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Phnom Penh Commercial Bank

The Blueprint for Trust and Business Growth



Annual Report **2015**



THE BANK FOR CREATING A
BRIGHT FUTURE FOR CAMBODIA

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Message from THE CEO

“We have the simplest business philosophy. We want to be known from running a bank to making the differences in people’s lives.”

Dear valued shareholders and customers,

2015 has been so far one of the most favorable years to the people of Cambodia; although drastic descends in oil price, global spread of economic recession and the instability in financial environment have caused major concern to the world. With a strong GDP growth set out close to 7%, while growth in the ASEAN region stalled at 4.5% with a disappointed global growth slowed to 2.4%, Cambodia still proudly stood amongst the Olympians of GDP growth. Our people are advantaging from this prosperous period in term of employment opportunities, wage increase and a sound environment for business opportunities and growth. Phnom Penh Commercial Bank took greatest pride in being able to assist the people of Cambodia in their financial needs during this growing period. We have provided excellences in our service to our valued customers and received an undoubted trust.

At the end of the year, amongst the 36 commercial banks amid various specialized banks and microfinance institutes, PPCB has managed to outstandingly perform with a record of \$5.9 million in net profit in revenue (excluding USD 2.5M in remuneration) as of December 2015. Our financial results reflect strong performances in our businesses. Our gross loans have increased by 34%, from \$170 million in 2014 to \$228 million as of December 2015. Deposits have increased by 46%, from \$240 million in 2014 to \$351 million as of December 2015. Our total assets have increased by well over 39% from \$298 million in 2014 to \$414 million as of December 2015. As of December 2015, our Non-Performing Loans (NPLs) are at 0.015% (arrear loan greater than 30 days), compared with the national industrial average of approximately 1.2%. PPCB stands among the top in asset soundness.

With a rising middle class in Cambodia, PPCB had the most privilege in making numerous customers’ dream of owning a house comes true. We have ensured that the services in providing loan to all customers have been offered at the most competitive rate with excellence services. 2015 has also been the year that trust and confidence have strongly and tightly grown between our bank and all of our customers. We have been able to maintain the high level of customer’s satisfaction and capture the large shares of customers who are in need of a great financial service provider.



Kim Yang Jin

President and Chief Executive Officer



Message from THE CEO (Cont')

EMPLOYING OUR PHILOSOPHY IN BANKING

PPCB has consistently made sure that our banking operation has constantly carried out our philosophy. We believe in sound operation with integrity that must be without fail applied into practice to ensure excellent services to customers; and it can only be done through our highly skilled employees who are motivated in providing differentiated services. We have always placed our human resource at the core so that their motivation will generate further greatness.

PPCB so far has been very successful in attracting as well as recruiting the most talented employees whose performance stands at the highest quality in customer's service through our reputable encouraging system in term of outstanding compensation and benefits. With our most effective training program and relentless strategic implementation in developing skills and professionalism in banking, our employees have always been recognized as the most effective and efficient bankers whose tasks have been evidently proven.

Thriving for excellences has constantly been part of strategic implementation that grants us the position of maintaining our growing success well. Our staffs have consistently placed customers' interest priority to ensure excellences are met at all time. Our staffs have been highly successful in attempting to prove such outstanding performance; and customers have strongly presented us with supports and trust. We confidently believe that business growth will be continuing to prosper at an exceptional rate. It has always been my utmost privileges to be part of a bank where our talented employees selflessly dedicate to join hand in order to faster pace us into achieving our vision which is "To be the global leading bank in South East Asia".

Embracing an environment of creativity has been our central strategy to ensure further efficiency and effectiveness as well as extended convenience continuously offered to our valued customers. Additionally, it has been part of employee's motivation to perform. Our management team and staffs are relentlessly working to contribute new ideas in term of technologies, products and services to proffer to our customers the updated experiences to fully expose to the greatest expediency in banking practice. Our employees are most welcomed to propose changes to our way of operation as long as it most suitably fits to the current trend and accumulate the accrued benefits to our valued customers. PPCB has always been praised in term of our staff's flexibility in scalar chains of reports where employees can propose their productive ideas directly to our top management; and their contributions are always rewarded intrinsically. Every idea sharing has always been fairly assessed and viewed as important in the eyes of our management to ensure that our decision-making is always fair and rational.

