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Phnom Penh Commercial Bank

The Bank for creating a bright future for Cambodia



PPCB

ANNUAL REPORT  
2014





**THE BANK FOR CREATING A BRIGHT FUTURE FOR CAMBODIA**



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# SBI TOP MANAGEMENT'S MESSAGE



Representative Director, President & CEO

**Yoshitaka Kitao**





The SBI Group was established in 1999 as a Japanese Internet financial services pioneer, which was able to capture the tide of two major trends, the development and popularization of the Internet and financial deregulation to achieve dramatic growth. In the fifteen years since the founding, a globally unique Internet-based financial conglomerate was formed, with operation in two key business sectors, the Financial Services Business, where a wide range of financial services are provided, including securities, banking and insurance, and the Asset Management Business, where venture capital investments are primarily involved. More recently, a third business domain, the Biotechnology-related Business was expanded for further diversification and growth. Furthermore, this unique business model is being deployed primarily in the emerging market countries in Asia, as the establishment of a global management structure is steadily moving forward.

In Japan, the SBI Group initially started with the securities business, and has created a domestic financial ecosystem by establishing a variety of businesses. Through the active transference of the cultivated business expertise and knowledge developed in the Financial Services Business, the overseas financial services business is being profoundly developed. The Group has invested in YAR Bank of Russia, BNI Securities, an affiliate of a major Indonesian bank, FPT Securities of Vietnam, and TP Bank of Vietnam. In addition, the Group holds SBI Royal Securities, the only Japanese-affiliated full-line securities company in Cambodia.

Phnom Penh Commercial Bank (PPCB) was established in September 2008 with a 40% investment by the SBI Group. Upon approval from the financial authorities in Cambodia, we plan to increase our current 47.6% stake in PPCB to an approximate 90% stake. The SBI Group endeavors to further develop PPCB by fully utilizing our expertise, and ultimately to contribute to Cambodia's economic development in both the banking and securities sectors.

**Yoshitaka Kitao**  
Representative Director, President & CEO



## MESSAGE FROM PPCB CEO



You are The Most Welcome to  
Phnom Penh Commercial Bank

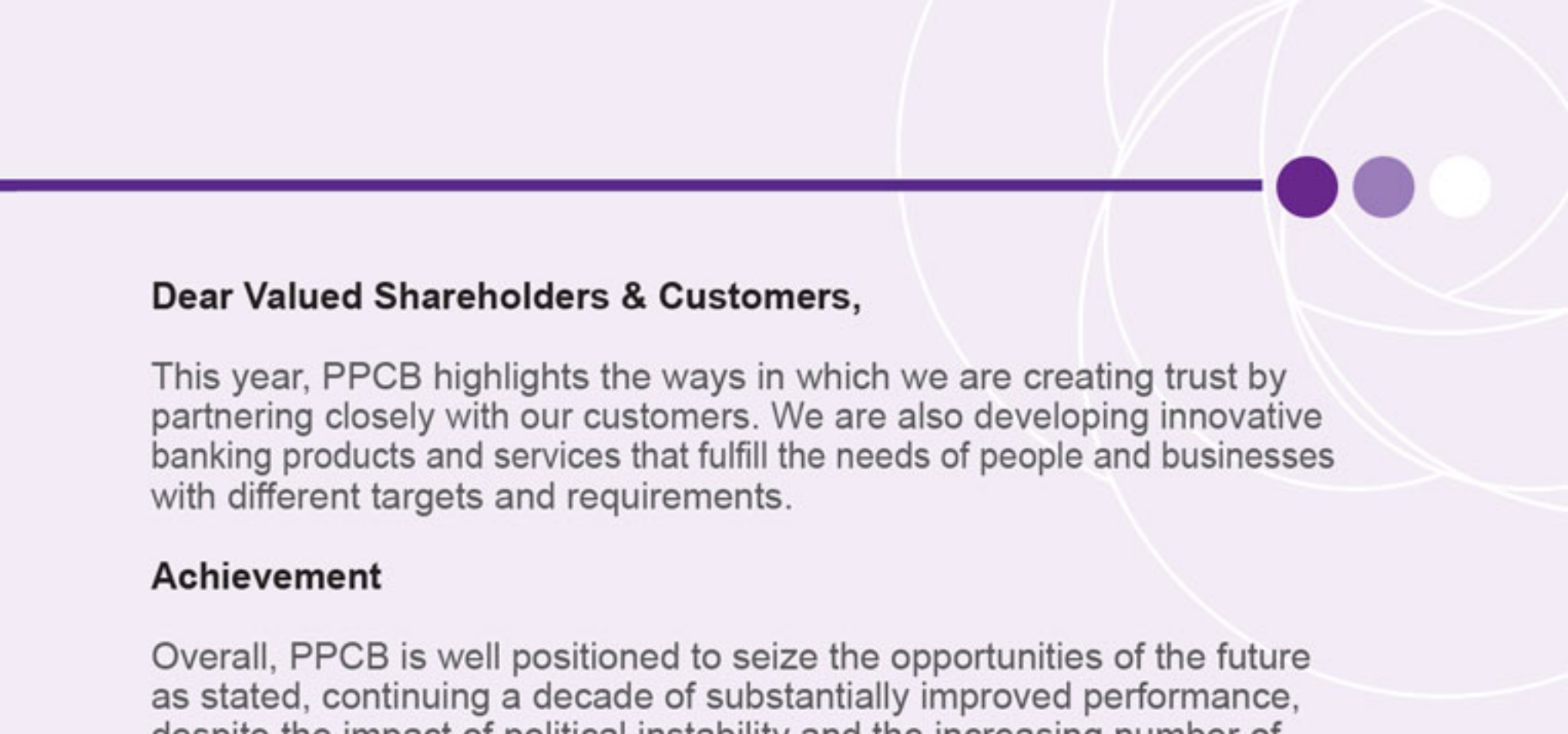
President and CEO  
**Mr. Kim Yang Jin**

**Becoming One of the Top Five Banks in Cambodia.  
Becoming Cambodia's Leading Commercial Bank.**

Ethical Management  
Asset Soundness  
Profit Maximization

Brand Valuation  
Risk Management





## Dear Valued Shareholders & Customers,

This year, PPCB highlights the ways in which we are creating trust by partnering closely with our customers. We are also developing innovative banking products and services that fulfill the needs of people and businesses with different targets and requirements.

### Achievement

Overall, PPCB is well positioned to seize the opportunities of the future as stated, continuing a decade of substantially improved performance, despite the impact of political instability and the increasing number of financial institutions.

PPCB closed a challenging 2014 with the best profitability levels in the financial market, good asset quality and strong capital levels.

**As of December 2014, total assets increased by 43% to USD 298 million compared with USD 209 million in 2013. Similarly, outstanding loans increased by 40% to USD 170 million from USD 121 million last year. The Bank's deposits grew by 51% to USD 240 million from USD 159 million in 2013. Net profit after tax increased by 28% to USD 4.7 million from USD 3.7 million in 2013.** The proportion of loan in arrears was 0.01% in terms of loans subject to risk management. So, the soundness of PPCB ranks first among financial institutions in Cambodia.

As you know, this outstanding performance has been achieved through the Bank's commitment and the contribution of all bank employees. We can be sure that our operations will continue to have a very stable basis in the future.

### Our Capital–Trust

The measures we have defined have been very carefully considered. We have made no secret of our Bank's weaknesses, and we have set transparent goals to address these. To boost our competitiveness, we have assigned clear responsibilities and taken steps to ensure that PPCB 2015 goals will be rigorously executed. In future years, we will keep you regularly informed of the steps we are taking to implement these goals.



# MESSAGE FROM PPCB CEO

Due to the strong relationship among the shareholders, PPCB can establish an effective and transparent flow of communication. This will help reduce uncertainty and strengthen share capital, resulting in a greater feeling of mutual trust and staff satisfaction, which is becoming increasingly important in the Banking business.

We would like you to consider the Bank's positive developments and continue to place your trust in us. PPCB must be and will remain a strong bank – for our customers, our employees, our partners in the business and banking communities, and particularly for you, our shareholders-in the Cambodian banking market.

## Acknowledgment

For my colleagues on the Managing Board and myself, the trust that you have placed in our bank is an invaluable source of support. Your commitment creates trust, and trust unites us all: you and all shareholders; our employees; the mature and emerging markets; the bank's partners in business, government and the banking community; and above all, the countless people in Cambodia who rely on Phnom Penh Commercial Bank for their financial services.

I would also, on behalf of the Board of Directors, like to thank the National Bank of Cambodia and all related authorities for their support and advice. Finally, I firmly believe that with continued commitment and hard work, PPCB will continue to grow, and I am looking forward to a profitable 2015 with further achievements of goals.

Sincerely,



**Kim Yang Jin**  
**President and Chief Executive Officer**



# FINANCIAL HIGHLIGHTS

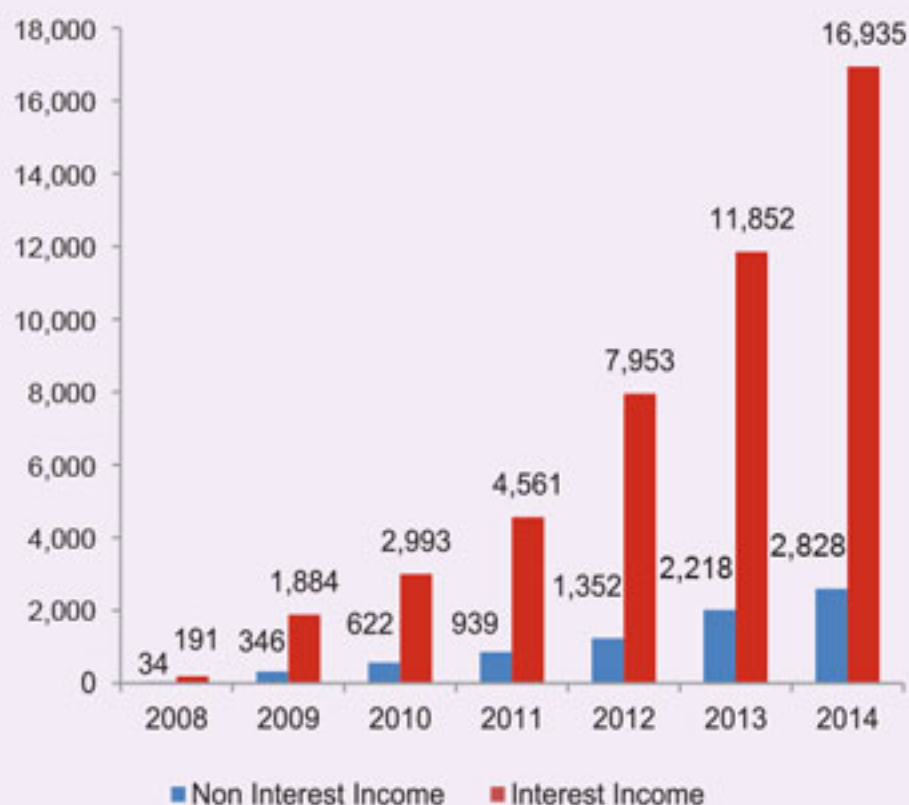
## FINANCIAL RESULTS

(USD'000)

	2008	2009	2010	2011	2012	2013	2014
Total Outstanding Loans	5,288	12,660	24,499	42,862	69,147	121,961	170,356
Total Deposits	4,696	19,123	42,108	60,326	78,257	158,874	240,381
Total Profits before Tax	-515	381	728	1,677	3,345	4,743	6,001
Total Net Profits after Tax	-517	359	594	1,313	2,632	3,711	4,743

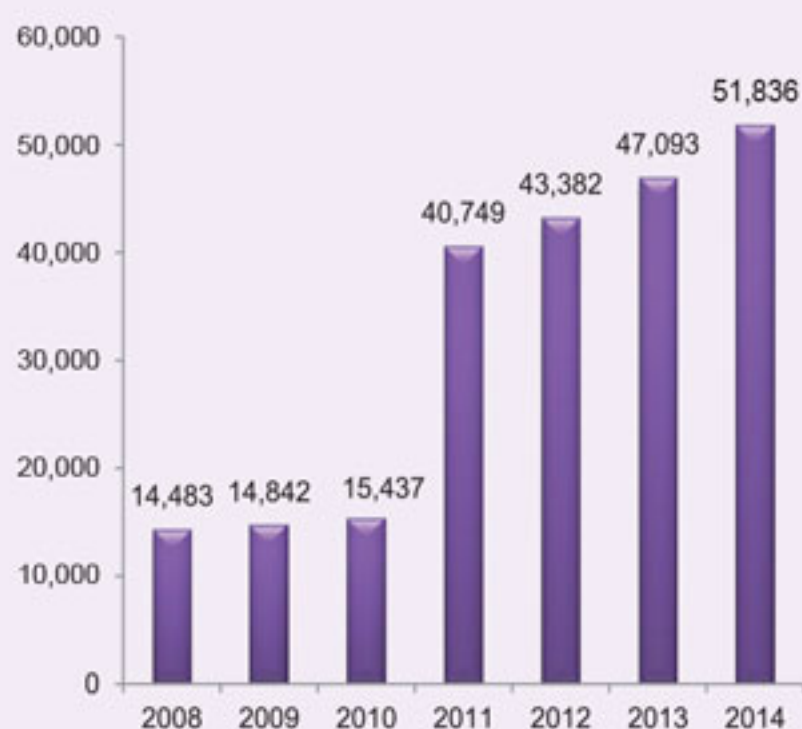
## GROSS INCOME

(USD\$'000)

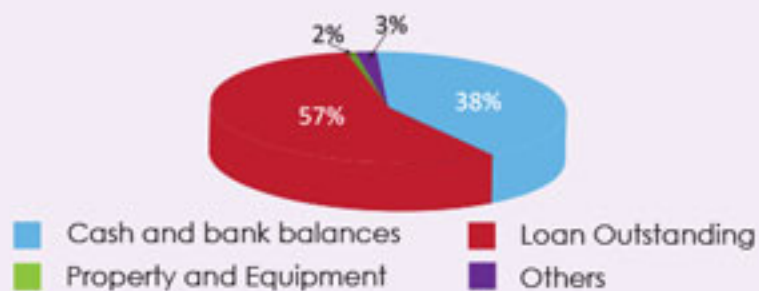


## SHAREHOLDER'S EQUITY

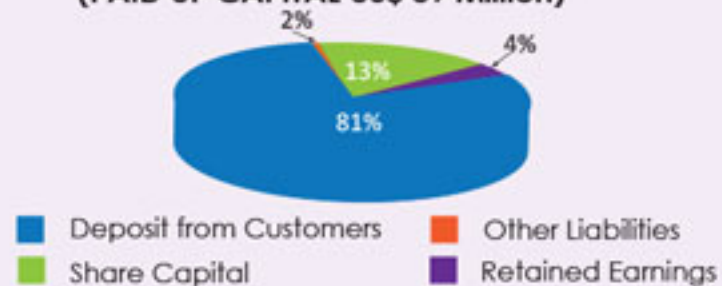
(USD\$'000)



