,116
Cash and cash equivalents at the beginning of the year	3	22,065,733	88,152,605	12,900,748	51,538,489
Foreign exchange difference		-	1,765,257	-	-
Cash and cash equivalents at the end of the year	3	33,796,528	137,720,851	22,065,733	88,152,605

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2014

1. CORPORATE INFORMATION

Sacombank (Cambodia) Plc. (herein referred to as “the Bank”) was incorporated and registered in the Kingdom of Cambodia.

Establishment and operations

The Bank was initially set up as a branch of Saigon Thuong Tin Commercial Joint Stock Bank, incorporated in Vietnam. The Bank operates in the Kingdom of Cambodia under indefinite banking license No. 27 dated 19 June 2009 from the National Bank of Cambodia. The Bank has also obtained a license from the Ministry of Commerce, No. 523/09B dated 18 March 2009.

On 1 October 2011, the legal status of the Bank was changed from a branch to a private limited company which is wholly-owned by Sacombank pursuant to approval by the Ministry of Commerce on 20 September 2011.

The principal activities of the Bank are to provide banking and related financial services in Cambodia.

Share capital

The total share capital of the Bank as at 31 December 2014 is US\$38,000,000 or KHR154.85 billion (2013: US\$38,000,000 or KHR151.81 billion).

Location

The head office of the Bank is located at No. 60, Preah Norodom Boulevard, Sangkat Chey Chumneas, Khan Daun Penh, Phnom Penh, Cambodia.

Employees

As at 31 December 2014, the Bank had 167 employees including 98 employees in the Head Office, 14 employees in Olympic Branch, 13 employees in Kampong Cham Branch, 12 employees in Chbar Ampeou Branch, 9 employees in Hengly Branch, 12 employees in Monivong Branch and 9 employees in Pochentong Branch (31 December 2013: 167 employees).

2. ACCOUNTING POLICIES

2.1 Basis of preparation

2.1.1 Accounting framework

The financial statements have been prepared in accordance with Cambodian Accounting Standards (“CAS”) and the guidelines of the National Bank of Cambodia (“the NBC”) on the preparation and presentation of financial statements.

The accompanying financial statements, including their utilization, are not designed for those who are not informed about the Kingdom of Cambodia’s accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Kingdom of Cambodia.

The accounting policies set out below have been consistently applied by the Bank.

2.1.2 Basis of measurement

The financial statements have been prepared based on the historical cost convention.

2.1.3 Fiscal year

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.4 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However, the Bank transacts its business and maintains its accounting records primarily in United States dollar ("US\$"). Management has determined the US\$ to be the Bank's measurement and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Bank. This is in accordance with Prakas No. B7-07-164 dated 13 December 2007.

Transactions in foreign currencies ("FC") are translated into US\$ at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US\$ at the balance sheet date are translated into US\$ at the rates of exchange ruling at that date. Exchange differences arising on translation are recognized in the income statement.

2.1.5 Translation of US\$ into KHR

The translation of the US\$ amounts into KHR is presented in the financial statements to comply with the Cambodian Law on Corporate Accounts, their Audit and the Accounting Profession dated 8 July 2002 and relevant Prakas of NBC, using the closing exchange rate of KHR4,075: US\$1 ruling at the reporting date (2013: KHR3,995: US\$1), as announced by NBC. Such translation should not be construed as a representation that the US\$ amounts represent, or have been or could be converted into KHR at that or any other rate.

2.2 Significant accounting judgments and estimates

In applying accounting policies, management has used its judgment and made estimates in determining the amounts recognized in the financial statements, as follows:

2.2.1 Operating lease

The Bank has entered into lease on premises used for its operations. The Bank has determined, based on the evaluation of the terms and conditions of the lease agreements (i.e., the lease does not transfer ownership of the asset to the lessee by the end of the lease term and lease term is not for the major part of the asset's economic life), the lessor retains all the significant risks and rewards of ownership of these properties.

2.2.2 Functional currency

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

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

2.2.3 Allowance for loan losses

When preparing the financial statements, the quality of loans and advances is reviewed and assessed to determine their classification and level of allowance for loan losses, as more fully disclosed in Note 2.3.6.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

2. ACCOUNTING POLICIES (continued)

2.2 Significant accounting judgments and estimates (continued)

2.2.4 Recognition of deferred tax assets

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

2.2.5 Impairment of non-financial assets

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

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

2.2.6 Estimated useful lives of property and equipment, and software cost

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

2.3 Summary of significant accounting policies

2.3.1 Change in accounting policies

The accounting policies and methods of computation applied by the Bank are consistent with those adopted in prior periods.

2.3.2 Cash and cash equivalents

For cash flow statement purposes, cash and cash equivalents consist of cash, demand deposits, short-term deposits and highly liquid investments with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

2.3.3 Deposits and placements with banks

Deposits and placements with banks are carried at cost.

2.3.4 Statutory deposits

Statutory deposits for banking activities are maintained with the NBC in compliance with the Cambodian Law on Banking and Financial Institutions and are determined by defined percentages of minimum share capital and customers' deposits as required by the NBC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

2. ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

2.3.5 Loans and advances

All loans and advances to customers are stated in the balance sheet at principal amount, less any amounts written off and allowance for losses on loans and advances. Short-term loans are those with a repayment date within one year from the date the loan was advanced. Long-term loans are those with a final repayment date of more than one year from the date the loan was advanced.

Loans are written off when there is no realistic prospect of recovery. Recoveries of loans and advances previously written off, or provided for, decrease the amount of allowance for losses on loans and advances in the income statement.

Loans and advances classified as substandard, doubtful or loss are considered as non-performing loans.

2.3.6 Allowance for losses on loans and advances

Allowance for losses on loans and advances is made with regard to specific risks and relate to those loans and advances that have been individually reviewed and specifically identified as special mention, substandard, doubtful or loss. In addition, a general allowance is also maintained for loans classified as normal.

The Bank follows the mandatory credit classification and provisioning as required by NBC Prakas No. B7-09-074 dated 25 February 2009, which is to classify their loan portfolio into five classes. The Prakas also requires that minimum general and specific allowances be provided depending on loan classification.