Message from THE CEO (Cont')

Implying integrity and making a positive impact on the communities are placed highly crucial in our business models. We consistently supervise and monitor all of our management team as well as employees to ensure that the soundness of ethic and honesty are at all time preserved for our valued customer's interest. Additionally, 2015 has been the year we have made enormous impacts to our communities. Over the year, PPCB has provided small business loans with very competitive rate and flexible bureaucratic procedures, to assist in any ways we can, to grant the opportunities to these businesses to enable them to expand their operations in term of labor force and their products or services development. We strongly believe that with our supply capital, it will greatly benefit our society in term of employments and revenues from the growing rate of small entrepreneurship. Other than that, PPCB helped to strengthen the knowledge of lower-waged workers to fully expose to conveniences and safety of using bank's service through our payroll accounts to more than 259 companies with free of charge in services for those employees and interest rates additionally offered.

CREATING PASSION IN WHAT WE DO

Being a passionate bank is what drives us to where we are today. With our employees are carefully selected with a deep consideration of their personal value, we make sure that the alignment of their values is on the same track with our bank's core value and vision. We believe that when we share the same belief in what we do; our PPCB family will be inseparable and we will be able to overcome any colossal challenges.

PPCB has also placed the importance of our subordinates' objectives and goals. We have always encouraged our employees to pursue their goals to progress their career both personally and professionally. As long as their interest of goals is aligned with our bank's culture, we strongly provide our support in term of resource and encouragement to ensure they have the necessary tools to be achieving such goals.

Creating an environment where equal opportunities are highly tolerated has become PPCB's indivisible culture. We make sure that fairness in term of remuneration, recognition and career progress is applied to all levels of our employees. Further than this, we strongly praise employees whose performance is outstanding to make sure that their dedications are well paid off and be publicly praised as examples in our bank. Our employees have highly determined to show professionalism and motivation to perform all of their duties in the most satisfied quality to our valued customers.



Message from THE CEO (Cont')

Initiative is implemented to ensure our employees are passionate in what they do; and to provide them opportunities in looking for better alternatives to perform their duties and responsibilities. Our staffs are strongly encouraged to preferably perform their duties in methods they can conveniently execute as long as efficiency and level of customer's satisfaction are preserved.

BUILDING OUR STRENGTH

This year we are expanding our services by introducing VISA cards to our customers. Although, VISA card usage is still in undesired figures amongst the people in Cambodia, it has yet been widely acknowledged due to its conveniences and safety. Launching a VISA card is believed to further enable us to capture a larger market share of customers. It is believed to thrust our bank more effectively into international banking standards and position us in an effectual competition with other banks. Moreover, the increasing usage of the PPCB VISA card will become a major role in strengthening non-interest incomes on top of expanding the popularity of our trade finance services and current accounts.

2015 has been the year of implementing our expansion plan. Three new branches are being established to further effectuate ourselves in proving excellences in customer's service across the nation. We are expanding to Preah Sihanouk province, one of the major tourist destinations, which will lead to the conveniences and easy access of business owners and local people as well as tourists to reach our services. Bak Touk branch is located in a complex business area where trading and investment companies exist. This branch establishment is believed to grant us the privileges of effectively expanding our services in the prime area full of great potential customers to fulfill the demand of their financial needs. Another additional branch will be opened in Kompong Cham province, where numerous customers are longing for excellences in banking service providers. We are confident that these three new branches will further extend our reach to all customers throughout the major provinces and urban area in Cambodia.

PPCB is currently in the process of acquiring POS and mobile banking platform; and such services will result in fulfilling great demand of Cambodian people as early as the first half of 2016. Electronic payment services may be new to Cambodia yet are significantly growing. People are beginning to acknowledge its conveniences and safety. POS and mobile banking platform are believed to play major roles in Cambodian's purchasing transactions in the near future. We are relentlessly working to develop the most reliable and trusted products and services to our current and future customers. We make most of our efforts to ensure that our services will provide soundness and most advanced security to protect our customers' interest at all time.

Message from THE CEO (Cont')

Majority of Cambodians currently exist in provinces and rural areas. With limited commercial banks locating close to their residents, they heavily depend on Microfinance Institutions (MFI) as their financial service providers. The business of MFI in rural areas is undoubtedly booming due to their extended-reach locations. Now that PPCB has a huge network in urban areas throughout Cambodia, we plan to target rural areas, too. Instead of completely establishing branches in rural areas, we plan to acquire MFI that shares similar core value as well as successfully operate in a sound environment to capture such huge market share of customers.

The emerging countries have been identified of their innumerable opportunities, that persuade all investors around the globe to race to. Similarly to Cambodia, our surrounding countries are on ascending stairs to economic prosperity. Hence PPCB's long-term plan has always been to expand ourselves globally to build a strong name for our bank. We are currently pushing the most effective strategic implementation to ensure our competitive position, when expanding to emerging countries before reaching out to major advanced ones in South East Asia. From our successful experience, emerging countries often granted us with great availability of customers who are in great need of international standard of financial service provider. Thus it will be our privilege and opportunity to be a crucial part of their lives. With strong success in emerging countries, we will be internationally recognized and our reputation will be standing out amongst other banks when our expansion to developed countries is executed.