## PIPELINE OF TOTAL ASSETS, 2014 US\$ 298 Million



## TOTAL LIABILITIES AND EQUITY SHAREHOLDERS' EQUITY US\$ 52 Million (PAID UP CAPITAL US\$ 39 Million)





# Vision, Mission and Core Value

## VISION

To become one of the top five banks in Cambodia

## MISSION

- To realize the highest standards of customer satisfaction
- To improve brand value
- To maximize efficiency

## CORE VALUE

TOPTEAM

Teamwork

Ownership

Personal Excellence

Trust and Respect

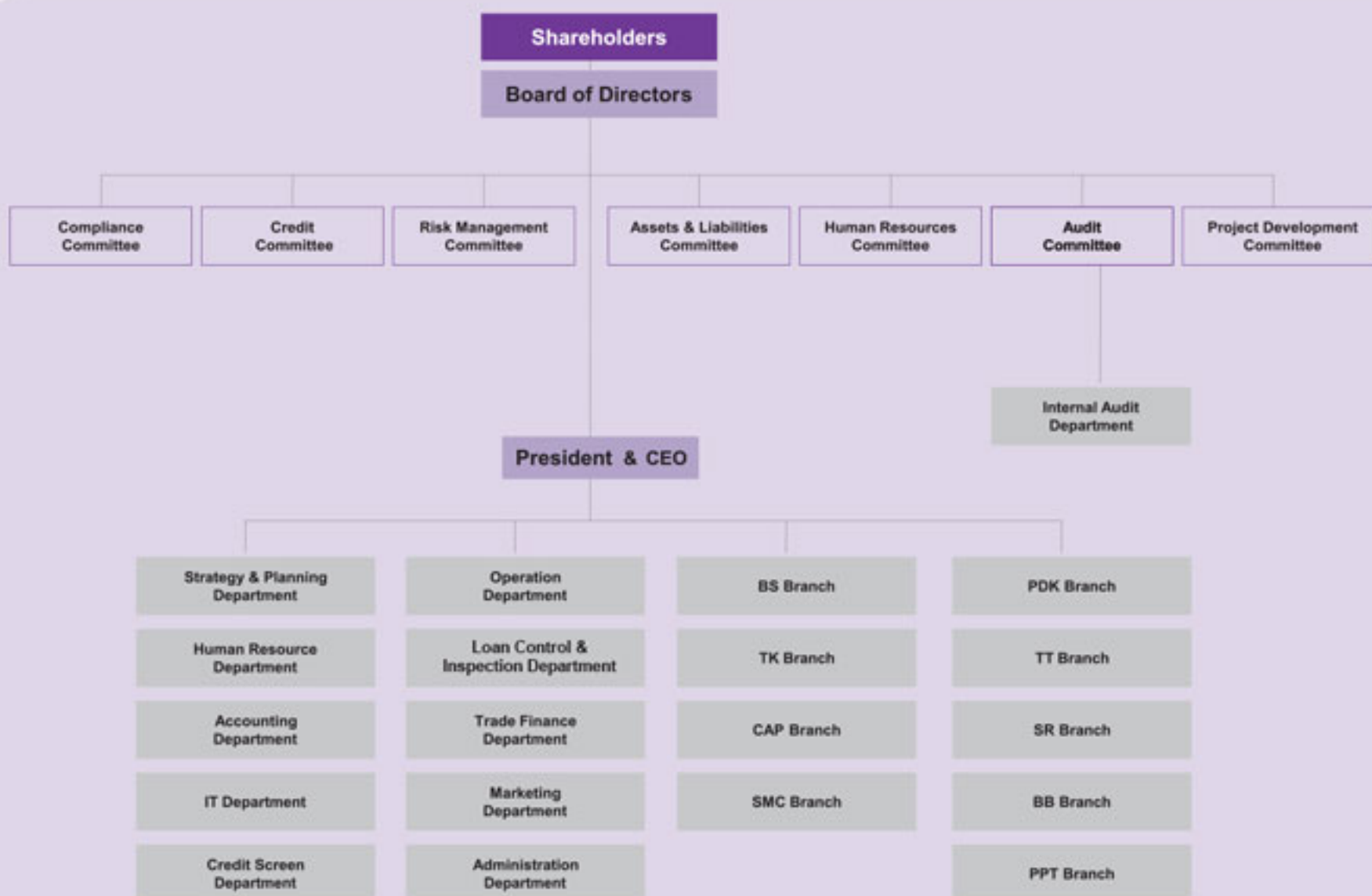
Enthusiasm

Adaptability

Motivation



# ORGANIZATIONAL CHART



Note: Established in 2014

# BOARD OF DIRECTORS

**Mr. Kim Yang Jin**  
Chairman



**Mr. Eiichiro So**  
Director

## Education

- MBA, Hitotsubashi University, Tokyo, Japan
- BA, Accounting, Chuo University, Japan

## Working Experience

- SBI Ven Capital Pte. Ltd., Singapore, Director
- SBI Holdings, Inc., Deputy General Manager, Overseas Business Department
- Sumitomo Mitsui Banking Corporation, Seoul Branch, Korea, Senior Vice President



## EDUCATION

Master's Degree of Science in Real Estate, Konkuk University, Seoul, Korea.  
Bachelor's Degree of Animal Bioscience and Technology, Konkuk, University, Seoul, Korea.

## WORKING EXPERIENCE

### Kookmin Bank for 30 years in Korea and USA

- New York Branch, Deputy General Manager
- Global Business Department, Deputy General Manager
- Foreign Exchange Operation Department, General Manager
- Corporate Banking Department, General Manager
- Medium and Small Enterprise Banking Department, General Manager
- Credit Management Department, General Manager
- Head of South West Regional Corporate Banking (Head Office)
- KB Real Estate Trust Company, Deputy CEO



**Mr. Nhak Kimsroy**  
Director

## Education

- Master's Degree of Finance and Banking, Build Bright University, Phnom Penh, Cambodia
- BA, Economic Science, Royal University of Law and Economic, Phnom Penh, Cambodia

## Working Experience

Banking experience for more than 10 years

- Assistant Senior Vice President & Head of Credit Division
- Assistant Vice President & Manager of Credit Analysis Unit
- Branch Manager

# CORPORATE INFORMATION

## CORPORATE DATA

COMPANY OUTLINE		(As of December 31, 2014)	
Bank name	Phnom Penh Commercial Bank	Paid-up Capital	USD \$39 Million
Date of Establishment	1 <sup>st</sup> September 2008	Nº of Employees and Staff	212
Registration N°	Co. 4898 E/2008		
Head Office	767-769, Monivong Blvd., Beoung Trabek, Chamkarmon, Phnom Penh, Cambodia. Tel: (855) 23 999 500 Fax: (855) 23 999 540		
		(As of December 31, 2014)	
Name		No. of Shares Held (Shares)	Percentage of Total Outstanding Shares (%)
Principal Shareholders	SBI Holdings, Inc.	15,600	40.00%
	Hidy Investment Co., Ltd	15,435	39.57%
	Hyundai Swiss I Savings Bank	1,485	3.81%
	Hyundai Swiss II Saving Bank	1,485	3.81%
	Kyung Ki Growth & Development Co., Ltd	1,485	3.81%
	Mr. Kim Kwang Jin	1,485	3.81%
	Mr. Kim Jong Min	1,125	2.88%
	Mirae Credit Information Service Corp.	900	2.31%
Note:			
1. SBI Holdings Inc. has 89% of total shares of Hyundai Swiss I Savings Bank.			
2. SBI Holdings Inc. has 70% of total shared of Hyundai Swiss II Savings Bank.			
Related Party		SBI Royal Securities	
Auditor		KPMG	



# PRODUCTS AND SERVICES

Phnom Penh Commercial Bank (PPCB) offers a full range of retail commercial banking products and services, including current and savings accounts, fixed and installment deposits, Rose Dream Installment and Rose Dream loans, business loans, home loans, car loans, motor loans, remittance, as well as trade financing facilities. PPCB has equipped its branches with 24/7 Automated Teller Machines (ATM) and there are additional off-site ATMs to offer full facilities to our customers.

## IB

- Project Financing
- Direct Investment

## Trade Finance

- Documentary Credit (L/C)
- Bank Guarantee
- Overseas Remittance

## Loan

- Motor Loan
- Small Business Loan
- Medium Business Loan
- Large Loan
- Personal Loan (Rose Dream)
- Overdraft
- Revolving Loan
- Housing Loan
- Car Loan
- Import Tax Loan

## Visa Card

- Debit Card
- Credit Card
- POS
- Online Purchase

## Corporate Banking

- Syndicated Loans
- Underwriting of Debenture in Association with Security Company

## Fee Based Business

- Consulting (Real Estate, IPO)
- Bond Issuing

## Deposit

- Saving Account
- VIP Personal Saving Account
- Current Account
- Fixed Deposit
- Installment Deposit
- Rose Dream





# HISTORY OF PPCB



## Head Office

N° 767-769,  
Monivong Blvd.,  
Beoung Trabek,  
Chamkarmon,  
Phnom Penh,  
Cambodia.

## BS Branch

BS Department Store,  
Monivong Blvd.,  
Monorom, 7 Makara,  
Phnom Penh,  
Cambodia.

## Phsar Deum Kor Branch

N° 78, Monireth Blvd.,  
Toul Svay Prey II,  
Chamkarmon,  
Phnom Penh,  
Cambodia.

## Toul Kork Branch

N° 24, Street 273,  
Tuol Sangke, Russey  
Keo, Phnom Penh,  
Cambodia.

## Siem Reap Branch

N° 423, Wat Bo  
Village,  
Sala Kamreuk  
Commune, Siem Reap  
Province, Cambodia.

## 2008

Phnom Penh  
Commercial  
Bank (PPCB  
officially opened  
on September  
1st, 2008, and is  
fully licensed as  
a commercial  
bank.

## 2009

Established a  
branch in the  
vicinity of BS  
Building,  
Monivong Blvd.,  
Monorom, 7  
Makara, Phnom  
Penh.

## 2010

Established an  
additional branch  
in the vicinity of  
Phsar Doem Kor  
Market, Building  
No 78, Monireth  
Bld., Toul Svay  
Prey II,  
Chamkarmon,  
Phnom Penh.

## 2011

Established two  
more branches;  
one in the vicinity  
of Toul Kork,  
Phnom Penh  
and another  
located in Sala  
Komreauk, Siem  
Reap Province.





#### Tuek Thla Branch

#B9-B11, St. Norbridge School, Sangkat Tuek Thla, Khan Sen Sok, Phnom Penh.

#### Battambang Branch

#C031-C033, Street 1, Prekmohatep Village, Sangkat Svaypor, Battambang Municipality, Battambang Province.

#### Phnom Penh Tower Branch

(2nd Floor), #445, Monivong Blvd., Sangkat Boeung Pralit, Khan 7 Makara, Phnom Penh.

#### Chbar Ampov Branch

#612AB, National Road 1, Sangkat Niroth, Khan Chbar Ampov, Phnom Penh.

#### Steung Meanchey Branch

N° IC & 2P, Monireth Blvd., Meanchey, Phnom Penh.

#### 2012

Established one more branch in the vicinity of Teuk Thlar, Sen Sok, Phnom Penh.

#### 2013

Established two more branches; one in the vicinity of Svaypor, Battambang and another located in Phnom Penh Tower Building, 7 Makara, Phnom Penh.

#### 2014

Established two more branches, in the vicinity of Chbar Ampov and Steung Meanchey, Phnom Penh.

#### 2015

**Opening new head office.** Opening a representative office in Myanmar.

# MANAGEMENT DIRECTION

Phnom Penh Commercial Bank management direction consists of Management Principles, Brand Valuation, Risk Management and Localization. With a strong management team, great brand name, responsible asset management and the right location, PPCB will continue to improve and expand.





## ETHICAL MANAGEMENT

PPCB business has been widely expanded through our compliance with the laws and regulations. We operate within the right business climate through the establishment of a law-abiding spirit and a serious attitude towards the community. We have accomplished a variety of community service activities, regarding them as our corporate social responsibility. We will continue to work hard to be recognized as a trusted and reliable bank.

## CUSTOMER-ORIENTED

PPCB has introduced operating practices, customer satisfaction, customer value and increased customer empowerment as the key to customer satisfaction. It also recognizes the process of [developing and introducing] innovative strategies and management competition through the transition, always putting the customer first, and is committed to providing the best value to our customers.

# MANAGEMENT PRINCIPLE

## VALUE CREATION

PPCB provides reliable financial products and services to customers not only for short-term profit but also for long-term sustainable growth. We create value by focusing on the domestic consumer financial market, and the company's development of simultaneous implementation and development of advanced settlements in credit society.

## RESPONSIBLE MANAGEMENT

Together with our commitment to respect the laws and regulations, and to be of service to the community, PPCB employees have been trained to be creative and independent thinkers as well as to show initiative. Through ongoing self-development and enhanced crisis management skills in a dynamic field, PPCB has now become one of the most recognized and respected financial experts. The bank's growth and the personal development of our employees advance together through the best management practices and with respect for human resources.

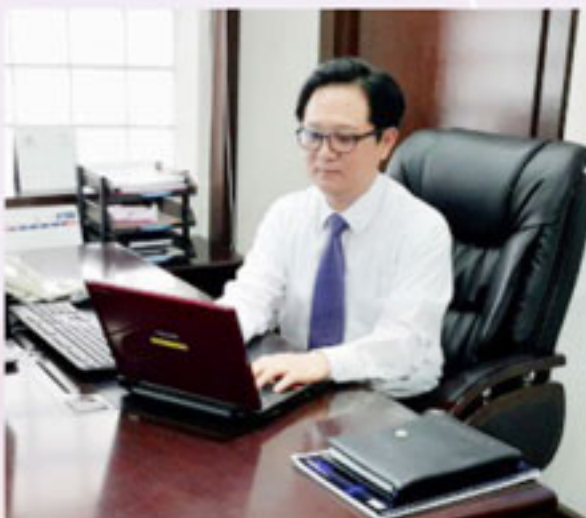


# CUSTOMER SERVICE



## SMILE

We are happy to provide all of our services with a smile.