The allowance is based on a percentage of total outstanding loans and advances as follows:

<i>Classification</i>	<i>Number of days past due</i>	<i>Allowance percentage</i>
<i>General allowance</i>		
Normal	Less than 30 days	1%
<i>Specific allowance</i>		
Special mention	30 days or more but less than 90 days	3%
Substandard	90 days or more but less than 180 days	20%
Doubtful	180 days or more but less than 360 days	50%
Loss	360 days or more	100%

An uncollectible loan or portion of a loan classified as bad is written off after taking into consideration the realisable value of the collateral, if any, when in the judgment of the management, there is no prospect of recovery.

2.3.7 Other credit-related commitments

In the normal course of business, the Bank enters into other credit-related commitments including loan commitments, letters of credit and guarantees. The accounting policy and provision methodology are similar to originated loans as disclosed above. An allowance is raised against other credit-related commitments when losses are considered probable.

2.3.8 Available-for-sale financial investments

AFS investment is a non-derivative financial asset which is designated as such and is purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

2. ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

2.3.9 Other assets

Other assets are carried at anticipated realisable values. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

2.3.10 Intangible asset

Computer software is stated at cost less accumulated amortisation. Computer software is amortised on a straight-line basis over five years.

2.3.11 Property and equipment

(i) Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of property and equipment comprises major components having different useful lives, the components are accounted for as separate items of property and equipment.

(ii) Depreciation is calculated using the straight-line method to allocate their cost to their residual value over their estimated useful lives, as follows:

Leasehold building	15 years
Computer equipment	4 years
Furniture and equipment	4-5 years
Motor vehicles	4-5 years

(iii) Subsequent expenditure relating to an item of property and equipment that has already been recognised is 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 expenditure is recognised as an expense in the year in which it is incurred.

(iv) Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognised in the income statement at the date of retirement or disposal.

(v) Fully depreciated property and equipment are retained in the financial statements until disposed of or written off.

(vi) The carrying amounts of property and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is charged to the income statement immediately.

Reversal of impairment losses recognised in prior years is recorded where there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

2.3.12 Due to other financial institutions and due to customers

Due to other financial institutions and due to customers are stated at their placement values.

2.3.13 Other liabilities

Other liabilities are stated at cost which also represents the fair value of the consideration expected to be paid in the future for goods and services received.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

2. ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

2.3.14 Provisions for liabilities

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

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

2.3.15 Corporate income tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the balance sheet date.

Deferred tax

Deferred tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these differences can be utilized, except where the deferred tax arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Unrecognized deferred income tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

2.3.16 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a current enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

2. ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

2.3.17 Recognition of income and expense

(a) Interest income

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

Interest income on overdraft, term loans and other loans is recognized on a daily accrual basis. Where a loan becomes non-performing, the recording of interest is suspended until it is realized on a cash basis. Loans are deemed to be non-performing where repayments are in arrears for ninety days or more.

(b) Fee and commission income

Fee and commission income includes the following :

- (1) Loan arrangement fees and commissions on services and facilities extended to customers are recognized on the occurrence of such transactions;
- (2) Service charges and processing fees are recognized when the service is provided.

(c) Interest expense

Interest expense on deposits of customers, settlement accounts of other banks and borrowings are recognized on an accrual basis.

(d) Fee and commission expense

Fee and commission expense is recognized as incurred.

2.3.18 Operating leases

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

2.3.19 Related parties

Under CAS 24 on Related Party Disclosures, parties are considered to be related if the Bank has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or vice-versa, or where the Bank and the party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related parties, as defined in Article 49 and 50 of the Cambodian Law on Banking and Financial Institutions, include the following:

- (a) any person holding directly or indirectly at least ten percent (10%) of the capital or voting rights;
- (b) any company of which the Bank directly or indirectly holds at least 10% of the capital or voting rights;
- (c) any individual who participates in the administration, direction, management or internal control; and
- (d) the external auditors.

2.3.20 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not reported in the financial statements since they are not the assets of the Bank.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

2. ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

2.3.21 Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest dollar and nearest thousand KHR ("KHR'000") for US\$ and KHR amounts, respectively.

3. CASH AND GOLD

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Cash				
US\$	3,443,227	14,031,150	3,791,796	15,148,225
KHR	92,403	376,542	140,288	560,451
Other foreign currencies	61,511	250,658	28,306	113,082
	3,597,141	14,658,350	3,960,390	15,821,758
Gold				
Gold XBJ	339,592	1,383,837	506,120	2,021,950
Gold XAU	283	1,153	74,533	297,759
	339,875	1,384,990	580,653	2,319,709
	3,937,016	16,043,340	4,541,043	18,141,467

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

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Cash on hand	3,937,016	16,043,340	4,541,043	18,141,467
Balances with the NBC - current account	1,813,834	7,391,373	6,971,791	27,852,306
Balances with other banks - current and deposits with original maturity of less than three months	28,045,678	114,286,138	10,552,899	42,158,832
	33,796,528	137,720,851	22,065,733	88,152,605

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

4. BALANCES WITH THE NATIONAL BANK OF CAMBODIA

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Current and settlement accounts				
Current account - US\$	83,096	338,616	5,982,135	23,898,629
Current account - KHR	60,690	247,312	151,732	606,170
Settlement account - US\$	1,648,749	6,718,654	815,441	3,257,687
Settlement account - KHR	21,299	86,791	22,483	89,820
Term deposit				
USD	500,000	2,037,500	-	-
Statutory deposits				
Capital guarantee deposit - US\$	3,800,000	15,485,000	3,800,000	15,181,000
Reserve deposit - US\$	5,600,000	22,820,000	4,100,000	16,379,500
Reserve deposit - KHR	17,178	70,001	2,503	9,999
	11,731,012	47,803,874	14,874,294	59,422,805

(i) Capital guarantee deposit

Under NBC Prakas No. B7-01-136 dated 15 October 2001, banks are required to maintain a statutory deposit of 10.00% of registered capital with the NBC. This deposit is not available for use in the Bank's day-to-day operations but it is refundable when the Bank voluntarily ceases to operate the business in Cambodia.

(ii) Reserve deposits

Under NBC Prakas No. B7-012-140 dated 13 September 2012, banks are required to maintain certain cash reserves with the NBC in the form of compulsory deposits, computed at 8.00% and 12.50% of deposits from customers in KHR and in foreign currencies, respectively.