INVESTING IN DIVERSIFICATION

Diversification has always maintained as the most effective strategic investment in term of risk hedging and insurance of sustainability. We see our future diversification as the vault of preserving the interest of our customers' and shareholder's capitals. Although, the booming in banking sector in Cambodia has been a promising opportunity of our business, we have to make sure that the sustainable future of PPCB has always been safeguarded.



Message from THE CEO (Cont')

Real estate is no doubt seen as an unstoppable force that drives Cambodia GDP growth. Identifying such opportunities, we plan to diversify ourselves into one of the most successful business portfolio holders. With our strong expertise and deep knowledge in real estate business, we believe that our future success in real estate sector will accelerate us into one of strongest institutions in Cambodia.

CARRYING CORPORATE RESPONSIBILITIES

Making differences in people's lives is our constant business philosophy; we believe in shared responsibilities which every contribution means progress for our communities and the country. We have never failed to overlook our part in making a better community. In 2015, our employees have received grand privilege and joy to be able to share the hardship of underprivileged families and children in Cambodia; and we have done the most satisfied part in assisting them.

PPCB employees have been proud to be able to invite the students from Preak Long School to visit us, which enable us to share unforgettable memories. We have invited the young children to our offices to educate them the related skills in the field of banking. Our staffs have taken out the time from their work to share their knowledge and expertise to the children.

We have additionally contributed funds in donation to assist those who are in need across the provinces and rural areas. We have identified and comprehended the hardship of underprivileged families whose breadwinners are left with disabilities during the great suffering of civil war within the county. In the hope that, every single cent will generate a better condition to ease their pain, PPCB will consistently carry out our assistance to ensure more of our communities are served.

THE BLUEPRINT FOR TRUST AND BUSINESS GROWTH

So far 2015 has been the year of prosperity and trust building of PPCB. Phnom Penh Commercial Bank has come a long way; and we consistently determine to be the first choice in term of trust for customers; and we thrive to further dedicate ourselves to be their loyal partner in any circumstances.

Message from THE CEO (Cont')

I am most pleased and proud to say that Phnom Penh Commercial Bank had a successful 2015. Our core success has been our employee's constant motivation to thrive for excellences and outstanding performances. This has always been our prioritized philosophy which carries us through many years of success. PPCB will remain a strong bank for our valued customers, employees, partners in businesses, banking communities, and more importantly for our shareholders. I am looking forward to many more years of continuous success and prosperity with everyone.

Sincerely yours,



Kim Yang Jin
President and CEO of Phnom Penh Commercial Bank



Vision | Mission | Core Value

CORE VALUE TOPTEAM

- ▷ Teamwork
- ▷ Ownership
- ▷ Personal Excellence
- ▷ Trust and Respect
- ▷ Enthusiasm
- ▷ Adaptability
- ▷ Motivation