## SMART

Our exceptional staff are trained to the highest standards to provide smart services.



## SPEED

We provide quick and timely services with the highest of efficiency.



## SATISFACTION

We guarantee satisfaction with our products, services and corporate image.

- ❖ SMILE
- ❖ SMART
- ❖ SPEED
- ❖ SINCERITY
- ❖ SATISFACTION



## SINCERITY

We provide reliable and honest services for all of our clients.

\*Our staff principles follow the **5S Concept (Smile, Smart, Speed, Sincerity and Satisfaction)** to provide the highest standards of customer satisfaction.



## CLOSE CONNECTIONS

We are closely connected with customers everywhere – with businesses of all sizes and levels, and people with varying standards of living. Because we are so closely connected with people in so many different areas and environments, we are able to precisely gauge their needs, trusts and financial requirements. We know, for instance, that financial products and services are in high demand for customers across the board. And we are the ideal partner to provide these solutions, since we have the financial products and services they need.



Phnom Penh Commercial Bank prioritizes our commitment to maintain close connection with our existing and incoming customers, not only to provide the right financial products and services. With every visit to Phnom Penh Commercial Bank, we want our customers to feel at home, and to freely interact with us in order to provide the highest level of customer service.



## QUALITY AND RECOGNITION

At Phnom Penh Commercial Bank, customers are our priority. We dedicate our time to provide the best quality service to customers. Following the principles of integrity, customer appreciation and good business ethics, and offering a broad range of products and services, we are committed to putting the greatest effort into bringing customers long-term benefits and helping customers to solve any financial service difficulties.

Most importantly, Phnom Penh Commercial Bank values the customers' expectations, and works hard to develop a continuing and loyal partnership with our customers. This is the model we firmly stand by both now and in the future.



# HUMAN RESOURCE



**PPCB takes very seriously the efficient training and development of human resources so its personnel acquire the knowledge and skills needed in a professional working environment.** And they will continue to develop these skills and the knowledge necessary for their position. Training them to bring them on par with the organization's goals and in tune with industry trends is necessary, since the quality of our HR professionals is the means to ensure optimal performance from PPCB employees. We trained our staff to follow all the rules and regulations of the Bank in order to efficiently satisfy our customers in the banking operating business.

We encourage our staff to work competitively because we want them to realize their goals and to feel closely connected to their jobs. Hence, the transition from traditional marketing and sales to ethical marketing, through discussion, has resulted in greater support and higher value returns from our customers. Our staff are at the top level of human resources among other financial institutions in Cambodia.



# CORPORATE CULTURE



## SUPPORTING ATHLETES

Since 1954 Cambodia has yet to receive a gold medal in the Asian Games. This record was broken by Sorn Seavmey in the Taekwondo competition, at the 17th Asian Games in Incheon, Korea. In October, 2014, she brought Cambodia its first gold medal in 60 years. The 19-year-old Cambodian defeated Fatemeh Rouhani of Iran, 7–4 for the gold medal, after trailing by three points.

Phnom Penh Commercial Bank had the honor of initiating sponsorship for Sorn Seavmey and her team to compete in the 17th Asian Games, in Incheon, Korea.



\*(left) Sorn Seavmey proudly showing her gold medal

## FUNDING SCHOOL

Serey Sophon district is in need of additional schools to better educate the new generation. Phnom Penh Commercial Bank made a donation to support a Korean and a Japanese non-profit organization, to help assist in building a brand new school in Serey Sophon.



## EDUCATING YOUNG GENERATIONS

Phnom Penh Commercial Bank wanted to give the students of Preak Long School the opportunity to see a professional working environment at a commercial bank. We believe it is a key motivator for students to study hard, especially for students who wish to work in a commercial bank environment.

Phnom Penh Commercial Bank organized a day trip for the students of Preak Long School to tour our head office. The tour consisted of introducing the students to all the departments, and explaining the responsibilities of each department. Following the tour, PPCB packaged gifts for each student, to provide them with study resources.



# CORPORATE CULTURE

[Business Trip to HK and China]



[Business Trip to Malaysia]



[Business Trip to Korea]



## STAFF OVERSEAS TRIP

To motivate our staff PPCB organized an overseas business trip for outstanding performers. Overseas trips are organized two to three times a year to help build staff understanding of the banking business, build relationships, and to give them encouragement. Also, we believe that sending outstanding staff on business trips reflects the growing confidence and acknowledgment PPCB have in their abilities and performances.



## PPCB WORKSHOPS

PPCB expect the highest level of staff ability and knowledge. To ensure this, PPCB concentrates on providing the best possible training and organizing company workshops for our staff. Company workshops are provided annually to build staff confidence, develop corporate thinking, display achievements, and share the Bank's strategies.





## TEAM BUILDING ACTIVITIES

Corporate Social Responsibility is among the major strategic pillars of PPCB; it is a great way to build staff relationships from all areas. In addition to building relationships among staff, our corporate social activities develop teamwork at all levels. PPCB organized and encouraged our staff to participate in all corporate social activities.



# PPCB STRATEGIES AND GOALS FOR 2016

Phnom Penh Commercial Bank (PPCB) presented a four-year strategy and financial targets up to 2016. Beginning in 2012, our strategies build on the foundation of our bank's values and will drive PPCB's successful development in the coming years in order to achieve our long-term vision – to become one of the top five banks in Cambodia and to become Cambodia's [leading] commercial bank. Our essential strategy is to outperform our competition as a globalized company with simplified operations and an inspirational team. We will accelerate growth and increase profitability in all our

business sectors. Our particular focus is the development of our core and growth categories and the expansion of our businesses in emerging markets, while continuously adapting our structure and strengthening our team. PPCB's strategies build on the successful implementation of the strategic priorities. The foundation of the strategy until 2016 was a detailed analysis of the major long-term market trends. The portfolios of PPCB's business sectors were reviewed against these trends to determine how they are positioned to deliver profitable growth in their respective markets.

## Entry

- 8 Branches Network (6 in Phnom Penh, 2 in provinces)
- Launching Western Union
- IT System Advancement

## Take-Off

- 11 Branches Network (9 in Phnom Penh, 2 in provinces)
- 20 Off-Site ATMs
- Launching VISA Card

## Stability

- 14 Branches Network (10 in Phnom Penh, 4 in provinces)
- 40 Off-Site ATMs
- Preparation of Listing on Stock Market

**PHASE 1**  
2012-2013

**PHASE 2**  
2013-2015

**PHASE 3**  
2015-2016



# SUMMARY OF STRATEGIC PRIORITIES

## **Phase I - Entry (2012–2013): Branch Expansion, New Product and Service Launching and System Advancement**

PPCB will leverage its full potential in core categories by actively managing its existing branches and expanding to six branches in Phnom Penh and two branches in the provinces. In value categories, two new products and services will be launched to expand brand value and reputation and to maximize profit potential. In quality and security categories, a stronger IT focus will be critical to increase the efficiency of business processes. PPCB therefore also plans for IT System Advancement and a Data Disaster Recovery System.

## **Phase II - Take Off (2013–2015): Branch Expansion, ATM Network Expansion, and VISA Card launch plan**

In this phase, PPCB will leverage its strengths and generate profitable growth through increased ATM Network Expansion and continued branch expansion and a focus on new product launching. PPCB will expand its existing category positions and accelerate growth in countries where the bank already has a strong presence.

## **Phase III - Stability (2015–2016): Local and Overseas Branch Expansion, ATM Network Expansion and Stock Market Listing**

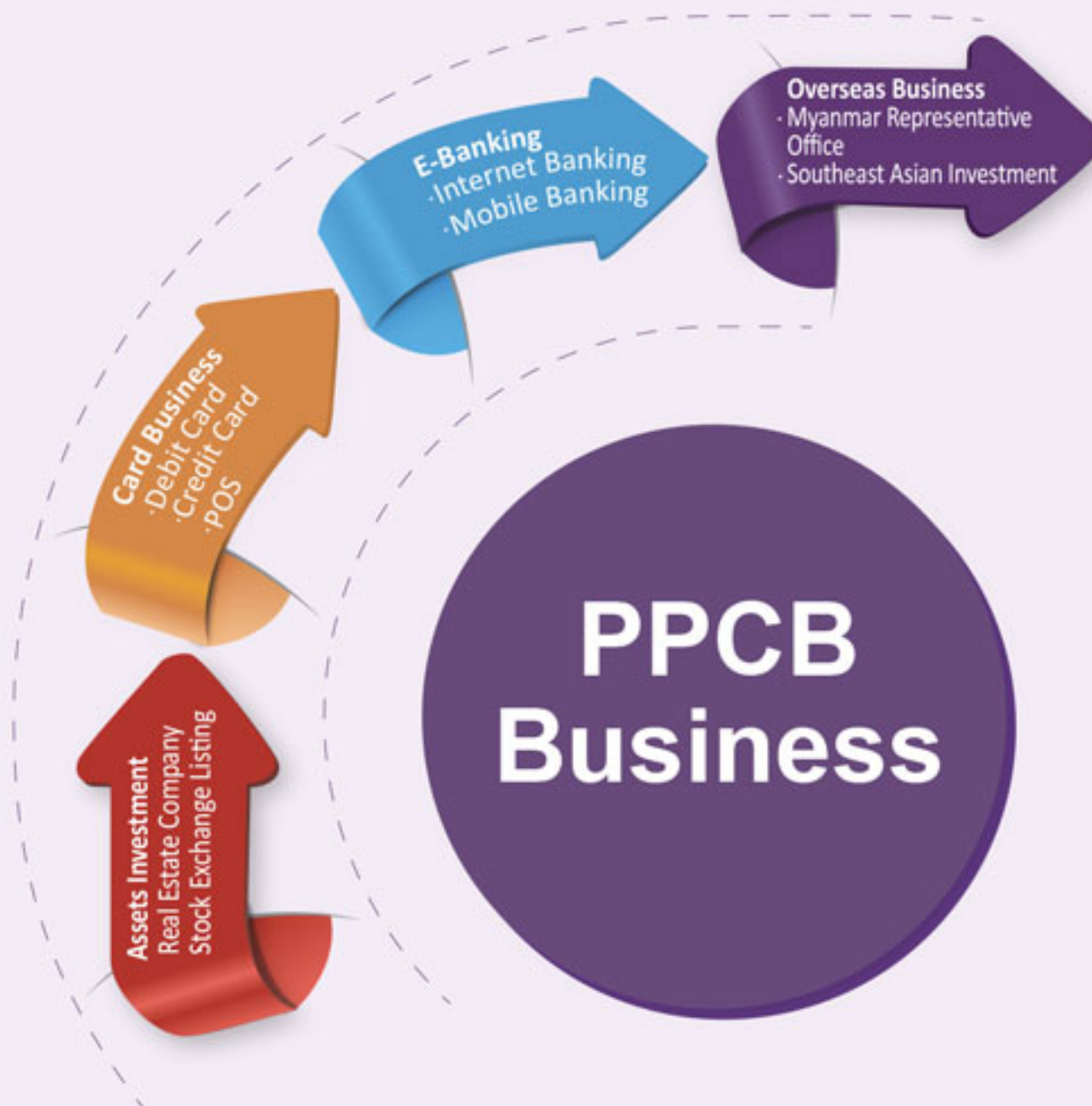
By 2016, PPCB aims to achieve additional top positions while increasing profitability. PPCB will continuously improve its operational excellence by accelerating and standardizing its processes, driving cost-efficiency and reducing administration costs. PPCB also plans to list on the stock market and will selectively enter new countries. At the beginning of 2014, PPCB announced its long-term sustainability strategy with the target to be one of the top five banks and become Cambodia's [leading] commercial bank by 2016, and defined specific intermediate targets for three-year intervals.



## TOP 5 BANKS

# BUSINESS EXPANSION

We are growing with quality, sustainability and high profitability. PPCB offers a wide range of inspiring financial products and services to meet all needs, and continues to expand, with new businesses in all parts of Cambodia as well as overseas. Years of success and solid growth have resulted in a strong financial position. We continue to grow in new and existing markets with a focus on quality, sustainability and continued high profitability. PPCB's Business Expansion plan is to increase the number of branches in all areas of Cambodia, E-Banking Business (Internet Banking and Mobile Banking), Card Business (Debit Card, Credit Card and POS), Assets Investment (Real Estate Company and Stock Exchange Listing) and Overseas Business (Myanmar Representative Office, Myanmar Banking Business and Southeast Asian Investment).





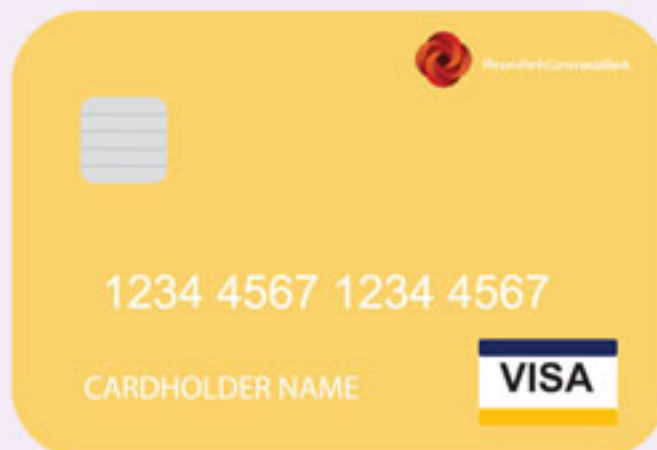
# VISA CARD

Phnom Penh Commercial Bank (PPCB) will launch our VISA Card 2015. Our VISA Card will consist of debit and credit. PPCB customers will be able to access their account(s) at any convenient ATM. Customers from alternative banking institutions will also be able to access their accounts at PPCB ATMs.

This launch will provide our customers with convenient access to their funds, credit or [to undertake] other transactions. It will also give them the ability to make quick purchases with their cards. This will help our customers save time, since they will not have to withdraw cash for every purchase transaction; it also helps reduce or eliminate the need to carry large cash sums.



Our VISA Card program has the highest standard security system implanted to maximize security for our customers. There is no limit to how many times the PPCB VISA Card can be used with guaranteed high security.





# NEW HEAD OFFICE



The PPCB new head office building is located at N° 217, Norodom Blvd (Street 41), Sangkat Tonle Bassac, Khan Chamkamorn, in Phnom Penh. The new head office will be a modern high-rise building with the appropriate amount of office spaces and private parking spots to provide for the needs of our customers and employees. It is energy-efficient, equipped with security, fire protection, centralized network monitoring and communication, and IT support systems. This new head office building will be constructed with special attention paid to security, fire protection, and occupational health and safety. Construction commenced in December 2014 and completion is expected within an eight-month construction period.