Annual interest rates of deposits and placements with the NBC were summarised as follows:

	2014	2013
Capital guarantee deposit - US\$	0.08%	0.11%
Reserve deposit - US\$	0.10%	0.08%
Reserve deposit - KHR	0.00%	0.08%
Term deposit	0.11%	N/A
Current accounts	0.00%	0.00%
Settlement accounts	0.00%	0.00%

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

5. DUE FROM OTHER FINANCIAL INSTITUTIONS

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Local financial institutions	5,692,681	23,197,676	3,209,820	12,823,231
Overseas financial institutions	22,352,997	91,088,462	7,343,079	29,335,601
<i>In which:</i>				
<i>Demand deposits at Parent bank (Note 24)</i>	22,213,521	90,520,098	7,252,821	28,975,020
	28,045,678	114,286,138	10,552,899	42,158,832

Annual interest rates of balances with other credit institutions were as follows:

	2014	2013
Demand deposits in US\$	0.00%	0.02% - 0.50%

6. LOANS AND ADVANCES TO CUSTOMERS

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Loans				
<i>Term loans</i>	85,928,378	350,158,140	64,928,627	259,389,865
<i>Overdraft</i>	19,185,235	78,179,833	18,036,041	72,053,984
Credit card facilities	19,500	79,463	35,598	142,213
Total loans – gross	105,133,113	428,417,436	83,000,266	331,586,062
Allowance for losses on loans and advances	(2,219,152)	(9,043,045)	(1,673,314)	(6,684,889)
Loans and advances to customers - net	102,913,961	419,374,391	81,326,952	324,901,173

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

6. LOANS AND ADVANCES TO CUSTOMERS (continued)

Annual interest rates of balances with other credit institutions were as follows:

	2014 US\$	2014 KHR'000	2013 US\$	2013 KHR'000
Balance as at 1 January	1,673,314	6,684,889	1,009,448	4,032,744
Provision expense during the year	545,838	2,224,290	663,866	2,652,145
Exchange differences	-	133,866	-	-
Balance as at 31 December	2,219,152	9,043,045	1,673,314	6,684,889

(a) The loan portfolio was graded as follows:

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Normal loans				
Secured	85,203,883	347,205,823	74,310,978	296,872,356
Unsecured	17,759,564	72,370,224	4,820,000	19,255,900
Special mention loans				
Secured	786,629	3,205,513	2,053,285	8,202,874
Unsecured	-	-	-	-
Substandard loans				
Secured	271,398	1,105,947	291,990	1,166,500
Unsecured	-	-	-	-
Doubtful loans				
Secured	-	-	1,524,013	6,088,432
Unsecured	-	-	-	-
Loss loans				
Secured	1,111,639	4,529,929	-	-
Unsecured	-	-	-	-
Total	105,133,113	428,417,436	83,000,266	331,586,062

(b) For an analysis of loans and advances by maturity, refer to Note 25.2 on Financial Risk Management.

(c) For an analysis of loans and advances by currency, refer to Note 25.3 on Financial Risk Management.

(d) Analysis of loans and advances by type of loans was as follows:

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Commercial loans	56,910,934	231,912,056	49,491,395	197,718,122
Consumer loans	48,222,179	196,505,380	33,508,871	133,867,940
Total gross loans	105,133,113	428,417,436	83,000,266	331,586,062

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

6. LOANS AND ADVANCES TO CUSTOMERS (continued)

(e) Analysis of loan portfolio by industrial sector was as follows:

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Wholesale and retail	22,039,932	89,812,723	32,653,472	130,450,621
Personal use	2,950,640	12,023,858	10,035,811	40,093,065
Import	7,071,373	28,815,845	3,991,209	15,944,880
Real estate	1,090,893	4,445,389	2,224,907	8,888,503
Services	6,833,752	27,847,539	1,827,068	7,299,137
Textile	-	-	1,197,416	4,783,677
Other industries	65,146,523	265,472,082	31,070,383	124,126,179
Total gross loans	105,133,113	428,417,436	83,000,266	331,586,062

(f) Further analyses of loans and advances by residency, relationship, and exposure were as follows:

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Residence status				
Residents	105,133,113	428,417,436	83,000,266	331,586,062
Non-residents	-	-	-	-
	105,133,113	428,417,436	83,000,266	331,586,062
Relationship				
Related parties	39,125	159,434	137,334	548,649
Non-related parties	105,093,988	428,258,002	82,862,932	331,037,413
	105,133,113	428,417,436	83,000,266	331,586,062
Exposure				
Large	53,504,871	218,032,350	26,997,120	107,853,494
Non-large	51,628,242	210,385,086	56,003,146	223,732,568
	105,133,113	428,417,436	83,000,266	331,586,062

The annual interest rates of loans and advances to customers were as follows:

	2014	2013
Short-term loans	5.00% - 17.00%	5.00% - 19.20%
Medium and long-term loans	3.00% - 18.00%	3.00% - 16.80%

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

7. INVESTMENTS IN SECURITIES

	2014			2013		
	US\$	KHR'000 (Note 2.1.5)	% owned by the Bank	US\$	KHR'000 (Note 2.1.5)	% owned by the Bank
Credit Bureau of Cambodia Company	25,000	99,875	1	25,000	99,875	1

This represents the Bank's investment in Credit Bureau Holding Cambodia Ltd. with 1% direct ownership.

8. PROPERTY AND EQUIPMENT

	Leasehold building US\$	Computer equipment US\$	Furniture and equipment US\$	Motor vehicles US\$	Total US\$
Cost					
As at 1 January 2014	653,758	796,645	367,091	368,905	2,186,399
Additions	145,778	24,444	29,549	198,655	398,426
Disposal	-	-	-	(18,300)	(18,300)
At as 31 December 2014	799,536	821,089	396,640	549,260	2,566,525
Accumulated depreciation					
As at 1 January 2014	120,879	631,664	106,942	163,788	1,023,273
Charges	131,676	96,939	66,824	73,569	369,008
Disposal	-	-	-	16,778	16,778
At as 31 December 2014	252,555	728,603	173,766	220,579	1,375,503
Net book value					
As at 1 January 2014	532,879	164,981	260,149	205,117	1,163,126
As at 31 December 2014	546,981	92,486	222,874	328,681	1,191,022
KHR'000 equivalent (Note 2.1.5)					
As at 1 January 2014	2,128,852	659,099	1,039,295	819,442	4,646,688
As at 31 December 2014	2,228,948	376,880	908,212	1,339,375	4,853,415