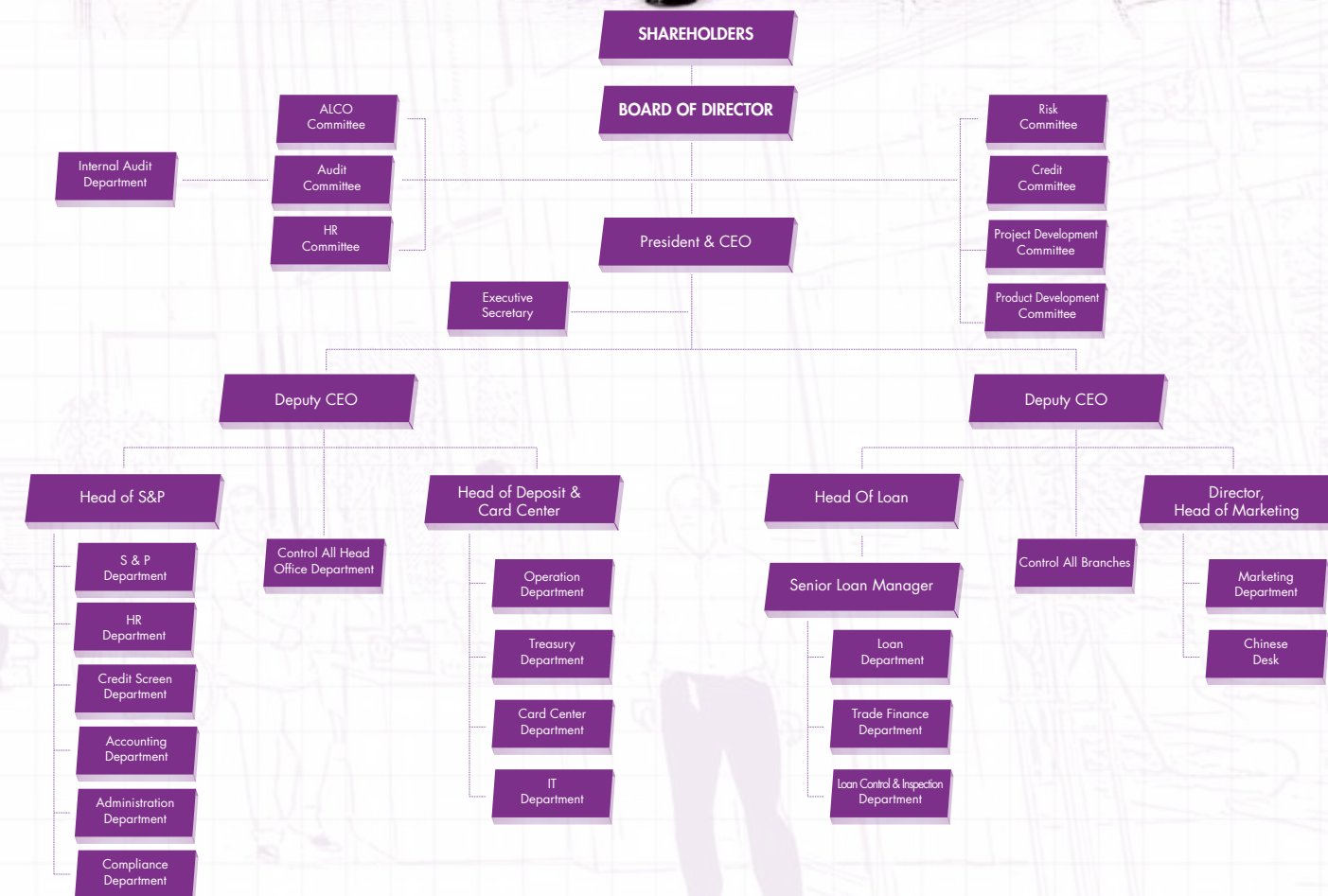
VISION

- ▷ To become the leading bank in South East Asia

MISSION

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

Organization Chart



Corporate Information

COMPANY OUTLINE (As of December 31, 2015)

Bank name	Phnom Penh Commercial Bank	Paid-up Capital	USD \$39 Million
Date of Establishment	1 st September 2008	No of Employee	221
Registration N°	Co. 4898 E/2008		
Head Office	N° 217, Preah Norodom Blvd, Sangkat Tonle Bassac, Khan Chamkamorn, Phnom Penh, Cambodia. Tel: (855) 23 999 500 Fax: (855) 23 999 540		

(As of December 31, 2015)

		Name	No. of Shares Held	Percentage of Total Outstanding Shares (%)
PRINCIPAL SHAREHOLDERS		SBI Holdings, Inc.	15,600	40.00%
		Hidy Investment Co., Ltd	15,435	39.57%
		Hyundai Swiss Savings Bank	1,485	3.81%
		Hyundai Swiss II Savings 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%
Total:			39,000	100%

Note:

Hyundai Swiss Savings Bank merged with Hyundai Swiss II Savings Bank into SBI Savings Bank, in 2014.

Related Party	SBI Royal Securities
Auditor	KPMG



Board of Directors



MR. KIM YANG JIN

Chairman

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



Board of DIRECTORS



MR. NHAK KIMSROY

Deputy CEO

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

Board of DIRECTORS

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



Internal Audit COMMITTEE

The Audit Committee in Phnom Penh Commercial Bank is chaired by an independent board member who is not directly in charge of risk-taking activities or business development areas. Under the responsibility of the decision-making body, the audit committee is notably in charge of several major tasks to ensure the soundness of bank's operation. The internal audits are tasked to ensure that the financial and risk-related information is clear; and assessing the relevance of the accounting and valuation methods used of the establishment of the individual and, where applicable, consolidated accounts and financial statements. The bank must be operated under the assessment of the quality of internal control procedures by the internal audit committee. In particular, whether the systems, are for measuring, monitoring and controlling risks, are consistent, and to recommend further actions where appropriate. Additional tasks are to follow up on effective corrective actions 'implementation, notably by tracking pending and outstanding recommendations issued by the internal audit and further supporting the work of internal audit. The audit committee shall review and approve the internal audit work plans for and ensure that the appropriate action is taken by managements on the audit matter raised. Reviewing and allocating the resource requirements of internal audit and, at high level, the quality of work must be performed. The audit committee is granted the right to make proposal anytime required to invite the head of internal audit, the head of

compliances, senior managements, in particular the chief executive officer and other officials deemed relevant for the purposes of fulfilling its responsibilities to attend meetings of the committee. It is to ensure a sound practice, that the head of internal audit and members of the audit committee have a private session, to discuss the issues of interest in case if the absence of management.