To respond to rapid growth, PPCB urgently needs to create bigger spaces in terms of opening additional branches nationwide. Particularly important is the expansion of the current head office in order to provide our best service and maximize the security of our valued customers' assets and ensure their satisfaction.

The investment in our new head office building demonstrates our confidence in Cambodia, our outstanding performance and our commitment to our millions of current and future customers who put their trust in PPCB.



\*New Head Office (Opening September, 2015)



# INTRODUCTION TO SBI HOLDINGS, INC.

## Company Outline (as of March 31, 2014)

Company Name:	SBI Holdings, Inc.
Date of Establishment:	July 8, 1999
Head Office:	Izumi Garden Tower 19F, 1-6-1 Roppongi, Minato-ku, Tokyo 106-6019 Japan TEL: +81 (3) 6229 0100 FAX: +81 (3) 3224 1970
Number of Employees:	5,352 (consolidated)
Paid-in Capital:	81,681 Yen (million)
Fiscal Year:	April 1 to March 31

## Stock Information (as of March 31, 2014)

Listings:	First Section of the Tokyo Stock Exchange
Code:	8473 (Tokyo Stock Exchange)
Shares Authorized:	341,690,000 shares
Shares Outstanding:	224,561,761 shares (including treasury stock)
Shareholder Register:	Mizuho Trust & Banking Co., Ltd.

## Capital Investment in Overseas financial Institutions Centered on Asian Region (as of the end of Sept., 2014)



\*SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group.



# INTRODUCTION TO SBI HOLDINGS, INC.

SBI Holdings, Inc.

TSE First Section

## Financial Services Business

A diversified line of financial services

<b>① SBI FINANCIAL SERVICES Co., Ltd.</b> Control and management of the Financial Services Business 100.0%	<b>Financial Services Business (Business Divisions of SBI Holdings, Inc.)</b> Operation of financial product comparison, search and estimate websites	<b>① CEM Corporation</b> Real estate secured loans 79.7%
<b>① SBI SECURITIES Co., Ltd.</b> Comprehensive online securities company 100.0%	<b>① SBI Trade Win Tech Co., Ltd.</b> Development of financial systems 100.0%	<b>JASDAQ</b>
<b>① SBI MONEY PLAZA Co., Ltd.</b> "Face-to-face" shops that provide financial products 100.0%	<b>② SBI-LG Systems Co., Ltd.</b> System-related business 49.0%	<b>① Morningstar Japan K.K.</b> Rating information for investment trust, others 49.2%
<b>① SBI Liquidity Market Co., Ltd.</b> Provision of market infrastructure to supply liquidity to FX margin trading 100.0%	<b>JASDAQ</b>	<b>① Morningstar Asset Management Co., Ltd.</b> Investment advisory services, others 100.0%
<b>① SBI FXTRADE Co., Ltd.</b> Pure-play FX broker 100.0%	<b>② SOLXYZ Co., Ltd.</b> Software development 26.3%	<b>① SBI Card Co., Ltd.</b> Credit card business 100.0%
<b>① SBI Benefit Systems Co., Ltd.</b> Operational management of defined-contribution pension, etc. 87.0%	<b>① SBI Business Solutions Co., Ltd.</b> Back office support services 80.7%	
<b>① SBI Business Support Co., Ltd.</b> Call center planning and operation, staffing 100.0%	<b>① SBI Insurance Co., Ltd.</b> Internet-based nonlife insurance company 86.5%	
<b>① SBI Japannext Co., Ltd.</b> Operation of PTS (Proprietary Trading System) 52.8%	<b>① SBI SSI Holdings Co., Ltd.</b> Holding company of small-amount short-term insurance policy businesses 100.0%	
<b>① SBI Social Lending Co., Ltd.</b> Loan and social lending operations 100.0%	<b>① SBI IKIKI SSI Inc.</b> Small-amount short-term insurance policy businesses 100.0%	
<b>① SBI Remit Co., Ltd.</b> International remittance business 100.0%	<b>① SBI SSI Co., Ltd.</b> Small-amount short-term insurance policy businesses 98.3%	
<b>① SBI AutoSupport Co., Ltd.</b> Provision of financial services through used car dealers, etc. 70.0%	<b>② SBI Sumishin Net Bank, Ltd.</b> Internet-based full service bank 50.0%	
<b>① Autoc one K.K.</b> Internet support service for purchasing automobiles 65.8%		

As of June 30, 2014 / Note: Percentages are the total Group ownership, which is the sum total of the voting rights in possession by the Company and the companies and funds defined as its subsidiaries by IFRSs.

① Consolidated subsidiary ② Equity method associate



## Asset Management Business

Fund management, investment advisory services, etc.

① SBI Capital Management Co., Ltd.	
Control and management of the Asset Management Business	100.0%
① SBI Investment Co., Ltd.	
Venture capital fund management	100.0%
① SBI CAPITAL Co., Ltd.	
Buyout and value up fund management	100.0%
① SBI Asset Management Co., Ltd.	
Investment advisory services, investment trust management	100.0%
① SBI Arsnova Research Co., Ltd.	
Arrangement and management of alternative investments	99.0%
① SBI VEN CAPITAL PTE. LTD.	
Overseas private equity fund management	100.0%
	KOSDAQ
① SBI Investment KOREA Co., Ltd.	
Venture capital in Korea	43.9%
	KOSDAQ
① SBI AXES Co., Ltd.	
Holding company of payment providers	75.0%
① SBI Savings Bank	
Savings bank in Korea	97.4%
① SBI Royal Securities Plc.	
Comprehensive securities company in Cambodia	65.3%
① Phnom Penh Commercial Bank	
Commercial banking services in Cambodia	47.6%
① CSJ-SBI Financial Media Co., Ltd.	
Economic and financial information business between Japan and China	43.0%

## Biotechnology-related Business

Development, manufacturing and sales of pharmaceuticals, health foods and cosmetics

① SBI ALA Hong Kong Co., Limited	
Management of the S-ALA related business	100.0%
① SBI Pharmaceuticals Co., Ltd.	
Development, manufacturing and sales of pharmaceuticals, health foods, and cosmetics using S-ALA	73.2%
① SBI ALApromo Co., Ltd.	
Manufacturing and sales of cosmetics and health foods using S-ALA	100.0%
① SBI Biotech Co., Ltd.	
R&D of pharmaceuticals	72.3%
① Quark Pharmaceuticals, Inc.	
R&D of siRNA pharmaceuticals	100.0%

## Others

Real Estate Business Division (SBI Holdings, Inc.)	
Real estate investments, real estate development and operation of real estate investment funds	
	TSE Mothers
① SBI Life Living Co., Ltd.	
Development and sale of properties, and operation of lifestyle-related websites	73.3%
① SBI Guarantee Co., Ltd.	
Rent guarantees for rental housing	100.0%
① SBI Wellness Bank Co., Ltd.	
Healthcare services for membership	92.3%

For details of each Group company's business, please refer to the website ( <http://www.sbigroup.co.jp/english/company/group/> )





# ធនាគារ ភ្នំពេញ កាណាឌីយ៉ូ

## Phnom Penh Commercial Bank





# **PHNOME PENH COMMERCIAL BANK**

**Financial Statements and Independent Audit's Report  
For the Year Ended 31 December 2014**



# Corporate Information



Bank	Phnom Penh Commercial Bank	
Registration No	Co. 4898E/2008	
Registered Office	No. 767-769, Pheah Monivong Blvd. Sangkat Boeung Trabek, Khan Chamkarmorn Phnom Penh, Kingdom of Cambodia.	
Shareholders	SBI Holdings, Inc. Hidy Investment Co., Ltd. Hyundai Swiss I Savings Bank Hyundai Swiss II Savings Bank Kyung Ki Growth and Development Co., Ltd. Kim Kwang Jin Kim Jong Min Mirae Credit Information Service Corp	
Board of Directors	Mr. Kim Yang Jin Mr. Nhak Kimsroy Mr. Eiichiro So Mr. Na Jin Ho	Chairman, executive Director, executive Director, non-executive Director, non-executive
Management Team	Mr. Kim Yang Jin Mr. Nhak Kimsroy Mr. Yoo Byeong Yong Mr. Yang Hoe IL Mr. Yun Chang Ho Mr. Kang Dong Hyun Mr. Neang Sinarath Mr. Khom Taingsrou Mr. Sok Rattana Mrs. Phom Sopheap	President and Chief Executive Officer Director Director Head of Loan Head of Deposit Head of Myanmar Representative Office Senior Manager Senior Manager Regional Head Accounting Manager
Auditors	KPMG Cambodia Ltd	



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# Report of the Board of Directors

The Directors have pleasure in submitting their report together with the audited financial statements of Phnom Penh Commercial Bank ("the Bank") for the year ended 31 December 2014.

## Principal activities

The Bank is principally engaged in all aspects of banking business and the provision of related financial services in Cambodia.

There were no significant changes to these principal activities during the financial year.

## Financial results

The financial results of the Bank for the year ended 31 December 2014 were as follows:

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Profit before income tax	6,001,661	24,456,769	4,743,030
Income tax expense	(1,258,408)	(5,128,013)	(1,032,151)
Net profit for the year	<u>4,743,253</u>	<u>19,328,756</u>	<u>3,710,879</u>

## Dividends

No dividend was declared or paid and the Directors do not recommend any dividend to be paid for the year under review.

## Share capital

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

## Reserves and provisions

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

## Bad and doubtful loans and advances

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





At the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad loans and advances, or the amount of allowance for doubtful loans and advances in the financial statements of the Bank, inadequate to any substantial extent.

### **Current assets**

Before the financial statements of the Bank were prepared, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised 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 realise.

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

### **Valuation methods**

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

### **Contingent and other liabilities**

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

- (a) any 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, or
- (b) any 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 Directors, will or may substantially affect the ability of the Bank to meet its obligations as and when they fall due.

### **Change of circumstances**

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

### **Items of unusual nature**

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

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



# Report of the Board of Directors

## Board of Directors

The Board of Directors who served since the date of the last report are:

Mr. Kim Yang Jin	Chairman, executive
Mr. Nhak Kimsroy	Director, executive
Mr. Eiichiro So	Director, non-executive
Mr. Na Jin Ho	Director, non-executive

## Auditors

The auditors, KPMG Cambodia Ltd. expressed their willingness to accept re-appointment as auditors.

## Directors' interests

None of the Directors held or dealt directly or indirectly in the shares of the Bank during the financial year.

## Directors' benefits

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

During the financial year, no Director of the Bank has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Bank or a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

## Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2014, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- (ii) comply with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) maintain adequate accounting records and an effective system of internal controls;
- (iv) prepare the financial statements on the going concern basis unless it is inappropriate to





assume that the Bank will continue operations in the foreseeable future; and

- (v) control and direct effectively the Bank in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Board of Directors confirms that it has complied with the above requirements in preparing the financial statements.

### **Approval of Financial statements**

We hereby approve the accompanying financial statements which present fairly, in all material respects, the financial position of the Bank as at 31 December 2014, and its financial performance and its cash flows for the year then ended, in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

*Signed in accordance with a resolution of the Board of Directors,*

**Mr. Kim Yang Jin**

*President and Chief Executive Officer*

Phnom Penh, Kingdom of Cambodia

Date: 30 March, 2015



# Report of the Independent Auditors

## To shareholders of phnom penh commercial bank

We have audited the accompanying financial statements of Phnom Penh Commercial Bank (“the Bank”), which comprise the balance sheet of the Bank as at 31 December 2014, and the statements of income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 41 to 83 (hereafter referred as “the financial statements”).

## Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements, 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 our 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, we consider internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’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 present fairly, in all material respects, the financial positions of the Bank as at 31 December 2014 and its financial performance and its cash flows for the year then ended, in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

## Other matters

The financial statements of the Bank as at and for the year ended 31 December 2013 were audited by another auditors who expressed an unmodified opinion on those financial statements on 28 March 2014.

For **KPMG Cambodia Ltd**



**Nge Huy**

*Audit Partner*

Phnom Penh, Kingdom of Cambodia

Date: 30 March, 2015



# Balance Sheet

## As at 31 December 2014



	Note	2014 US\$	KHR'000 (Note 4)	2013 US\$
<b>ASSETS</b>				
Cash and bank balances	5	38,570,127	157,173,268	8,912,938
Deposits and placements with banks and other financial institutions	6	53,290,000	217,156,750	60,172,947
Loans and advances - net	7	168,648,167	687,241,281	120,698,186
Statutory deposits	8	23,821,000	97,070,575	14,388,000
Intangible assets	9	570,410	2,324,421	74,182
Property and equipment	10	10,079,290	41,073,107	2,261,855
Investment	11	21,818	88,908	21,818
Other assets	12	2,600,277	10,596,128	2,414,517
<b>TOTAL ASSETS</b>		<b>297,601,089</b>	<b>1,212,724,438</b>	<b>208,944,443</b>
<b>LIABILITIES AND EQUITY</b>				
Deposits from customers	13	164,261,608	669,366,053	92,513,993
Deposits by other banks	14	76,119,310	310,186,188	66,359,509
Income tax payable	15	1,064,488	4,337,789	888,377
Other liabilities	16	4,319,902	17,603,600	2,090,036
<b>Total liabilities</b>		<b>245,765,308</b>	<b>1,001,493,630</b>	<b>161,851,915</b>
<b>Shareholder's equity</b>				
Paid-up capital	18	39,000,000	158,925,000	39,000,000
Retained earnings		12,835,781	52,305,808	8,092,528
<b>Total shareholder's equity</b>		<b>51,835,781</b>	<b>211,230,808</b>	<b>47,092,528</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>297,601,089</b>	<b>1,212,724,438</b>	<b>208,944,443</b>

The accompanying notes form an integral part of these financial statements

# Income Statement for the year ended 31 December 2014



	Note	2014 US\$	KHR'000 (Note 4)	2013 US\$
Interest income	19	16,934,925	69,009,819	11,852,390
Interest expense	20	(7,146,629)	(29,122,513)	(3,928,562)
<b>Net interest income</b>		<u>9,788,296</u>	<u>39,887,306</u>	<u>7,923,828</u>
Fees and commission income	21	2,702,160	11,011,302	2,118,344
Fees and commission expense		(18,032)	(73,480)	(25,208)
<b>Net fees and commission income</b>		<u>2,684,128</u>	<u>10,937,822</u>	<u>2,093,136</u>
Other income	22	126,069	513,731	91,966
<b>Total net operating income</b>		<u>12,598,493</u>	<u>51,338,859</u>	<u>10,108,930</u>
General and administrative expenses	23	(6,151,976)	(25,069,302)	(4,794,289)
Allowance for losses on loans and advances	7	(444,856)	(1,812,788)	(571,611)
<b>Profit before income tax</b>		<u>6,001,661</u>	<u>24,456,769</u>	<u>4,743,030</u>
Income tax expense	15	(1,258,408)	(5,128,013)	(1,032,151)
<b>Net profit for the year</b>		<u><u>4,743,253</u></u>	<u><u>19,328,756</u></u>	<u><u>3,710,879</u></u>