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

9. INTANGIBLE ASSET

	Computer software US\$
Cost	
As at 1 January 2014	429,912
As at 31 December 2014	429,912
Accumulated amortization	
As at 1 January 2014	299,515
Charges	66,059
As at 31 December 2014	365,574
Net book value	
As at 1 January 2014	130,397
As at 31 December 2014	64,338
KHR'000 equivalent (Note 2.1.5)	
As at 1 January 2014	520,936
As at 31 December 2014	262,177

10. OTHER ASSETS

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Interest receivable	2,281,687	9,297,875	519,243	2,074,376
Receivable from parent bank for margin deposit (Note 24) (*)	1,096,088	4,466,559	-	-
Rental deposit	211,135	860,375	223,050	891,085
Advance to Cambodia Red Cross on behalf of parent bank (Note 24)	126,200	514,265	-	-
Advance for T24 and IBM system maintenance	83,735	341,220	86,939	347,321
Advance for remittance activities	23,664	96,431	67,817	270,929
Prepaid rental expense	22,264	90,726	27,000	107,865
Prepaid insurance	-	-	20,844	83,272
Other receivables	4,470	18,214	8,790	35,117
	3,849,243	15,685,665	953,683	3,809,965

(*) This represents cash received from customer for margin deposit on behalf of parent bank and transferred to parent bank. This amount will be collected back from parent bank upon completion of the transaction.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

11. DUE TO OTHER FINANCIAL INSTITUTIONS

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Demand deposits	39,567,256	161,236,568	9,464,037	37,808,828
<i>In which:</i>				
Parent bank (Note 24)	38,855,131	158,335,067	7,352,415	29,372,898
Term deposits and loans	25,000,000	101,875,000	32,000,000	127,840,000
Total	64,567,256	263,111,568	41,464,037	165,648,828

The annual interest rates of deposits from financial institutions were as follows:

	2014 US\$	2013 US\$
Demand deposits	0.00%	0.00% - 0.50%
Term deposits	2.00% - 4.60%	2.50% - 6.00%

12. DUE TO CUSTOMERS

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Current accounts	3,196,238	13,024,669	3,462,389	13,832,245
Fixed deposits	29,825,423	121,538,599	16,765,811	66,979,415
Savings deposits	12,327,601	50,234,974	8,719,501	34,834,406
Margin deposits	1,096,088	4,466,559	151,398	604,835
Total	46,445,350	189,264,801	29,099,099	116,250,901

Further analyses of deposits from customers are as follows:

(a) Types of customers

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Domestic corporations	7,088,124	28,884,106	5,670,727	22,654,554
Foreign corporations	1,130,587	4,607,142	603,063	2,409,237
Resident individuals	35,953,753	146,511,543	21,641,225	86,456,694
Non-residents individuals	2,272,886	9,262,010	1,184,084	4,730,416
Total	46,445,350	189,264,801	29,099,099	116,250,901

(b) For maturity analysis, refer to Note 25.2 on Financial risk management.

(c) For deposits from related parties, refer to Note 24 on Related party transactions and balances

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

12. DUE TO CUSTOMERS (continued)

(d) The annual interest rates of deposits from customers were as follows:

	2014	2013
Fixed deposits	2.25% - 7.00%	0.50% - 7.00%
Saving deposits	0.0% - 1.0%	0.50% - 1.00%
Current accounts	0.0% - 1.0%	0.50%
Margin deposits	0.00%	0.50%

13. TAXATION

Major components of tax expense for the year were as follows:

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Corporate income tax				
Current tax	426,668	1,738,672	231,315	924,103
Deferred tax	(45,106)	(183,807)	(17,534)	(70,048)
Income tax expense for the year	381,562	1,554,865	213,781	854,055

Current corporate income tax ("CIT")

The Bank's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

In accordance with Cambodian tax regulations, current CIT is calculated at the higher of the taxable income for the year multiplied by the tax rate of 20% at the reporting date and 1% of turnover.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

13. TAXATION (continued)

Current corporate income tax ("CIT") (continued)

A reconciliation between the tax expense and the accounting profit multiplied by 20% tax rate is as follows:

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Accounting profit before tax	1,714,993	6,988,596	688,495	2,750,538
Statutory income tax rate of 20%	342,999	1,397,719	137,699	550,108
<i>Adjustment in respect of CIT of current year</i>				
Non-deductible expenses	83,669	340,953	85,309	340,809
Current income tax expense	426,668	1,738,672	223,008	890,917
Additional tax payments for prior year	-	-	8,307	33,186
Income tax expense in the income statement	426,668	1,738,672	231,315	924,103
Balance at the beginning of the year	153,232	612,162	401,036	1,602,139
Payment of tax during the year	(153,232)	(624,420)	(409,343)	(1,635,325)
Tax prepayment	(89,643)	(365,295)	(69,776)	(278,755)
Foreign exchange difference	-	12,258	-	-
Balance at the end of the year	337,025	1,373,377	153,232	612,162

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

13. TAXATION (continued)

Deferred income tax

	Balance sheet		Charged (credited) to the income statement	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
Deferred tax asset				
Unrealised exchange loss	11,114	-	11,114	-
KHR'000 equivalent (Note 2.1.5)	45,290	-		
Deferred tax liability				
Unrealised exchange gain	-	(1,693)	1,693	7,098
Accelerated tax depreciation	(6,872)	(39,171)	32,299	(24,632)
	(6,872)	(40,864)		
KHR'000 equivalent (Note 2.1.5)	(28,003)	(163,252)		
Net deferred income tax benefit			45,106	(17,534)
KHR'000 equivalent (Note 2.1.5)			183,807	(70,048)

14. OTHER LIABILITIES

Current corporate income tax ("CIT") (continued)

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Interest payable	975,865	3,976,650	514,074	2,053,726
Wages and salaries payable	32,727	133,363	53,142	212,302
Payable on remittance	-	-	152,644	609,813
Others	69,858	284,672	45,016	179,839
Total	1,078,450	4,394,685	764,876	3,055,680

15. PAID-UP CAPITAL

The paid-up capital amounting to US\$38,000,000 or KHR'000 154,850,000 was fully contributed by Saigon Thuong Tin Commercial Joint Stock Bank, incorporated in Vietnam.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