THE RESPONSIBILITIES OF INTERNAL AUDIT DEPARTMENT:

To assure that the effectiveness and efficiency of the bank's operation have been complied at all time according to the standards in a commercial bank, the internal audit department is tasked to prepare and submit the annual and monthly audit plan to the audit committee for the approval, and audit implementation for the each whole year. The department is required to plan, assign and prioritize the auditing work upon the audit plan. The department is also responsible for reviewing and verifying of the audit working papers and evidences to form audit findings, opinions and recommendation. The issue of the final report is to be done and submitted due to the agenda to ensure the monitoring and assessing process is effectively carried out.



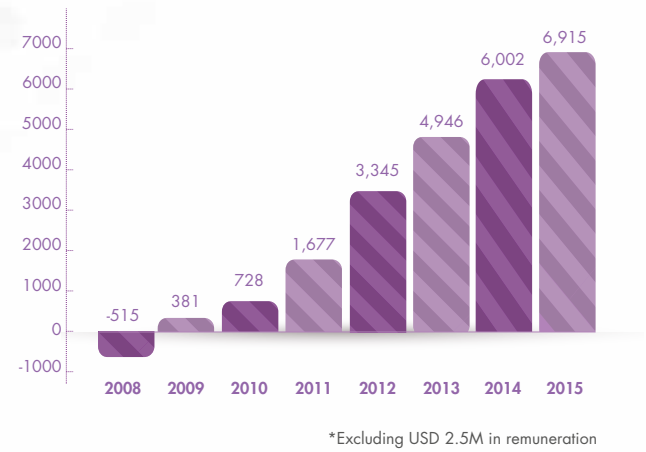


Risk Management COMMITTEE

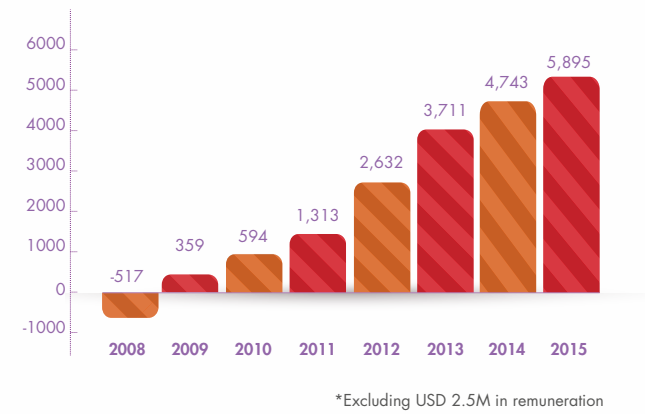
The risk committee in PPCB team includes chief executive officer, deputy chief executive, operation director, loan director, head of strategy and planning, accounting manager, IT manager and recording secretary as fixed members which is under an observation from internal audit manager. The full committee meeting is to take place at least once monthly. More frequent meeting may sometimes be required in periods of increased business activities. The chairperson of the committee is responsible for preparation and retention of the minutes and agenda of the meeting. The risk committee is to provide the board of director with the following basis such as monthly balance sheet, profit/loss statement, net interest margin, various ratios, loan portfolio and reports on various risk such as liquidity risk, credit risk, interest rate risk and currency exchange risk. Over quarterly period, the risk committee is to present to the board of directors on various aspects such as net interest change analysis attributable to dollar volumes, earning, paying and market rates. Additionally, reports on various risks, including liquidity risk, interest rate risk and exchange currency risk has to be taken into account. The risk committee is also in charge for the projected flow of fund analysis and assessment of performance against the prior quarter's strategy. After planning and assessment, the risk committee must ensure that the illustrated explanation and the corrective action plan must be executed to bring the bank into compliance with such procedures and manual limits. On the annual basis, the committee's responsibilities are to carry out the recommended banking risk management plan including a quarterly strategy for management of interest rate risk, liquidity risk and foreign exchange risk to be presented in conjunction with the budget approved.