The accompanying notes form an integral part of these financial statements



# Statement of Changes in Equity for the year ended 31 December 2014



	Paid-up capital US\$	Retained earnings US\$	Total US\$
Balance as at 1 January 2013	39,000,000	4,381,649	43,381,649
Net profit for the year	-	3,710,879	3,710,879
Balance as at 31 December 2013	<u>39,000,000</u>	<u>8,092,528</u>	<u>47,092,528</u>
Balance as at 1 January 2014	39,000,000	8,092,528	47,092,528
Net profit for the year	-	4,743,253	4,743,253
Balance as at 31 December 2014	<u>39,000,000</u>	<u>12,835,781</u>	<u>51,835,781</u>
(KHR'000 equivalents – Note 4)	<u>158,925,000</u>	<u>52,305,808</u>	<u>2,11,230,808</u>

The accompanying notes form an integral part of these financial statements

# Statement of Cash Flows for the year ended 31 December 2014



	Note	US\$	KHR'000 (Note 4)	US\$
<b>Cash flows from operating activities</b>				
Net cash generated from operating activities	24	<u>38,890,147</u>	<u>158,477,350</u>	<u>4,896,371</u>
<b>Cash flows from investing activities</b>				
Acquisition of:				
Property and equipment		(9,378,330)	(38,216,695)	(1,171,981)
Intangible assets		<u>(47,574)</u>	<u>(193,864)</u>	<u>(12,129)</u>
<b>Net cash used in investing activities</b>		<u>(9,425,904)</u>	<u>(38,410,559)</u>	<u>(1,171,710)</u>
<b>Net increase in cash and cash equivalents</b>		29,464,243	120,066,791	3,724,661
<b>Cash and cash equivalents at beginning of year</b>		<u>13,315,884</u>	<u>54,262,227</u>	<u>9,591,223</u>
<b>Cash and cash equivalents at end of year</b>	25	<u><u>42,780,127</u></u>	<u><u>174,329,018</u></u>	<u><u>13,315,884</u></u>

The accompanying notes form an integral part of these financial statements



# Notes to the Financial Statement for the year ended 31 December 2014

These notes form an integral part and should be read in conjunction with the accompanying financial statements.

## **1. Corporate information**

Phnom Penh Commercial Bank ("the Bank") was registered with the Ministry of Commerce as a public limited liability company under registration number Co-4898/08E, dated 20 May 2008 and obtained a licence from the National Bank of Cambodia to carry out banking operations with effect from 27 August 2008. The Bank officially commenced its operations on 1 September 2008.

The principal activity of the Bank is the provision of all aspects of banking business and related financial services in Cambodia. As at 31 December 2014, the Bank has one head office and seven branches in Phnom Penh, one branch in Siem Reap and one branch in Battambang.

The Bank had 174 employees as at 31 December 2014 (2013: 148 employees).

## **2. Basis of preparation**

### **(a) Statement of compliance**

The financial statements have been prepared in accordance with Cambodian Accounting Standards ("CASs") and the guidelines of the National Bank of Cambodia ("NBC") relating to the preparation and presentation of financial statements.

The financial statements of the Bank were authorised for issue by the Board of Directors on 30 March 2015.

### **(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis.

### **(c) Functional and presentation currency**

The national currency of Cambodia is the Khmer Riel ("KHR"). However as the Bank transacts and maintains its accounting records primarily in United States Dollars ("US\$"), management have determined the US\$ to be the Bank's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Bank.

Transactions in foreign currencies are translated into US\$ at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US\$ at the reporting date are translated into US\$ at the rates of exchange ruling at that date. Exchange differences arising on translation are recognised in the income statement.



## **2. Basis of preparation (continued)**

### **(c) Functional and presentation currency (continued)**

The financial statements are presented in US\$, which is the Bank's functional currency. All amounts have been rounded to the nearest dollars, unless otherwise indicated.

### **(d) Use of estimates and judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

Key accounting estimates and judgements applied in the preparation of financial statements include estimates of recoverable amount for loans and advances which have a separate accounting policy stated in Note 3 (e).

## **3. Significant accounting policies**

The following significant accounting policies have been adopted by the Bank in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **(a) Financial instruments**

The Bank's financial assets and liabilities include cash and cash equivalents, originated loans and receivables, deposits, and other receivables and payables. The accounting policies for the recognition and measurement of these items are disclosed in the respective accounting policies.

### **(b) Cash and cash equivalents**

Cash and cash equivalents consist of cash and bank balances, unrestricted cash balances with NBC, demand deposits with other financial institutions, and short-term 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.



# Notes to the Financial Statement (Continued)

## for the year ended 31 December 2014

### 3. Significant accounting policies (continued)

#### (c) Deposits and placements with banks

Deposits and placements with banks are carried at cost.

#### (d) Loans and advances

All loans and advances to customers are stated in the balance sheet at the amount of principal and accrued interest receivable, less any amounts written off, and allowance for losses on loans and advances.

Loans are written off when there is no realistic prospect of recovery. Recoveries on loans previously written off and reversals of previous allowance are disclosed as income in the income statement.

#### (e) Allowance for losses on loans and advances

In compliance with NBC Guidelines, all loans and advances are classified according to the repayment capacity of the counterparty. This repayment capacity is assessed through past payment experience, financial condition of the borrower, business prospective and cash flow projections, borrowers' ability and willingness to repay, financial environment, and quality of documentation.

In addition to the above qualitative information, number of days past due is taken into account as follows:

Classification	Number of days past due	Allowance rate
Normal/standard	< 30 days	1%
Special mention	≥ 30 days – 89 days	3%
Substandard	≥ 90 days – 179 days	20%
Doubtful	≥ 180 days – 359 days	50%
Loss	360 days or more	100%

The minimum percentage of allowance for losses on loans and advances are to be maintained according to the assigned classifications. Where reliable information suggests that losses are likely to be more than these minimum requirements, larger allowance is made.

In determining the above allowance, any collateral value other than cash deposits which has been pledged is disregarded.



### **3. Significant accounting policies (continued)**

#### **(e) Allowance for losses on loans and advances (continued)**

Recoveries on loans previously written off and reversals of previous allowances are disclosed separately together with the net movement in the allowance for losses on loans and advances in the income statement.

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 judgement of the management there is no prospect of recovery.

#### **(f) Other investment**

Other investment is stated at cost less any impairment allowance to recognise non-temporary declines in the value of the investment

#### **(g) Other assets**

Other assets are carried at cost.

#### **(h) Statutory deposits**

Statutory deposits 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 NBC. Statutory deposits are stated at cost.

#### **(i) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Leasehold land and building is classified as finance lease when significant risks and rewards associated with the land are transferred to the lessee despite being no transfer of title at the end of the lease term.



# Notes to the Financial Statement (Continued)

## for the year ended 31 December 2014

### 3. Significant accounting policies (continued)

#### (j) Intangible asset

Intangible asset represents computer software and related costs are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of the individual assets at the following rates:

Moneta software	20%
Swift software	50%

#### (k) Property and equipment

(i) Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. 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 of property and equipment, is charged to the income statement on a straight line basis over the useful lives of the individual assets as following rates:

Leasehold land and building	2%
Leasehold improvements	20%
Furniture, fittings and equipment	25%
Computer equipment	50%
Motor vehicles	25%

(iii) Work in progress is not depreciated until such time as the items are completed and put into operational use.

(iv) 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.

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

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





### 3. Significant accounting policies (continued)

#### (I) Impairment of assets

##### (i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimate future cash flows of that asset. This does not apply to loans and advances which has a separate accounting policy stated in Note 3(e).

An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed through the income statement if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

##### (ii) Non-financial assets

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset or group of assets is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset or group of assets in prior years. A reversal of an impairment loss is recognised immediately in income statement.



# Notes to the Financial Statement (Continued)

## for the year ended 31 December 2014

### 3. Significant accounting policies (continued)

#### (m) Provisions

A provision is recognised in the balance sheet when the Bank has a present legal or constructive obligation 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. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### (n) Deposits from customers and banks

Deposits from customers and banks are stated at cost.

#### (o) Income recognition

Interest income is recognised on an accruals basis.

Interest income on overdrafts, fixed loans and other loans is recognised by reference to rest periods, which are either monthly or daily. Where an account becomes non-performing, the recording of interest is suspended until it is realised on a cash basis. Customers' accounts are deemed to be non-performing where repayments are in arrears for more than three months.

Income from the various activities of the Bank is accrued using the following bases:

- Loan arrangement fees and commissions on services and facilities extended to customers are recognised on the occurrence of such transactions;
- Commitment fees and guarantee fees on services and facilities extended to customers are recognised as income over the period in which the services and facilities are extended;
- Service charges and processing fees are recognised when the service is provided.

#### (p) Interest expense

Interest expense on deposits is recognised on a daily accruals basis.

#### (q) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.





### **3. Significant accounting policies (continued)**

#### **(q) Income tax (continued)**

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **(r) Related parties**

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.

Under the Cambodian Law on Banking and Financial Institutions, related parties include individuals who hold directly or indirectly a minimum of 10% of the capital of the Bank or voting rights therefore, or who participates in the administration, direction, management or the design and implementation of the internal controls of the Bank.

### **4. Translation of United States Dollars into Khmer Riel**

The financial statements are stated in United States Dollars. The translations of United States Dollars amounts into Khmer Riel are included solely for the compliance with the guidelines issued by the NBC regarding the preparation and presentation of financial statements and have been made using the prescribed official exchange rate of US\$1 to KHR4,075 published by the NBC on 31 December 2014. These convenience translations should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into Khmer Riel at this or any other rate of exchange.



# Notes to the Financial Statement (Continued) for the year ended 31 December 2014

## 5. Cash and bank balances

	2014 US\$	KHR'000 (Note 4)	2013 US\$
In Cambodia:			
Cash on hand	8,775,723	35,761,071	4,508,918
Cash at banks			
National Bank of Cambodia	6,295,096	25,652,516	1,203,326
Other banks and financial institutions	12,725,793	51,857,607	673,333
	<u>27,796,612</u>	<u>113,271,194</u>	<u>6,385,577</u>
Outside Cambodia:			
Cash at banks			
Other banks	10,773,515	43,902,074	2,527,361
	<u>38,570,127</u>	<u>157,173,268</u>	<u>8,912,938</u>

The above amounts are analysed as follows:

	2014 US\$	KHR'000 (Note 4)	2013 US\$
(a) By currency:			
In US\$	38,492,539	156,857,097	8,409,312
In KHR	27,304	111,264	48,175
In other foreign currencies	50,284	204,907	455,451
	<u>38,570,127</u>	<u>157,173,268</u>	<u>8,912,938</u>
(b) By interest rates (per annum):			
	2014	2013	
Local banks	0.25% - 3.50%	0.10% - 0.25%	
Oversea banks	0.01% - 0.02%	0.01% - 0.02%	

## 6. Deposits and placements with banks

Deposits and placements with banks of the Bank are as follows:

	2014 US\$	KHR'000 (Note 4)	2013 US\$
Deposits and placements with			
National Bank of Cambodia ("NBC")	210,000	855,750	-
Local banks	48,400,000	197,230,000	56,700,000
Financial institutions	4,680,000	19,071,000	3,472,947
	<u>53,290,000</u>	<u>217,156,750</u>	<u>60,172,947</u>

## 6. Deposits and placements with banks (continued)

Annual interest rates on deposits and placements with banks are summarised as follows:

	2014	2013
NBC	0.11%	Nil
Local banks	2.00% - 4.50%	0.11% - 8.00%
Financial institutions	4.00% - 6.80%	0.25% - 6.80%

For analysis by maturity, refer to Note 17 on maturity profile. The deposits and placements with banks are maintained in US\$.

## 7. Loans and advances

Loans and advances of the Bank are as follows:

	2014 US\$	KHR'000 (Note 4)	2013 US\$
Overdrafts	10,240,917	41,731,737	8,349,711
Fixed loans	155,497,505	633,652,333	107,306,427
Housing loans	2,624,702	10,695,660	2,138,962
Vehicle loans	1,992,980	8,121,394	4,166,167
<b>Total loans – gross</b>	<b>170,356,104</b>	<b>694,201,124</b>	<b>121,961,267</b>
Allowance for losses on loans and advances	(1,707,937)	(6,959,843)	(1,263,081)
<b>Loans and advances – net</b>	<b>168,648,167</b>	<b>687,241,281</b>	<b>120,698,186</b>

Further analysis of loans and advances are as follows:

(a) Movements of allowances for losses on loans and advances of the Bank are as follows:

	2014 US\$	KHR'000 (Note 4)	2013 US\$
At 1 January	1,263,081	5,147,055	691,470
Allowance for the year	444,856	1,812,788	571,611
<b>At 31 December</b>	<b>1,707,937</b>	<b>6,959,843</b>	<b>1,263,081</b>



# Notes to the Financial Statement (Continued) for the year ended 31 December 2014

## 7. Loans and advances (continued)

Further analysis of loans and advances are as follows: (continued)

- (b) Grading of loans and advances portfolio, including net interest receivable of the Bank are as follows:

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Normal loans:			
Secured	168,386,972	686,176,911	120,141,085
Unsecured	1,959,320	7,984,229	1,615,212
Special mention:			
Secured	652	2,657	61,637
Unsecured	-	-	-
Substandard loans:			
Secured	2,656	10,823	100,000
Doubtful loans:			
Secured	5,162	21,035	43,333
Loss loans:			
Secured	1,342	5,469	-
	<u>170,356,104</u>	<u>694,201,124</u>	<u>121,961,267</u>

- (c) For analysis of loans and advances by maturity, refer to Note 17 on maturity profile.