16. INTEREST AND SIMILAR INCOME

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Interest income from lending	8,398,793	34,225,082	5,902,132	23,579,017
Interest income from deposits:	4,041	16,467	19,603	78,314
NBC	3,143	12,808	5,387	21,521
Overseas credit institutions	898	3,659	14,216	56,793
Interest income from bond investments	-	-	667	2,665
Total	8,402,834	34,241,549	5,922,402	23,659,996

17. INTEREST AND SIMILAR EXPENSE

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Interest expense on due to other financial institutions	1,157,937	4,718,594	597,987	2,388,958
Interest expense on due to customers	1,448,870	5,904,145	864,229	3,452,595
Total	2,606,807	10,622,739	1,462,216	5,841,553

18. FEES AND COMMISSION INCOME

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Commission received on remittances	779,990	3,178,459	552,085	2,205,580
Loan processing fees	122,881	500,740	176,221	704,003
Other commissions and fees	107,634	438,609	50,100	200,149
Total	1,010,505	4,117,808	778,406	3,109,732

19. FEES AND COMMISSION EXPENSE

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Fees and commission paid to banks and other financial organisations	194,425	792,282	164,823	658,468

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

20. OTHER OPERATING INCOME

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Foreign exchange (loss) gain	(63,685)	(259,517)	21,266	84,958
Gain on asset disposal	7,978	32,511	-	-
Total	(55,707)	(227,006)	21,266	84,958

20. OTHER OPERATING INCOME

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Salaries and wages	2,153,534	8,775,651	1,713,311	6,844,677
Rental, repairs and maintenance	579,229	2,360,358	558,884	2,232,742
Depreciation and amortisation	435,067	1,772,898	458,765	1,832,766
License fee	209,362	853,150	111,458	445,275
Tele-communication	138,126	562,863	122,295	488,569
Electricity and utilities	84,895	345,947	89,641	358,116
Marketing	84,657	344,977	82,315	328,848
Office supplies	46,756	190,531	56,780	226,836
BOD's remuneration	32,822	133,750	52,000	207,740
Travelling and communication	62,830	256,032	49,192	196,522
Staff benefit	65,153	265,498	47,180	188,484
Other taxes	50,220	204,647	137,448	549,105
Business meal and entertainment	-	-	9,381	37,477
Other expenses	352,918	1,438,142	316,064	1,262,675
Total	4,295,569	17,504,444	3,804,714	15,199,832

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

22. NET CASH PROVIDED BY OPERATING ACTIVITIES

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Cash flows from operating activities				
Profit before income tax	1,714,993	6,988,596	688,495	2,750,538
<i>Adjustments for:</i>				
Depreciation and amortisation expense	435,067	1,772,898	458,765	1,832,766
Allowance for losses on loans and advances	545,838	2,224,290	663,866	2,652,145
Income tax paid during the year	(242,875)	(989,715)	(479,119)	(1,914,080)
Gain from disposal of property and equipment	(7,978)	(32,510)	-	-
Operating profit before changes in working capital	2,445,045	9,963,559	1,332,007	5,321,369
(Increase) decrease in operating assets:				
Capital guarantee and deposits with NBC	(2,014,675)	(8,209,801)	(1,400,000)	(5,593,000)
Loans and advances to customers	(22,132,847)	(90,191,352)	(20,067,351)	(80,169,067)
Investments in securities	-	-	2,958,296	11,818,393
Other assets	(2,895,561)	(11,799,411)	920,118	3,675,871
Increase (decrease) in operating liabilities:				
Due to other financial institutions	23,103,219	94,145,617	19,543,285	78,075,424
Due to customers	17,346,251	70,685,973	6,010,215	24,010,809
Other liabilities	313,575	1,277,817	371,387	1,483,690
Net cash provided by operating activities	16,165,007	65,872,402	9,667,957	38,623,489

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

23. COMMITMENTS AND CONTINGENCIES

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
(i) Credit-related commitments				
Undrawn credit facilities	2,847,622	11,604,060	10,381,272	41,473,182
Letters of credit	8,944,056	36,447,028	-	-
Bank guarantees	-	-	29,580	118,172
	11,791,678	48,051,088	10,410,852	41,591,354
(ii) Lease commitments				
Up to 1 year	488,413	1,990,283	283,367	1,132,051
From 1 year to 5 years	1,494,264	6,089,126	968,781	3,870,280
Over 5 years	988,485	4,028,076	1,161,450	4,639,993
	2,971,162	12,107,485	2,413,598	9,642,324

24. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Significant transactions with related parties during the year included:

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Interest income				
Ultimate parent bank	-	-	16,010	63,960
Loans to employees	5,572	22,706	2,636	10,531
	5,572	22,706	18,646	74,491
Interest expense				
Ultimate parent bank	-	-	2,333	9,320
Deposits from employees	122	497	41	164
	122	497	2,374	9,484
Cash receive on behalf of parent bank	1,096,088	4,466,559	-	-
Payments on behalf of parent bank	200,000	815,000	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Outstanding amounts due from/to related parties included the following:

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Due from related parties				
Ultimate parent bank				
<i>Demand deposits</i>	22,213,521	90,520,098	7,252,821	28,975,020
<i>Receivable for margin deposit</i>	1,096,088	4,466,559	-	-
<i>Advance to Cambodia Red Cross</i>	126,200	514,265	-	-
Fellow subsidiaries and employees	62,859	256,150	137,334	548,649
	23,498,668	95,757,072	7,390,155	29,523,669
Due to related parties				
Ultimate parent bank	38,855,131	158,334,659	7,352,415	29,372,898
Fellow subsidiaries and employees	19,531	79,589	9,982	39,878
	38,874,662	158,414,248	7,362,397	29,412,776

(c) Key management personnel compensation

Remuneration of directors and other members of key management of the Bank are as follows:

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Salaries and other short-term benefits of key management	439,698	1,791,769	383,223	1,530,976

Related party transactions include all transactions undertaken with other parties to which the Bank are related as defined in Note 2.3.19.

25. FINANCIAL RISK MANAGEMENT

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

The Bank uses derivative financial instruments such as forward contracts to manage its risk exposure.