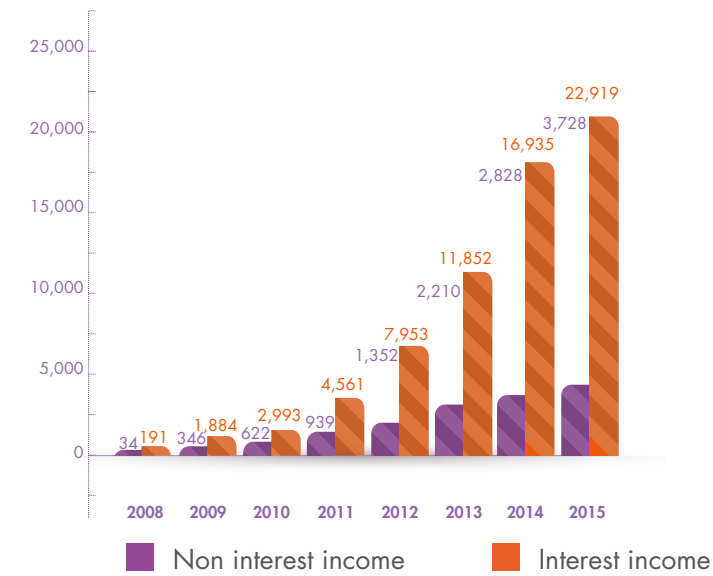
Financial
SUMMARY



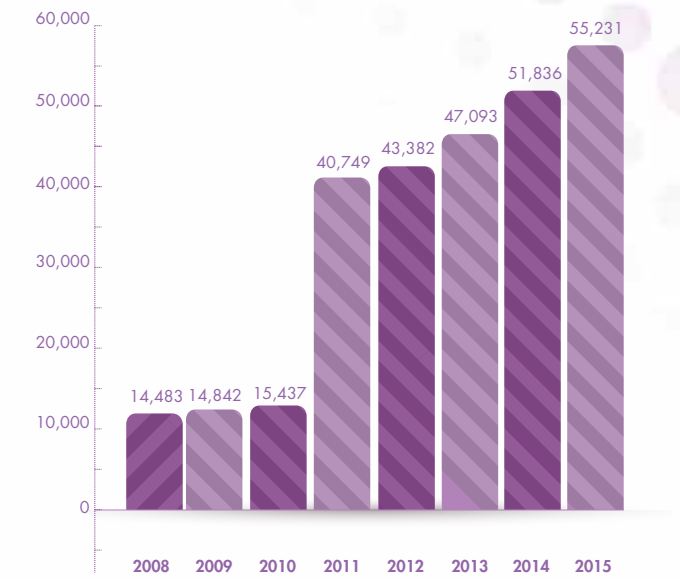
△ PROFIT BEFORE TAX (USD'000)
▽ LOANS OUTSTANDING
US\$ 228 MILLION (USD'000)