- (d) Analysis of loan portfolio by industrial sector of the Bank are as follows:

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Financial institutions	3,540,738	14,428,507	4,582,383
Wholesale and retailers	22,494,027	91,663,160	24,127,040
Real estate and developers	23,046,440	93,914,244	21,569,936
Services	39,265,113	160,005,335	12,001,482
Manufacturing	3,664,892	14,934,435	5,204,821
Others	78,344,894	319,255,443	54,475,605
	<u>170,356,104</u>	<u>694,201,124</u>	<u>121,961,267</u>
Total gross loans and net interest receivable	<u>170,356,104</u>	<u>694,201,124</u>	<u>121,961,267</u>

## 7. Loans and advances (continued)

- e) Analysis of loan portfolio by residency, relationship, exposure and interest rates of the Bank are as follows:

	US\$	2014 KHR'000 (Note 4)	2013 US\$
Loans to residents	170,356,104	694,201,124	121,961,267
Relationship:			
Non-related parties	169,284,849	689,835,760	121,883,895
Related parties	1,071,255	4,365,364	77,372
	170,356,104	694,201,124	121,961,267
Exposure:			
Large exposure	46,703,046	190,314,912	24,385,632
Non-large exposure	123,653,058	503,886,212	97,575,635
	170,356,104	694,201,124	121,961,267

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

- (e) Analysis of loan portfolio by residency, relationship, exposure and interest rates of the Bank are as follows (continued):

Annual interest rates:

	2014	2013
Overdrafts	8.00% - 14.00%	8.00% - 14.00%
Fixed loans	8.00% - 18.00%	8.00% - 16.00%
Housing loans	7.00% - 13.00%	7.00% - 13.00%
Vehicle loans	10.00% - 19.00%	10.00% - 20.00%

## 8. Statutory deposits

	US\$	2014 KHR'000 (Note 4)	2013 US\$
Reserve requirement	19,921,000	81,178,075	10,488,000
Capital guarantee deposits	3,900,000	15,892,500	3,900,000
	23,821,000	97,070,575	14,388,000



## Notes to the Financial Statement (Continued) for the year ended 31 December 2014

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### **(i) Reserve requirement**

This is a reserve requirement which fluctuates depending on the level of the Bank's customers' deposits. It is maintained in compliance with the National Bank of Cambodia's Prakas No. B7-012-140 dated 27 September 2012 at the rates of 8% of customers' deposits in KHR and 12.5% in currency other than KHR. The 4.5% of statutory deposit on customers' deposits in currency other than KHR earns interest at 1/2 LIBOR (one month) while the remaining 8% and the statutory deposit on customers' deposits in KHR does not earn interest.

### **(ii) Capital guarantee deposits**

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

## 9. Intangible assets

<b>2014</b>	Moneta software US\$	Swift software US\$	Total US\$	KHR'000 (Note 4)
<b>Cost</b>				
At 1 January	470,542	99,416	569,958	2,322,579
Additions	47,574	-	47,574	193,864
Transfers from property and equipment	504,038	-	504,038	2,053,955
At 31 December	1,022,154	99,416	1,121,570	4,570,398
<b>Less: Accumulated amortisation</b>				
At 1 January	447,092	48,684	495,776	2,020,287
Amortisation for the year	46,614	8,770	55,384	225,690
At 31 December	493,706	57,454	551,160	2,245,977
<b>Carrying amounts</b>				
At 31 December	528,448	41,962	570,410	2,324,421
<b>2013</b>	Moneta software US\$	Swift software US\$	Total US\$	
<b>Cost</b>				
At 1 January	463,954	93,875	557,829	
Additions	6,588	5,541	12,129	
At 31 December	470,542	99,416	569,958	
<b>Less: Accumulated amortisation</b>				
At 1 January	373,820	40,375	414,195	
Amortisation for the year	73,272	8,309	81,581	
At 31 December	447,092	48,684	495,776	
<b>Carrying amounts</b>				
At 31 December	23,450	50,732	74,182	



# Notes to the Financial Statement (Continued) for the year ended 31 December 2014

## 10. Property and equipment

2014	Leasehold land and building	Leasehold improvements	Furniture, fittings and equipment	IT equipment	Motor vehicles	Work in progress	US\$	US\$	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000
<b>Cost</b>									
At 1 January 2014	-	2,371,615	720,973	658,597	268,095	348,563	4,367,843		17,798,960
Additions	6,864,000	401,570	104,287	120,446	115,960	1,772,067	9,378,330		38,216,695
Transfers to intangible assets	-	12,980	7,260	1,163,992	-	(1,688,270)	(504,038)		(2,053,955)
At 31 December 2014	6,864,000	2,786,165	832,520	1,943,035	384,055	432,360	13,242,135		53,961,700
<b>Less: Accumulated depreciation</b>									
At 1 January 2014	-	955,398	430,146	584,749	135,695	-	2,105,988		8,581,901
Depreciation for the year	-	441,769	132,124	407,350	75,614	-	1,056,857		4,306,692
At 31 December 2014	-	1,397,167	562,270	992,099	211,309	-	3,162,845		12,888,593
<b>Carrying amounts</b>									
At 31 December 2014	6,864,000	1,388,998	270,250	950,936	172,746	432,360	10,079,290		41,073,107

## 10. Property and equipment (continued)

2013	leasehold improvements	Furniture, fittings and equipment	IT equipment	Motor vehicles	Work in progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$
<b>Cost</b>						
At 1 January 2013	1,309,842	584,879	592,175	256,830	479,837	3,223,563
Additions	657,301	88,430	66,422	11,265	348,563	1,171,981
Transfer	404,472	75,365	-	-	(479,837)	-
Disposal	-	(27,290)	-	-	-	(27,290)
Reclassification	-	(411)	-	-	-	(411)
At 31 December 2013	2,371,615	720,973	658,597	268,095	348,563	4,367,843
<b>Less: Accumulated depreciation</b>						
At 1 January 2013	598,484	332,125	459,175	81,552	-	1,471,336
Depreciation for the year	356,914	125,311	125,574	54,143	-	661,942
Disposal	-	(27,290)	-	-	-	(27,290)
At 31 December 2013	955,398	430,146	584,749	135,695	-	2,105,988
<b>Carrying amounts</b>						
At 31 December 2013	1,416,217	290,827	73,848	132,400	348,563	2,261,855



# Notes to the Financial Statement (Continued) for the year ended 31 December 2014

## 11. Investment

This represents the investment in Credit Bureau Holding (Cambodia) ("CBH") Ltd through the Association of Bank in Cambodia ("ABC"). CBH is one of the shareholders of Credit Bureau (Cambodia) Co., Ltd which is a company operates as the leading provider of information, analytical tools and credit reporting services for banks and micro-finance institutions and consumers in Cambodia.

As at 31 December 2014, the Bank held 1% (31 December 2013: 1%) of ABC's shares.

## 12. Other assets

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Deposit on office rental	340,503	1,387,550	297,711
Interest receivable from			
loan and Advance to customers	848,708	3,458,485	683,001
deposit with Banks	818,261	3,334,414	898,775
and financial institutions			
Advance payments	248,979	1,014,589	222,495
Prepaid expense	18,836	76,757	54,128
Prepayments	11,180	45,559	11,118
Others	313,810	1,278,774	247,289
	<u>2,600,277</u>	<u>10,596,128</u>	<u>2,414,517</u>

## 13. Deposits from customers

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Current accounts	13,305,588	54,220,271	14,753,294
Saving deposits	34,218,449	139,440,180	24,456,633
Fixed deposits	104,780,705	426,981,373	47,466,478
Installment deposits	6,557,759	26,722,868	3,602,676
Margin deposits	5,399,107	22,001,361	2,234,912
	<u>164,261,608</u>	<u>669,366,053</u>	<u>92,513,993</u>

### 13. Deposits from customers (continued)

Further analysis of deposits from customers are as follows:

(a) Type of customers:

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Domestic corporations	33,873,183	138,033,221	31,353,838
Individuals	124,917,528	509,038,927	58,916,626
Foreign corporations	71,790	292,544	8,617
Others	5,399,107	22,001,361	2,234,912
	<u>164,261,608</u>	<u>669,366,053</u>	<u>92,513,993</u>

(b) For maturity analysis, refer to Note 17 on maturity profile and Note 28 (d) on liquidity risk.

(c) For deposits from related parties, refer to Note 27 on related party transactions and balances.

(d) Interest rates

	2014	2013
Current accounts	Nil	Nil
Saving deposits	0.50%-2.60%	1.20%
Fixed deposits	2.50%-8.00%	2.30%-8.00%
Installment deposits	3.00%-7.50%	3.00%-7.50%
Margin deposits	Nil	Nil

### 14. Deposits by other banks

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Fixed term deposits	73,869,874	301,019,737	63,023,194
Current accounts	54,096	220,441	294,705
Saving accounts	2,195,340	8,946,010	3,041,610
	<u>76,119,310</u>	<u>310,186,188</u>	<u>66,359,509</u>

For maturity analysis, refer to Note 17 on maturity profile and Note 28 (d) on liquidity risk.



# Notes to the Financial Statement (Continued) for the year ended 31 December 2014

## 15. Income tax

### (a) Deferred tax

There are no significant temporary differences that will require deferred tax recognition in the financial statements of the Bank.

### (b) Income tax payable

Movements of income tax payable during the year are as follows:

	US\$	2014 KHR'000 (Note 4)	2013 US\$
At 1 January	888,377	3,620,136	614,589
Income tax expense	1,258,408	5,128,013	1,032,151
Income tax paid	(1,082,297)	(4,410,360)	(758,363)
	<u>1,064,488</u>	<u>4,337,789</u>	<u>888,377</u>
At 31 December	<u>1,064,488</u>	<u>4,337,789</u>	<u>888,377</u>

### (c) Income tax expense

Major components of income tax expense for the year are as follows:

	US\$	2014 KHR'000 (Note 4)	2013 US\$
Current income tax	<u>1,258,408</u>	<u>5,128,013</u>	<u>1,032,151</u>

In accordance with Cambodian tax regulations, current income tax 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.



## 15. Income tax (continued)

### (c) Income tax expense (continued)

The reconciliation of income tax expense computed at the statutory tax rate to the income tax expense shown in the income statement is as follows:

	2014 US\$	KHR'000 (Note 4)	2013 US\$
Profit before income tax	<u>6,001,661</u>	<u>24,456,769</u>	<u>4,743,030</u>
Income tax using statutory tax rate 20%	1,200,332	4,891,353	948,606
Tax effect of non-deductible expenses	88,761	361,701	83,545
Tax effect of temporary differences	(45,361)	(184,846)	-
Under provision in prior year	<u>14,676</u>	<u>59,805</u>	<u>-</u>
	<u>1,258,408</u>	<u>5,128,013</u>	<u>1,032,151</u>

## 16. Other liabilities

	2014 US\$	KHR'000 (Note 4)	2013 US\$
Interest payable	3,570,728	14,550,717	1,943,312
Other taxes payables	697,457	2,842,137	55,372
Interest in suspense	1,626	6,626	14,343
Others	<u>50,091</u>	<u>204,120</u>	<u>77,009</u>
	<u>4,319,902</u>	<u>17,603,600</u>	<u>2,090,036</u>

Others Mainly comprise of other accrued expenses.



# Notes to the Financial Statement (Continued) for the year ended 31 December 2014

## 17. Maturity profile

The following tables show an analysis of assets and liabilities analysed according to whether they are expected to be recovered or settled in less than or over twelve (12) months from the balance sheet date:

	2014			2013		
	Less than 12 months US\$	Over 12 months US\$	Total US\$	Less than 12 months US\$	Over 12 months US\$	Total US\$
<b>Financial assets</b>						
Cash and bank balances	38,570,127	-	38,570,127	8,912,938	-	8,912,938
Deposits and placements with banks	53,290,000	-	53,290,000	60,172,947	-	60,172,947
Loans and advances:						
Loans – gross	121,277,663	49,078,441	170,356,104	88,235,497	33,725,770	121,961,267
Statutory deposits	-	23,821,000	23,821,000	-	14,388,000	14,388,000
Investment	-	21,818	21,818	-	21,818	21,818
Other assets:						
Accrued interest receivable	1,666,969	-	1,666,969	1,581,776	-	1,581,776
from deposits	592,805	340,503	933,308	535,030	297,711	832,741
Others						
	215,397,564	73,261,762	288,659,326	159,438,188	48,433,299	207,871,487
<b>Non-financial assets</b>						
Property and equipment	-	10,079,290	10,079,290	-	2,261,855	2,261,855
Intangible assets	-	570,410	570,410	-	74,182	74,182
		10,649,700	10,649,700	-	2,336,037	2,336,037
Less allowances for losses on loans and advances			(1,707,937)			(1,263,081)
			297,601,089			208,944,443
Equivalent in KHR'000 (Note 4)			1,212,724,438			

## 17. Maturity profile (continued)

	2014		2013	
	Less than 12 months US\$	Over 12 months US\$	Less than 12 months US\$	Over 12 months US\$
				Total US\$
<b>Financial liabilities:</b>				
Deposits from customers	151,751,848	12,509,760	164,261,608	86,222,571
Deposits by other banks	76,119,310	-	76,119,310	66,359,509
Other liabilities	3,570,728	-	3,570,728	1,943,312
	231,441,886	12,509,760	243,951,646	154,525,392
				6,291,422
				160,816,814
<b>Non-financial liabilities:</b>				
Income tax payable	1,064,488	-	1,064,488	888,377
Other liabilities	749,174	-	749,174	146,724
	1,813,662	-	1,813,926	1,035,101
	233,255,548	12,509,760	245,765,308	155,560,493
Equivalent in KHR'000 (Note 4)	950,516,358	50,977,272	1,001,493,630	6,291,422
				161,851,915



# Notes to the Financial Statement (Continued) for the year ended 31 December 2014

## 18. Paid-up capital

	2014 US\$	KHR'000 (Note 4)	2013 US\$
Registered, issued and fully paid 39,000 shares(2013: 39,000 shares) of US\$1,000 each	39,000,000	158,925,000	39,000,000

As at 31 December 2014, the Company's shareholders and their respective interest are as follows:

	Number of shares	Amount US\$	% of shareholding
SBI Holdings, Inc.	15,600	15,600,000	40.00%
Hidy Investment Co., Ltd.	15,435	15,435,000	39.57%
Hyundai Swiss I Savings Bank	1,485	1,485,000	3.81%
Hyundai Swiss II Savings Bank	1,485	1,485,000	3.81%
Kyung Ki Growth and Development Co., Ltd.	1,485	1,485,000	3.81%
Kim Kwang Jin	1,485	1,485,000	3.81%
Kim Jong Min	1,125	1,125,000	2.88%
Mirae Credit Information Service Corp	900	900,000	2.31%
	<u>39,000</u>	<u>39,000,000</u>	<u>100%</u>

## 19. Interest income

	2014 US\$	KHR'000 (Note 4)	2013 US\$
Interest income from loans and advances	14,654,422	59,716,770	10,174,381
Interest income from deposits with:			
National Bank of Cambodia ("NBC")	7,930	32,315	7,462
Other banks and financial institutions	2,272,573	9,260,734	1,670,547
	<u>16,934,925</u>	<u>69,009,819</u>	<u>11,852,390</u>