A primary objective of the Bank in risk management is to comply with the NBC's regulations. On the other hand, the Bank has recognised the importance of achieving international best practices on risk management. The Bank has established a Risk Management Department to formulate broad parameters of acceptable risk for the Bank and monitor the activities against these parameters.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

The Bank holds the following financial assets and liabilities:

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Financial assets				
Cash and gold	3,937,016	16,043,340	4,541,043	18,141,467
Balances with the NBC	11,731,012	47,803,874	14,874,294	59,422,805
Due from other financial institutions	28,045,678	114,286,138	10,552,899	42,158,832
Loans and advances to customers	105,133,113	428,417,436	83,000,266	331,586,062
Investments in securities	25,000	101,875	25,000	99,875
Other assets	3,741,644	15,247,199	811,060	3,240,185
Total financial assets	152,613,463	621,899,862	113,804,562	454,649,226
Financial liabilities				
Due to other financial institutions	64,567,256	263,111,568	41,464,037	165,648,828
Due to customers	46,445,350	189,264,801	29,099,099	116,250,901
Other liabilities	1,029,654	4,195,840	711,734	2,843,377
Total financial liabilities	112,042,260	456,572,209	71,274,870	284,743,106
Net financial assets	40,571,203	165,327,653	42,529,692	169,906,120

25.1 Credit risk

The Bank takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Bank's business. Credit exposure arises principally in lending activities that lead to loans and advances. There is also credit risk in off-balance-sheet financial instruments, such as loan commitments. The credit risk management is carried out by the Credit Risk Department.

(a) Credit risk measurement

The Bank assesses the probability of default of individual counterparties in accordance with its credit policy, procedures and practices. Credit Risk Department is responsible for determining the risk rating policies.

(b) Risk limit control and mitigation policies

The Bank operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia. The Bank manages, limits and controls the concentration of credit risk whenever it is identified. Large exposure is defined by the NBC as overall credit exposure to any single beneficiary which exceeds 10% of the Bank's net worth.

The Bank is required, under the conditions of NBC Prakas No. B7-06-226 of the NBC, to maintain at all times a maximum ratio of 20% between the Bank's overall credit exposure to any single beneficiary and the Bank's net worth. The aggregation of large credit exposure must not exceed 300% of the Bank's net worth. As at 31 December 2014, the Bank has nine large exposures exceeding 10% of its net worth and has no large exposure exceeding the maximum ceiling limit of 20% for individual large exposure.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

25.1 Credit risk (continued)

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 to customers, which is a common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types to secure for loans and advances to customers are:

- Mortgages over residential properties (land, building and other properties);
- Charges over business assets such as land and buildings;
- Customers' fixed deposits placed with the Bank;
- Cash in the form of margin deposits; and
- Debenture over fixed and floating assets of borrowers.

(c) Impairment and provisioning policies

The Bank is required to follow the mandatory credit classification and provisioning in accordance with the relevant Prakas, as disclosed in Note 2.3.6.

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

	2014 US\$	2014 KHR'000 (Note 2.1.5)	2013 US\$	2013 KHR'000 (Note 2.1.5)
Due from other financial institutions	28,045,678	114,286,138	10,552,899	42,158,832
Loans and advances to customers	105,133,113	428,417,435	83,000,266	331,586,062
Other assets	3,741,644	15,247,199	811,060	3,240,185
	136,920,435	557,950,772	94,364,225	376,985,079

The details of credit risk exposure relating to off-balance-sheet items are disclosed in Note 23 on Credit-related commitments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

25.1 Credit risk (continued)

(e) Credit quality by class of financial assets

The Bank manages the credit quality of financial assets using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amounts presented are gross of impairment allowance.

	Neither past due nor impaired (i) US\$	Past due but not impaired (ii) US\$	Individually impaired (iii) US\$	Total US\$
2014				
Due from other financial institutions	28,045,678	-	-	28,045,678
Loans and advances to customers	102,963,447	786,629	1,383,037	105,133,113
Other assets	3,741,644	-	-	3,741,644
	134,750,769	786,629	1,383,037	136,920,435
KHR'000 equivalent (Note 2.1.5)	549,109,383	3,205,513	5,635,876	557,950,772
2013				
Due from other financial institutions	10,552,899	-	-	10,552,899
Loans and advances to customers	79,130,978	2,053,285	1,816,003	83,000,266
Other assets	811,060	-	-	811,060
	90,494,937	2,053,285	1,816,003	94,364,225
KHR'000 equivalent (Note 2.1.5)	361,527,273	8,202,874	7,254,932	376,985,079

(i) Loans and advances neither past due nor impaired

Loans and advances that are not past due are not considered impaired, unless other information is available to indicate the contrary.

(ii) Loans and advances past due but not impaired

Past due but not impaired loans and advances are those for which contractual interest or principal payments are past due more than 30 days but less than 90 days, unless other information is available to indicate otherwise. In compliance with NBC guidelines such loan are classified as special mention with a provision of 3%.

(iii) Loans and advances individually impaired

Individually impaired loans and advances are loans and advances for which the Bank determines that there is an objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loans and advances. In accordance with NBC Prakas No. B7-09-074 dated 25 February 2009 on the classification and provisioning for bad and doubtful debts, loans and advances more than 90 days past due are considered impaired and a minimum level of specific provision for impairment is made depending on the classification concerned, unless other information is available to indicate the contrary.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

25.1 Credit risk (continued)

(e) Credit quality by class of financial assets (continued)

(i) Loans and advances neither past due nor impaired

Loans and advances that are not past due are not considered impaired, unless other information is available to indicate the contrary.

(ii) Loans and advances past due but not impaired

Past due but not impaired loans and advances are those for which contractual interest or principal payments are past due more than 30 days but less than 90 days, unless other information is available to indicate otherwise. In compliance with NBC guidelines such loan are classified as special mention with a provision of 3%.

(iii) Loans and advances individually impaired

Individually impaired loans and advances are loans and advances for which the Bank determines that there is an objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loans and advances. In accordance with NBC Prakas No. B7-09-074 dated 25 February 2009 on the classification and provisioning for bad and doubtful debts, loans and advances more than 90 days past due are considered impaired and a minimum level of specific provision for impairment is made depending on the classification concerned, unless other information is available to indicate the contrary.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

25.1 Credit risk (continued)

(f) Concentration of risks of financial assets with credit risk exposure

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration indicates the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographic location.