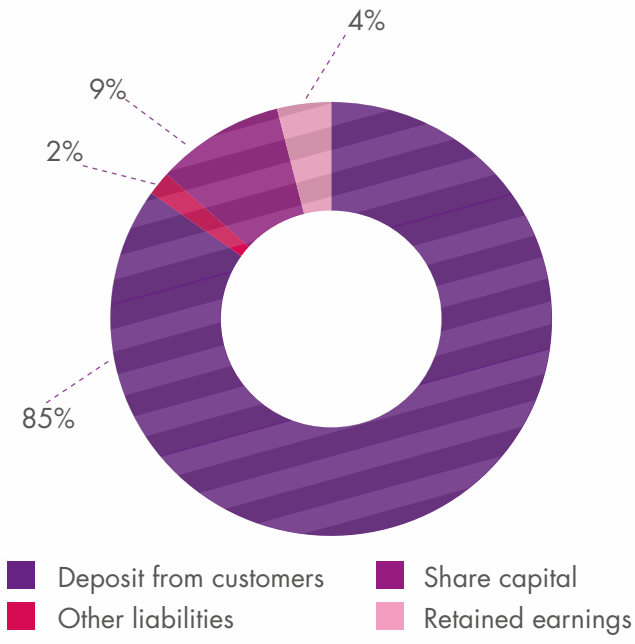
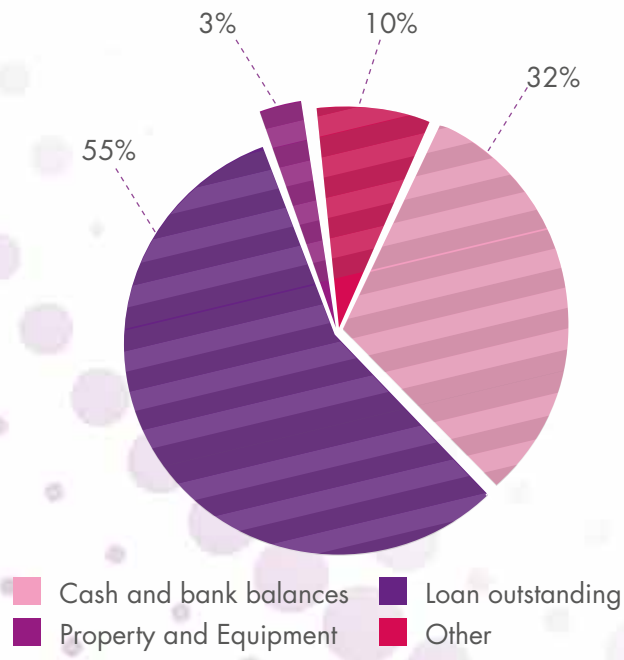
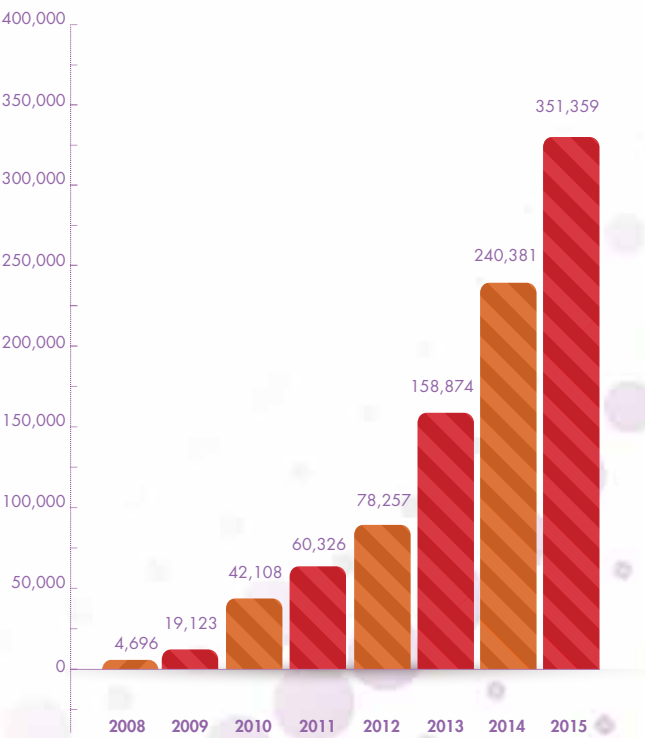
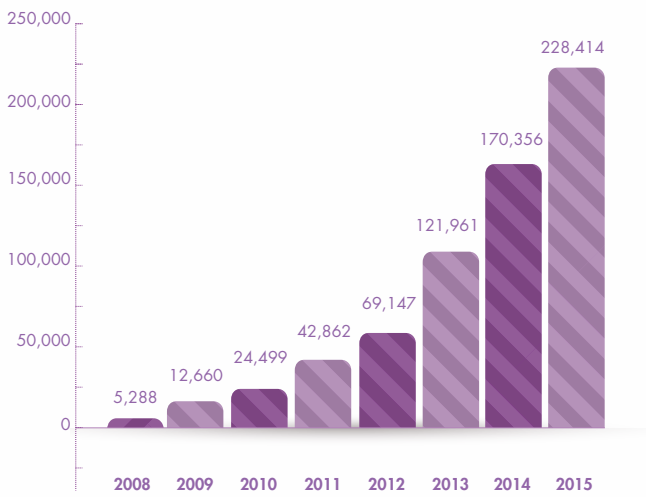
△ PROFIT AFTER TAX (USD'000)
▽ DEPOSITS FROM CUSTOMERS
US\$ 351 MILLION (USD'000)



△ GROSS INCOME (USD'000)
▽ PIPELINE OF TOTAL ASSETS AS OF
DECEMBER-2015 | US\$ 414 MILLION



△ SHAREHOLDERS' EQUITY (USD'000)
▽ TOTAL LIABILITIES AND EQUITY DEC-2015
SHAREHOLDERS' EQUITY US\$ 55 MILLION
(PAID UP CAPITAL US\$ 39 MILLION)



Financial RESULTS

Balance Sheet For The Year Ended 31 December 2015

	2015 US\$	2014 US\$
ASSET		
Cash and bank balances	62,487,036	38,570,127
Deposits and placements with banks and other financial institutions	68,138,750	53,290,000
Loans and advances-net	226,122,681	168,648,167
Other assets	3,946,291	2,622,095
Statutory deposits	38,406,000	23,821,000
Intangible assets	413,692	570,410
Property and equipment	14,582,950	10,079,290
TOTAL ASSETS	414,097,400	297,601,089
LIABILITIES AND EQUITY		
Liabilities		
Deposits from customers	276,040,143	164,261,608
Deposits by other banks	75,319,324	76,119,310
Income tax payable	779,236	1,064,488
Other liabilities	6,728,115	4,319,902
Total Liabilities	358,866,818	245,765,308
Shareholder's Equity		
Paid-up capital	39,000,000	39,000,000
Retained earnings	16,230,582	12,835,781
Total Shareholder's Equity	55,230,582	51,835,781
TOTAL LIABILITIES AND EQUITY	414,097,400	297,601,089