## 20. Interest expense

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Fixed deposits	6,514,938	26,548,372	3,526,691
Savings deposits	374,899	1,527,713	247,498
Installment deposits	256,792	1,046,428	154,373
	<u>7,146,629</u>	<u>29,122,513</u>	<u>3,928,562</u>

## 21. Fees and commission income

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Trade finance	90,345	368,156	98,268
Loan processing fees	1,764,226	7,189,221	1,305,406
Loan commitment fees	41,915	170,804	31,902
Service charges	264,225	1,076,717	232,531
Penalties fees	443,967	1,809,166	372,376
Others	97,482	397,238	77,861
	<u>2,702,160</u>	<u>11,011,302</u>	<u>2,118,344</u>

## 22. Other income

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Recovery from loans written off	86,779	353,624	953
Rental income	24,000	97,800	24,000
Others	15,290	62,307	67,013
	<u>126,069</u>	<u>513,731</u>	<u>91,966</u>



# Notes to the Financial Statement (Continued) for the year ended 31 December 2014

## 23. General and administrative expenses

	US\$	2014 KHR'000 (Note 4)	2013 US\$
Personnel and related costs	2,398,811	9,775,155	1,985,257
Depreciation and amortisation	1,112,241	4,532,382	743,523
Rental expenses	657,748	2,680,323	535,285
License fees	234,766	956,671	114,865
Marketing and advertising	213,600	870,420	158,254
Utilities expenses	192,773	785,550	130,923
Business meals and entertainment	167,486	682,505	142,668
Travelling expenses	149,821	610,521	117,202
Repairs and maintenance	149,959	611,083	129,403
Bank security expenses	124,471	507,219	96,250
Telephone expenses	104,432	425,560	82,255
Loan loss written off	97,549	397,512	7,961
Office supplies	94,529	385,206	105,403
Professional fees	88,756	361,681	80,928
Conventions and conference	17,941	73,110	18,597
Insurance expenses	15,398	62,747	12,342
Other tax expenses	188,897	769,755	202,875
Others	142,798	581,902	130,298
	<u>6,151,976</u>	<u>25,069,302</u>	<u>4,794,289</u>



## 24. Net cash generated from operating activities

	US\$	2014 KHR'000 (Note 4)	2013 US\$
Profit before income tax	6,001,661	24,456,769	4,743,030
Adjustments for:			
Depreciation and amortisation	1,112,241	4,532,382	743,523
Allowance for losses on loans and advances	444,856	1,812,788	571,611
Reclassification of property and equipment	-	-	411
Gain on disposal of property and equipment	-	-	(12,400)
	<u>7,558,758</u>	<u>30,801,939</u>	<u>6,046,175</u>
Changes in:			
Statutory deposits	(9,433,000)	(38,439,475)	(5,324,000)
Deposit and placement with banks	6,690,000	27,261,750	(22,870,000)
Loans and advances to customers	(48,394,837)	(197,208,961)	(52,361,467)
Other assets	(185,760)	(756,972)	(1,553,324)
Deposits from customers and banks	81,507,416	332,142,720	80,616,733
Other liabilities	<u>2,229,867</u>	<u>9,086,709</u>	<u>1,100,617</u>
Net cash generated from operations	39,972,444	162,887,710	5,654,734
Income tax paid	<u>(1,082,297)</u>	<u>(4,410,360)</u>	<u>(758,363)</u>
Net cash generated from operating activities	<u><u>38,890,147</u></u>	<u><u>158,477,350</u></u>	<u><u>4,896,371</u></u>

## 25. Cash and cash equivalents

	US\$	2014 KHR'000 (Note 4)	2013 US\$
Cash and bank balances (Note 5)	38,570,127	157,173,268	8,912,938
Deposits and placements with banks (with original maturities of three months or less)	4,210,000	17,155,750	4,402,946
	<u><u>42,780,127</u></u>	<u><u>174,329,018</u></u>	<u><u>13,315,884</u></u>



# Notes to the Financial Statement (Continued) for the year ended 31 December 2014

## 26. Commitments and contingencies

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
(i) Credit commitments			
Unused portion of overdrafts	5,132,786	20,916,103	4,000,331
Letters of credit	2,147,684	8,751,812	2,814,270
Bank guarantees	3,518,045	14,336,033	3,522,555
	<u>10,798,515</u>	<u>44,003,948</u>	<u>10,337,156</u>
(ii) Lease commitments			
Within one year	559,570	2,280,248	391,398
Between two to five years	1,382,951	5,635,525	1,201,020
More than five years	605,820	2,468,717	479,884
	<u>2,548,341</u>	<u>10,384,490</u>	<u>2,072,302</u>
(iii) Capital commitments			

The Bank has commitments in respect of the software agreement as follows:

Capital commitments	<u>463,240</u>	<u>1,887,703</u>	<u>-</u>
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### (iv) Legal claims

During the year, the Bank pursued legal claims against borrowers in default. The majority of these claims are still being negotiated and/or disputed by borrowers, thus, neither the ultimate outcome of these claims, nor the amounts recoverable can be determined at this time.

## 27. Related parties transactions and balances

### (a) Related parties transactions

During the year there were the following significant transactions with related parties:

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
<b>Interest income:</b>			
Star & Crane Cam Co., Ltd.	6,473	26,377	-
Key management	4,317	17,592	9,227
<b>Interest expenses:</b>			
SBI Royal Securities Plc.– interest	197,902	806,451	24,966
Key managements – interest	10,208	41,598	689
<b>Payments on leasehold land and building:</b>			
Star & Crane Cam Co., Ltd.	<u>6,240,000</u>	<u>25,428,000</u>	<u>-</u>

## 27. Related parties transactions and balances (continued)

### (b) Balances with related parties

	US\$	2014 KHR'000 (Note 4)	2013 US\$
<b>Amount due from related parties:</b>			
<i>Loan and advance to customers:</i>			
Star & Crane Cam Co., Ltd.	1,000,000	4,075,000	-
Loans and advances to key management	71,255	290,364	77,372
	<u>1,071,255</u>	<u>4,365,364</u>	<u>77,372</u>
<i>Accrued interest receivables:</i>			
Star & Crane Cam Co., Ltd.	1,333	5,432	-
Loan and advances to key management	305	1,243	248
	<u>1,638</u>	<u>6,675</u>	<u>248</u>
	<u>1,072,893</u>	<u>4,372,039</u>	<u>77,620</u>
<b>Amount due to related parties:</b>			
<i>Deposits from customers:</i>			
SBI Royal Securities Plc.	7,172,752	29,228,964	5,613,209
Key managements	706,408	2,878,613	551,018
Star & Crane Cam Co., Ltd.	386,010	1,572,991	-
	<u>8,265,170</u>	<u>33,680,568</u>	<u>6,164,227</u>

### (c) Key management personnel compensation:

The remuneration of directors of the Bank comprises:

	US\$	2014 KHR'000 (Note 4)	2013 US\$
Salaries and other short term benefits	600,009	2,445,037	626,959



### 28. Financial risk management

The guidelines and policies adopted by the Bank to manage the following risks that arise in the conduct of business activities are as follows:

#### (a) Operational risk

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The operational risk loss is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the senior management of the Bank.

The Bank's operational risk management entails the establishment of clear organisational structures, roles and control policies. Various internal control policies and measures have been implemented including the establishment of signing authorities, defining system parameters controls, streamlining procedures and documentation and compliance with regulatory and other legal requirements. These are continually reviewed to address the operational risks of the business unit as well as to assess the level of compliance with the Bank policies by a programme of periodic reviews undertaken by the internal audit function. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Bank.

#### (b) Credit risk

Credit risk is the potential loss of revenue and principal losses in the form of specific allowance as a result of defaults by the borrowers or counterparties through its lending, hedging and investing activities.

The primary exposure to credit risk arises through its loans and advances. The lending activities are guided by the Bank's credit policy to ensure that the overall objectives in the area of lending are achieved; i.e., that the loan portfolio is strong and credit risks are well diversified. The credit policy documents the lending policy, collateral policy and credit approval processes, including the Bank's own internal grading system, and procedures implemented to ensure compliance with the NBC's guidelines.

The credit exposure arising from off balance sheet activities, i.e. commitments and contingencies, is discussed in Note 26.



## 28. Financial risk management (continued)

### (b) Credit risk (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements are as follows:

	US\$	2014 KHR'000 (Note 4)	2013 US\$
Cash and bank balances (excluding cash on hand)	29,794,404	121,412,197	4,404,020
Deposits and placements with banks	53,290,000	217,156,750	60,172,947
Loans and advances – net	168,648,167	687,241,281	120,698,186
Statutory deposits	23,821,000	97,070,575	14,388,000
Other assets	2,600,277	10,596,129	2,414,517
	<u>278,153,848</u>	<u>1,133,476,932</u>	<u>202,077,670</u>

Concentrations arise 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<sup>1</sup> by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographic location.



# Notes to the Financial Statement (Continued) for the year ended 31 December 2014

## 28. Financial risk management (continued)

### (b) Credit risk (continued)

Concentration of risks of financial assets with credit risk exposure

The Bank monitors concentration of credit risk of counterparty by industry. An analysis of concentrations of the Bank's credit risk as at the balance sheet date is shown below:

	2014				2013			
	Cash and cash equivalents* US\$	Loans and advances US\$	Others US\$	Total US\$	Cash and cash equivalents* US\$	Loans and advances US\$	Others US\$	Total US\$
Financial intermediaries	53,290,000	3,540,738	26,080,774	82,911,512	60,172,947	4,582,383	16,504,806	81,260,136
Manufacturing	-	14,242,291	-	14,242,291	-	5,204,821	-	5,204,821
Real estate	-	48,069,262	-	48,069,262	-	21,569,936	-	21,569,936
Others	-	-	-	-	-	-	-	-
community, social and personal activities	-	104,503,813	340,503	104,844,316	-	90,604,127	297,711	90,901,838
	53,290,000	170,356,104	26,421,277	250,067,381	60,172,947	121,961,267	16,802,517	198,936,731
Less allowance for losses on loans and advances	-	(1,707,937)	-	(1,707,937)	-	(1,263,081)	-	(1,263,081)
	53,290,000	168,648,167	26,421,277	248,359,444	60,172,947	120,698,186	16,802,517	197,673,650
Equivalent in KHR'000 (Note 4)	217,156,750	687,241,281	107,666,703	1,012,064,734				

\* Excluding cash on hand

## 28. Financial risk management (continued)

### (b) Credit risk (continued)

	US\$	2014 KHR'000 (Note 4)	2013 US\$
Loans and advances			
Individually impaired	9,160	37,327	143,333
Past due but not impaired	652	2,657	64,051
Neither past due nor impaired	170,346,292	694,161,140	121,753,883
	<u>170,356,104</u>	<u>694,201,124</u>	<u>121,961,267</u>
Allowance for bad and doubtful loans and advances	(1,707,937)	(6,959,843)	(1,263,081)
	<u>168,648,167</u>	<u>687,241,281</u>	<u>120,698,186</u>

#### *Impaired loans and advances*

Individually impaired loans and advances are loans and advances for which the Bank determines that there is 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 compliance with NBC Guidelines, an allowance for doubtful loans and advances is made for loans and advances with payment overdue more than 90 days. A minimum level of specific provision for impairment is made depending on the classification concerned, unless other information is available to substantiate the repayment capacity of the counterparty.

#### *Past due but not impaired loans and advances*

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 loans are classified as special mention with a specific provision of 3%.

#### *Neither past due nor impaired*

Neither past due nor impaired loans to customers are good quality loans to customers for which there is no experience of default. These loans are supported by collaterals and management views that likelihood of default is relatively low.



# Notes to the Financial Statement (Continued) for the year ended 31 December 2014

## 28. Financial risk management (continued)

### (b) Credit risk (continued)

The Bank holds collateral against loans and receivables in the form of real estate and chattel mortgages, guarantees, and other registered securities over assets. Estimates of fair value are based on the value of collateral assessed at the time of borrowing.

An estimate of the value of collateral held against loans and advances is shown below:

	US\$	2014 KHR'000 (Note 4)	2013 US\$
Against individually impaired:			
Land and building	-	-	488,230
Vehicles	32,930	134,190	-
Past due but not impaired:			
Land and building	-	-	124,000
Vehicles	3,150	12,836	10,110
	<u>36,080</u>	<u>147,026</u>	<u>622,340</u>

### (c) Market risk

Market risk is the risk of loss arising from adverse movements in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk.

Market risk arising from the trading activities is controlled by marking to market the trading positions against their pre-determined market risk limits.

#### (i) Foreign currency exchange risk

Foreign currency exchange risk refers to the adverse exchange rate movements on foreign currency exchange positions taken from time to time. The Bank maintains a policy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored against the operating requirements, pre-determined position limits and cut-loss limits.

As at 31 December 2014, balances in monetary assets and liabilities denominated in currencies other than US\$ are not significant. Therefore, no sensitivity analysis for foreign currency exchange risk was presented.



## **28. Financial risk management (continued)**

### **(c) Market risk (continued)**

#### **(ii) Interest rate risk**

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing, and cost of funds and through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavourable interest rate movement is monitored against the risk tolerance limits set.

The Bank has no financial assets and liabilities with floating interest rates. Balances with other banks, deposits and placements with banks, loans and advances and statutory deposits earn fixed rates for the period of the deposit and placement and deposits from customers and deposits by banks have fixed interest rates.

### **(d) Liquidity risk**

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

In addition to full compliance with all liquidity requirements, the management of the Bank closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Movements in loans and customers' deposits are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

On an expected contractual maturity basis, below is the maturity profile of financial instruments of the Bank as of 31 December 2014 and 2013:

#### **Financial assets**

Analysis of financial assets into maturity groupings is based on the expected date on which these assets will be realized. For other assets, the analysis into maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier the expected date the assets will be realized.

#### **Financial liabilities**

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Bank can be required to pay.