The Bank monitors concentration of credit risk of counterparty by industry. An analysis of the Bank's concentration of credit risk as at 31 December is shown below:

	Financial intermediaries US\$	Wholesale and retail US\$	Personal use US\$	Import US\$	Real estate US\$	Services US\$	Textile industries US\$	Other industries	Total US\$
2014									
Due from other financial institutions	28,045,678	-	-	-	-	-	-	-	28,045,678
Loans and advances to customers	-	22,039,932	2,950,640	7,071,373	-	6,833,752	-	66,237,416	105,133,113
	28,045,678	22,039,932	2,950,640	7,071,373	-	6,833,752	-	66,237,416	133,178,791
KHR'000 equivalent <i>(Note 2.1.5)</i>	114,286,138	89,812,723	12,023,858	28,815,845	-	27,847,539	-	269,917,470	542,703,573
2013									
Due from other financial institutions	10,552,899	-	-	-	-	-	-	-	10,552,899
Loans and advances to customers	-	32,653,472	10,035,811	3,991,209	2,224,907	1,827,068	1,197,416	31,070,383	83,000,266
	10,552,899	32,653,472	10,035,811	3,991,209	2,224,907	1,827,068	1,197,416	31,070,383	93,553,165
KHR'000 equivalent <i>(Note 2.1.5)</i>	42,158,832	130,450,621	40,093,065	15,944,880	8,888,503	7,299,137	4,783,677	124,126,180	373,744,895

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

25.2 *Liquidity risk*

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

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

Analysis of financial assets and liabilities by remaining contractual maturities

An analysis of the assets and liabilities of the Bank by relevant maturity based on the remaining period as at 31 December to the contractual or estimated maturity dates is set out on the next page.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

25.2 Liquidity risk (continued)

2014	Overdue		Current				Total US\$
	Above 3 months US\$	Up to 3 months US\$	Up to 1 month US\$	From 1 to 3 months US\$	From 3 to 12 months US\$	From 1 to 5 years US\$	
Financial assets							
Cash and gold	-	-	3,937,016	-	-	-	3,937,016
Balances with the NBC	-	-	1,813,834	-	-	-	11,731,012
Due from other financial institutions	-	-	28,045,678	-	-	-	28,045,678
Loans and advances to customers	1,383,037	786,629	24,940,845	4,211,247	27,726,592	30,821,202	15,263,561
Investments in securities	-	-	-	-	-	-	25,000
Other assets	-	-	400,697	325,852	2,787,503	82,157	145,435
Total discounted financial assets	1,383,037	786,629	59,138,070	4,537,099	30,514,095	30,903,359	25,351,174
Financial liabilities							
Due to other financial institutions	-	-	47,567,256	7,000,000	10,000,000	-	64,567,256
Due to customers	-	-	26,154,672	3,640,359	15,036,185	1,611,014	3,120
Other liabilities	-	-	438,444	161,908	396,088	33,207	7
Total discounted financial liabilities	-	-	74,160,372	10,802,267	25,432,273	1,644,221	3,127
Net discounted financial assets (liabilities)							
	1,383,037	786,629	(15,022,302)	(6,265,168)	5,081,822	29,259,138	25,348,047
KHR'000 equivalent (Note 2.1.5)	5,635,877	3,205,513	(61,215,881)	(25,530,560)	20,708,425	119,230,987	103,293,292
							165,327,653

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

25.2 Liquidity risk (continued)

2013	Overdue		Current			Total US\$
	Above 3 months US\$	Up to 3 months US\$	Up to 1 month US\$	From 1 to 3 months US\$	From 3 to 12 months US\$	
Financial assets						
Cash and gold	-	-	4,541,043	-	-	4,541,043
Balances with the NBC	-	-	6,971,791	-	-	14,874,294
Due from other financial institutions	-	-	10,552,899	-	-	10,552,899
Loans and advances to customers	1,816,004	2,053,285	4,898,460	3,788,227	40,375,324	83,000,266
Investments in securities	-	-	-	-	-	25,000
Other assets	12,900	-	432,737	-	4,950	811,060
Total discounted financial assets	1,828,904	2,053,285	27,396,930	3,788,227	40,380,274	113,804,562
Financial liabilities						
Due to other financial institutions	-	-	15,463,417	13,000,000	13,000,620	41,464,037
Due to customers	-	-	16,913,814	1,574,700	10,369,406	29,099,099
Other liabilities	-	-	331,477	110,132	268,275	711,734
Total discounted financial liabilities	-	-	32,708,708	14,684,832	23,638,301	71,274,870
Net discounted financial assets (liabilities)	1,828,904	2,053,285	(5,311,778)	(10,896,605)	16,741,973	42,529,692
KHR'000 equivalent (Note 2.1.5)	7,306,471	8,202,874	(21,220,553)	(43,531,937)	66,884,182	169,906,119

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

25.3 Market risk

The Bank takes on 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 and currency, 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 and foreign exchange rates.

The Bank uses derivative financial instruments such as forward contract to hedge its risk exposure.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of changes and may reduce losses in the event that unexpected movements arise. The management of the Bank at this stage does not have a policy to set limits on the level of mismatch of interest rate re-pricing that may be undertaken; however, the management regularly monitors the mismatch.

25. FINANCIAL RISK MANAGEMENT (continued)

25.3 Market risk (continued)

Interest rate risk (continued)

The table below analyses the Bank's interest rate risk exposure on non-trading financial assets and liabilities as at 31 December. The Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

2014	Interest re-pricing period							Total US\$	
	Overdue US\$	Non-interest bearing US\$	Less than 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$		Over 5 years US\$
Financial assets									
Cash and gold	-	3,937,016	-	-	-	-	-	-	3,937,016
Balances with the NBC	-	-	1,813,834	5,617,178	4,300,000	-	-	-	11,731,012
Due from other financial institutions	-	22,194,994	5,850,684	-	-	-	-	-	28,045,678
Loans and advances to customers	2,169,666	-	6,081,164	16,893,389	31,362,387	44,032,278	4,594,229	-	105,133,113
Investments in securities	-	25,000	-	-	-	-	-	-	25,000
Other assets	-	3,741,644	-	-	-	-	-	-	3,741,644
Total discounted financial assets	2,169,666	29,898,654	13,745,682	22,510,567	35,662,387	44,032,278	4,594,229	-	152,613,463
Financial liabilities									
Due to other financial institutions	-	39,567,256	8,000,000	7,000,000	2,000,000	8,000,000	-	-	64,567,256
Due to customers	-	16,619,927	9,534,745	3,640,359	4,078,624	10,957,561	1,611,014	3,120	46,445,350
Other liabilities	-	1,029,654	-	-	-	-	-	-	1,029,654
Total discounted financial liabilities	-	57,216,837	17,534,745	10,640,359	6,078,624	18,957,561	1,611,014	3,120	112,042,260
Net discounted financial assets (liabilities)									
	2,169,666	(27,318,183)	(3,789,063)	11,870,208	29,583,763	25,074,717	2,983,215	(3,120)	40,571,203
KHR'000 equivalent (Note 2.1.5)	8,841,389	(111,321,596)	(15,440,432)	48,371,098	120,553,834	102,179,472	12,156,602	(12,714)	165,327,653

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

25.3 Market risk (continued)

Interest rate risk (continued)

The table below analyses the Bank's interest rate risk exposure on non-trading financial assets and liabilities as at 31 December. The Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

2013	Interest re-pricing period							Total US\$	
	Overdue US\$	Non-interest bearing US\$	Less than 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$		Over 5 years US\$
Financial assets									
Cash and gold	-	4,541,043	-	-	-	-	-	-	4,541,043
Balances with the NBC	-	-	6,971,791	4,102,503	3,800,000	-	-	-	14,874,294
Due from other financial institutions	-	4,993,419	5,559,480	-	-	-	-	-	10,552,899
Loans and advances to customers	3,869,289	-	4,898,460	3,788,227	14,977,073	25,398,251	13,292,673	16,776,293	83,000,266
Investments in securities	-	25,000	-	-	-	-	-	-	25,000
Other assets	12,900	798,160	-	-	-	-	-	-	811,060
Total discounted financial assets	3,882,189	10,357,622	17,429,731	7,890,730	18,777,073	25,398,251	13,292,673	16,776,293	113,804,562
Financial liabilities									
Due to other financial institutions	-	-	15,463,417	13,000,000	2,000,000	11,000,620	-	-	41,464,037
Due to customers	-	10,083	16,883,730	1,604,800	1,777,257	8,582,050	241,179	-	29,099,099
Other liabilities	-	711,734	-	-	-	-	-	-	711,734
Total discounted financial liabilities	-	721,817	32,347,147	14,604,800	3,777,257	19,582,670	241,179	-	71,274,870
Net discounted financial assets (liabilities)									
	3,882,189	9,635,805	(14,917,416)	(6,714,070)	14,999,816	5,815,581	13,051,494	16,776,293	42,529,692
KHR'000 equivalent (Note 2.1.5)	15,509,345	38,495,041	(59,595,077)	(26,822,710)	59,924,265	23,233,246	52,140,719	67,021,291	169,906,120

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

25.3 Market risk (continued)

Currency risk

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.

The Bank was incorporated and is operating in Cambodia, and USD is the reporting currency. The major currency in which the Bank transacts is also USD. However, some transactions were denominated in KHR, EUR and other foreign currencies. The Bank's management has set limits to control the positions of the currencies. Positions are monitored on a daily basis and hedging strategies are used to ensure positions of the currencies are maintained within established limits.

Assets and liabilities denominated in other currencies which were translated into USD were as follows:

2014	KHR equivalent to US\$	EUR equivalent to US\$	Other foreign currencies equivalent to US\$	Total US\$
Financial assets				
Cash and gold	92,403	40,726	360,660	493,789
Balances with the NBC	99,166	-	-	99,166
Due from other financial institutions	8,345	1,075,197	2,010,164	3,093,706
Total financial assets	199,914	1,115,923	2,370,824	3,686,661
Financial liabilities				
Due to other financial institutions	-	1,101,821	1,989,588	3,091,409
Due to customers	249,751	1,422	296,494	547,667
Other liabilities	8,598	-	-	8,598
Total financial liabilities	258,349	1,103,243	2,286,082	3,647,674
Foreign exchange position on-balance-sheet	(58,435)	12,680	84,742	38,987
KHR'000 equivalent (Note 2.1.5)	(238,123)	51,671	345,324	158,872

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

25.3 Market risk (continued)

Currency risk (continued)

2013	KHR equivalent to US\$	EUR equivalent to US\$	Other foreign currencies equivalent to US\$	Total US\$
Financial assets				
Cash and gold	140,288	20,380	588,579	749,247
Balances with the NBC	176,718	-	-	176,718
Due from other financial institutions	12,996	978,592	722,683	1,714,271
Total financial assets	330,002	998,972	1,311,262	2,640,236
Financial liabilities				
Due to other financial institutions	-	1,023,869	693,479	1,717,348
Due to customers	76,441	213	535,123	611,777
Other liabilities	7,285	4,568	1,014	12,867
Total financial liabilities	83,726	1,028,650	1,229,616	2,341,992
Foreign exchange position on-balance-sheet	246,276	(29,678)	81,646	298,244
KHR'000 equivalent (Note 2.1.5)	983,873	(118,564)	326,176	1,191,485

25.4 Fair value of financial assets and liabilities

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arms-length basis. As verifiable market prices are not available, market prices are not available for a significant proportion of the Bank's financial assets and liabilities. Fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the management, the carrying amounts of the financial assets and liabilities included in the balance sheet are a reasonable estimation of their fair values. In making this assessment, management assumes that loans and advances are mainly held to maturity with fair values equal to the book value of loans adjusted for allowance for loan losses, if any.

25.5 Capital management

The main regulatory capital requirement of the Bank is for the banking operations to which the Bank's lead regulator, NBC, sets and monitors capital requirements for the banks as a whole.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain further development of the business. The Bank recognizes the impact of the level of capital on shareholders' return and the need to maintain a balance between the possible higher return with greater gearing, advantages and security afforded by a sound capital position.

The Bank has complied with all externally imposed capital requirement throughout the year.

26. SUBSEQUENT EVENTS

Other than as disclosed elsewhere in these financial statements, at the date of this report, there were no events which occurred subsequent to 31 December 2014 that had significant impact on the financial position of the Bank as at 31 December 2014.

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