# Notes to the Financial Statement (Continued) for the year ended 31 December 2014

## 28. Financial risk management (continued)

### (d) Liquidity risk (continued)

2014	Up to 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\$	No fixed maturity date US\$	Total US\$
<b>Financial Assets</b>								
Cash and bank balances	38,570,127	-	-	-	-	-	-	38,570,127
Deposits and placements with banks	9,410,000	3,750,000	14,150,000	25,980,000	-	-	-	53,290,000
Loans and advances	7,325,272	18,801,422	41,209,042	53,941,927	46,895,786	2,182,655	(1,707,937)	168,648,167
Statutory deposits	-	-	-	-	-	-	23,821,000	23,821,000
Other assets	1,015,837	81,738	482,026	389,568	-	343,663	287,445	2,600,277
<b>Total financial assets</b>	<b>56,321,236</b>	<b>22,633,160</b>	<b>55,841,068</b>	<b>80,311,495</b>	<b>46,895,786</b>	<b>2,526,318</b>	<b>22,400,508</b>	<b>286,929,571</b>
<b>Financial liabilities</b>								
Deposits from customers	18,371,795	25,420,146	22,432,369	32,604,394	12,182,960	326,800	52,923,144	164,261,608
Deposits by other banks	24,219,271	12,634,598	14,751,200	22,264,805	-	-	2,249,436	76,119,310
Other liabilities	1,411,900	828,640	967,629	714,355	397,374	4	-	4,319,902
<b>Total financial liabilities</b>	<b>44,002,966</b>	<b>38,883,384</b>	<b>38,151,198</b>	<b>55,583,554</b>	<b>12,580,334</b>	<b>326,804</b>	<b>55,172,580</b>	<b>244,700,820</b>
<b>Net liquidity surplus (gap)</b>	<b>12,318,270</b>	<b>(16,250,224)</b>	<b>17,689,870</b>	<b>24,727,941</b>	<b>34,315,452</b>	<b>2,199,514</b>	<b>(32,772,072)</b>	<b>42,228,751</b>
Equivalent in KHR'000 (Note 4)	50,196,950	(66,219,663)	72,086,220	100,766,360	139,835,467	8,963,020	(133,546,194)	172,082,160

## 28. Financial risk management (continued)

### (d) Liquidity risk (continued)

2013	Up to 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\$	No fixed maturity date US\$	Total US\$
<b>Financial Assets</b>								
Cash and bank balances	208,944,443	-	-	-	-	-	-	208,944,443
Deposits and placements with banks	3,402,947	11,420,000	18,150,000	27,200,000	-	-	-	60,172,947
Loans and advances	4,237,976	16,341,124	31,568,650	36,087,746	32,611,458	1,114,313	(1,263,081)	120,698,186
Statutory deposits	-	-	-	-	-	-	14,388,000	14,388,000
Other assets	809,648	226,887	608,971	384,505	215,411	16,336	152,759	2,414,517
<b>Total financial assets</b>	<b>217,395,014</b>	<b>27,988,011</b>	<b>50,327,621</b>	<b>63,672,251</b>	<b>32,826,869</b>	<b>1,130,649</b>	<b>13,277,678</b>	<b>406,618,093</b>
<b>Financial liabilities</b>								
Deposits from customers	7,307,603	13,672,473	11,344,524	12,771,941	5,972,613	-	41,444,839	92,513,993
Deposits by other banks	14,796,933	14,016,469	29,255,695	4,954,096	-	-	3,336,316	66,359,509
Other liabilities	483,992	453,172	816,064	186,828	149,980	-	-	2,090,036
<b>Total financial liabilities</b>	<b>22,588,528</b>	<b>28,142,114</b>	<b>41,416,283</b>	<b>17,912,865</b>	<b>6,122,593</b>	<b>-</b>	<b>44,781,155</b>	<b>160,963,538</b>
<b>Net liquidity surplus (gap)</b>	<b>194,806,486</b>	<b>(154,103)</b>	<b>8,911,338</b>	<b>45,759,386</b>	<b>26,704,276</b>	<b>1,130,649</b>	<b>(31,503,477)</b>	<b>245,654,555</b>



## **28. Financial risk management (continued)**

### **(e) Capital management**

#### **(i) Regulatory capital**

The Bank's lead regulator, the National Bank of Cambodia ("NBC"), sets and monitors capital requirements for the Bank as a whole.

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

The Bank and its individually regulated operations have complied with all externally imposed capital requirement throughout the year.

#### **(ii) Capital allocation**

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital.

## **29. Fair values 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 statement of financial position are a reasonable estimation of their fair values.



### 30. Comparative figures

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

	As reclassified US\$	As previously presented US\$
<b>Assets:</b>		
Cash and bank balances		
Cash on hand	4,508,918	4,508,918
Bank balances	4,404,020	-
	<u>8,912,938</u>	<u>4,508,918</u>
Deposits and placements with banks and financial institutions:		
Deposits with other banks and financial institutions	63,373,641	63,373,641
Deposits with NBC	1,203,326	-
Bank balances	(4,404,020)	-
	<u>60,172,947</u>	<u>63,373,641</u>
Investment	21,818	-
Statutory deposits:		
Balances with NBC	15,591,326	15,591,326
Deposits with NBC	(1,203,326)	-
	<u>14,388,000</u>	<u>15,591,326</u>

### 30. Comparative figures (continued)

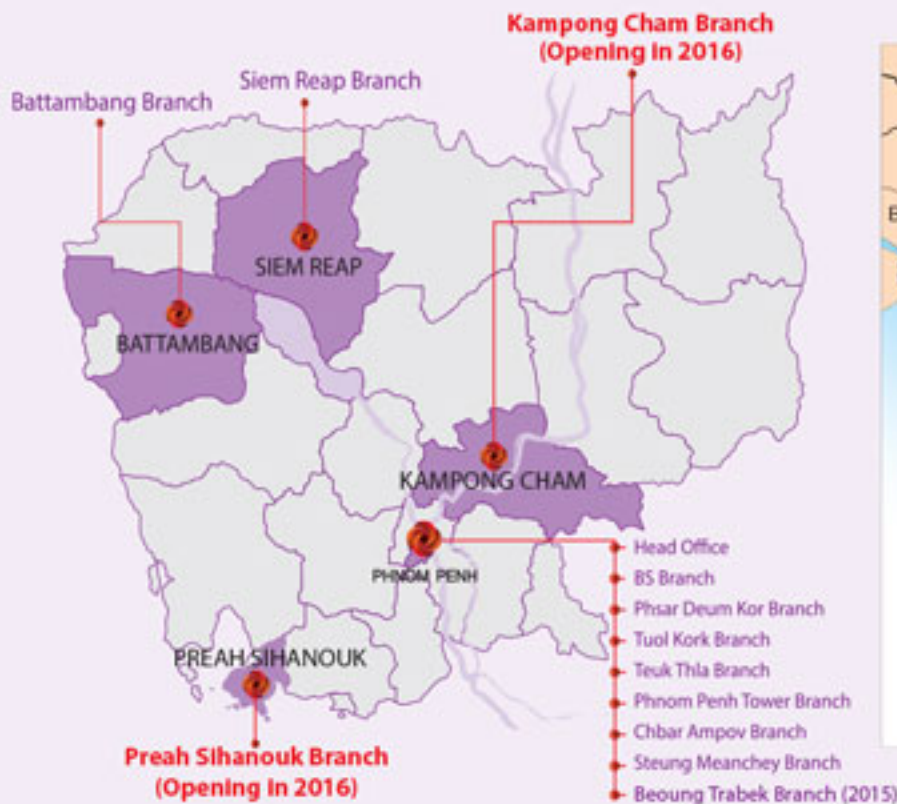
	As reclassified US\$	As previously presented US\$
Other assets:		
Other assets	2,436,335	2,436,335
Investment	(21,818)	-
	<u>2,414,517</u>	<u>2,436,335</u>



## PPCB CORRESPONDENT BANKS

67 Correspondent Banks in 30 Countries (As of March, 2015)

Country (No. of Correspondents)	Swift Code	Bank Name	City
AUSTRALIA	KOEXAU2S	KOREA EXCHANGE BANK SYDNEY BRANCH	SYDNEY
BAHRAIN	KOEXBHM	KOREA EXCHANGE BANK, BAHRAIN BRANCH	MANAMA
BRAZIL	KOEXBRSP	BANCO KEB DO BRASIL S.A.	SAO PAULO
CAMBODIA	ACBCKHPP	ANGKOR CAPITAL SPECIALIZED BANK	PHNOM PENH
	ACLBKHP	ACLEDA BANK PLC.	PHNOM PENH
	BKCHKHPP	BANK OF CHINA LIMITED PHNOM PENH BRANCH	PHNOM PENH
	ICBKCHPP	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED PHNOM PENH BRANCH	PHNOM PENH
	MJBKKHPP	MARUHAN JAPAN BANK PLC	PHNOM PENH
	NCAMKHPP	NATIONAL BANK OF CAMBODIA	PHNOM PENH
	VBLCKHPP	VATTANAC BANK	PHNOM PENH
CANADA	KOEXCATT	KOREA EXCHANGE BANK OF CANADA	TORONTO
CHINA	ICBKCNBJ	INDUSTRIAL AND COMMERCIAL BANK OF CHINA	BEIJING
	KOEXCNBJ	KEB BANK (CHINA) CO., LTD	TIANJIN
	NXBKCNBJ	NANKUN BANK	HUZHOU
	PCBCCNBJ	CHINA CONSTRUCTION BANK CORPORATION	BEIJING
	PHRCCNSH	ZHEJIANG PINGHU RURAL COOPERATIVE BANK	PINGHU
	YBCKCN2N	YINZHOU BANK	NINGBO
	ZJTLNBJH	ZHEJIANG TAILONG COMMERCIAL BANK	TAIZHOU
CZECH REPUBLIC	BACXCZPP	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	PRAGUE
FRANCE	KOEXFRPP	KOREA EXCHANGE BANK	PARIS
GERMANY	DEUTDEFF	DEUTSCHE BANK AG	FRANKFURT AM MAIN
	KOEXDEFA	KOREA EXCHANGE BANK (DEUTSCHLAND) AG	FRANKFURT AM MAIN
HONG KONG	KOEXHKHH	KOREA EXCHANGE BANK	HONG KONG
	IBKCHKHH	INDUSTRIAL BANK OF KOREA, HONG KONG BRANCH	HONG KONG
INDONESIA	HNBNDJA	PT. BANK KEB HANA INDONESIA	JAKARTA
	INDNDJA	BANK INDONESIA	JAKARTA
	DEUTDJA	DEUTSCHE BANK AG	JAKARTA
INDIA	DEUTINBB	DEUTSCHE BANK AG	MUMBAI
ITALY	DEUTITMM	DEUTSCHE BANK S.P.A.	MILANO
	UNCRITMM	UNICREDIT S.P.A.	MILANO
JAPAN	BOTKJPJT	BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE	TOKYO
	KOEXJPJT	KOREA EXCHANGE BANK	TOKYO
	MHCBJPJT	MIZUHO BANK, LTD.	TOKYO
	TOWAJPJT	TOWA BANK LTD., THE	GUNMA
LAO	MBBELALA	MAYBANK LAO	VIENTIANE
MALAYSIA	MBBEMYKL	MALAYAN BANKING BERHAD (MAYBANK)	KUALA LUMPUR
NETHERLANDS	KOEXNL2A	KOREA EXCHANGE BANK, AMSTERDAM BRANCH	AMSTELVEEN
NEW ZEALAND	GEBSNZ2A	GENERAL EQUITY	AUCKLAND
PANAMA	KOEXPAPA	KOREA EXCHANGE BANK	PANAMA
PHILIPPINES	KOEXPHMM	KOREA EXCHANGE BANK	MAKATI CITY
REPUBLIC OF KOREA	CZNBKRSE	KOOKMIN BANK	SEOUL
	HNBKRSE	HANA BANK	SEOUL
	HVBKRSE	WOORI BANK, SEOUL	SEOUL
	IBKOKRSE	INDUSTRIAL BANK OF KOREA	SEOUL
	KOEXKRSE	KOREA EXCHANGE BANK	SEOUL
	KWABKRSE	KWANGJU BANK LTD, THE	SEOUL
	KYNAKR22	KYONGNAM BANK	MASAN
	PUSBKR2P	BUSAN BANK	BUSAN
	KOEXSGSG	KOREA EXCHANGE BANK, SINGAPORE BRANCH	SINGAPORE
SPAIN	BOOESMM	BANCO COOPERATIVE ESPANOL S.A.	MADRID
TAIWAN	UWCBTWT	CATHAY UNITED BANK	TAIPEI
THAILAND	KRTHTHBK	KRUNG THAI BANK PUBLIC COMPANY LIMITED	BANGKOK
	DEUTTHBK	DEUTSCHE BANK AG, BANGKOK BRANCH	BANGKOK
TURKEY	BKTRTRIS	DEUTSCHE BANK ISTANBUL	ISTANBUL
UKRAINE	CRDEUA2N	PJSC 'BANK CREDIT DNEPR'	DNIPROPETROVSK
UNITED KINGDOM	HVBKGB2L	WOORI BANK, LONDON	LONDON
	KOEXGB2L	KOREA EXCHANGE BANK	LONDON
UNITED STATES OF AMERICA	BKTRUS33	DEUTSCHE BANK TRUST COMPANY AMERICAS	NEW YORK,NY
	BOTKUS33	BANK OF TOKYO-MITSUBISHI UFJ, LTD., THE	NEW YORK,NY
	DEUTUS33	DEUTSCHE BANK AG	NEW YORK,NY
	HVBKUS33	WOORI BANK, NEW YORK	NEW YORK,NY
	PNBPUS33	WELLS FARGO BANK, N.A.	PHILADELPHIA,PA
	PNBPUS3N	WELLS FARGO BANK, N.A.	NEW YORK,NY
	WFBUS6S	WELLS FARGO BANK, N.A.	SAN FRANCISCO,CA
	WFBUS6WFFX	WELLS FARGO BANK, N.A.	SAN FRANCISCO,CA
VIETNAM	KOEXVNVX	KOREA EXCHANGE BANK, HANOI BRANCH	HANOI
	BFTVNVX	JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VN	HANOI



PPCB Representative Office, Myanmar

● គារិយាល័យកណ្តាល

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● សាខាប៊ីសេស

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Tel: (855) 23 999 600

● សាខាតួលេខ

**Toul Kork Branch**

No. 24, Corner St. 273

(Between TVK Antainer and JP Bridge)

Tel: (855) 23 999 050

● សាខាទឹកថ្លា

**Teuk Thla Branch**

No. B9-B11, St. NorthBridge

Tel: (855) 23 999 650

● សាខាគ្លីពេញថែវ

**Phnom Penh Tower Branch**

Phnom Penh Tower Building (2nd Floor), #445, Monivong Blvd

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● សាខាផ្សារដើមគ

**Phsar Deum Kor Branch**

No. 78, Monireth Blvd

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● សាខាសៀមរាប

**Siem Reap Branch**

No. 423, Corner Kohke Traffic Light

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**ធនាគារ ភ្នំពេញ ពាណិជ្ជ**

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