Financial RESULTS (Cont')

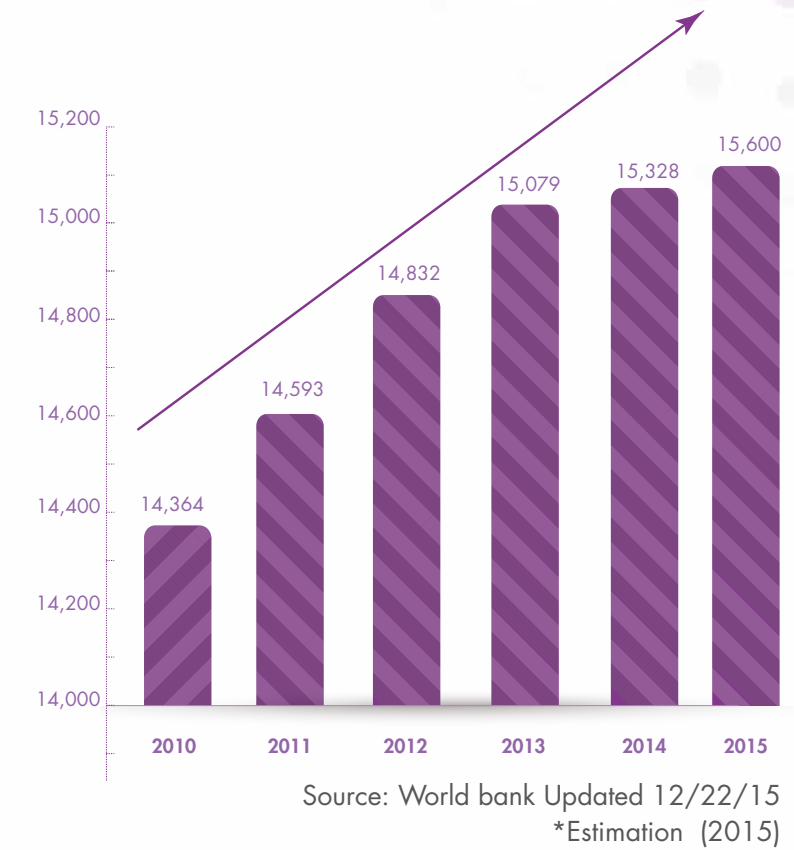
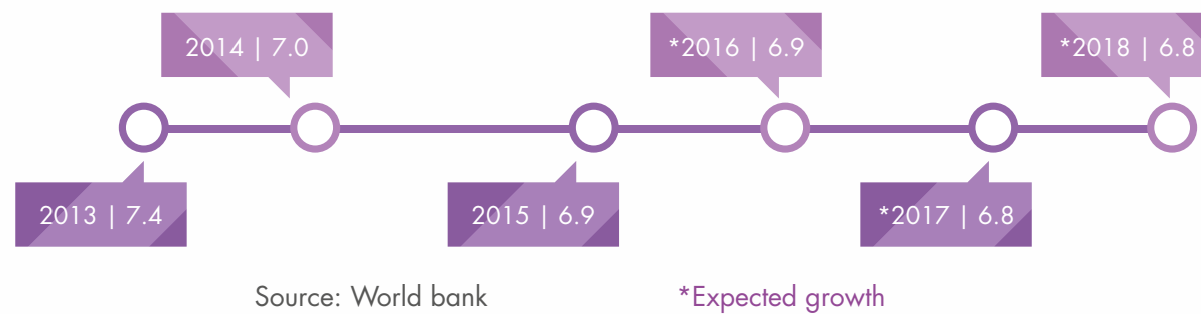
Income Statement For The Year Ended 31 December 2015

	2015 US\$	2014 US\$
Interest income	22,918,887	16,934,925
Interest expense	(11,221,279)	(7,146,629)
Net interest income	11,697,608	9,788,296
Fees and commission income	3,639,418	2,702,160
Fees and commission expense	(57,952)	(18,032)
Net fees and commission income	3,581,466	2,684,128
Other income	88,609	126,069
Total net operating income	15,367,683	12,598,493
General and administrative expenses	(10,368,109)	(6,151,976)
Allowance for bad and doubtful loans and advances	(584,085)	(444,856)
Profit before income tax	4,415,489	6,001,661
Income tax expense	(1,020,688)	(1,258,408)
NET PROFIT FOR YEAR	3,394,801	4,743,253



Cambodia OVERVIEW

"Cambodia continues to enjoy robust growth, albeit at a slightly slower pace....2016 projection for economic growth is about 6.9%" – world bank

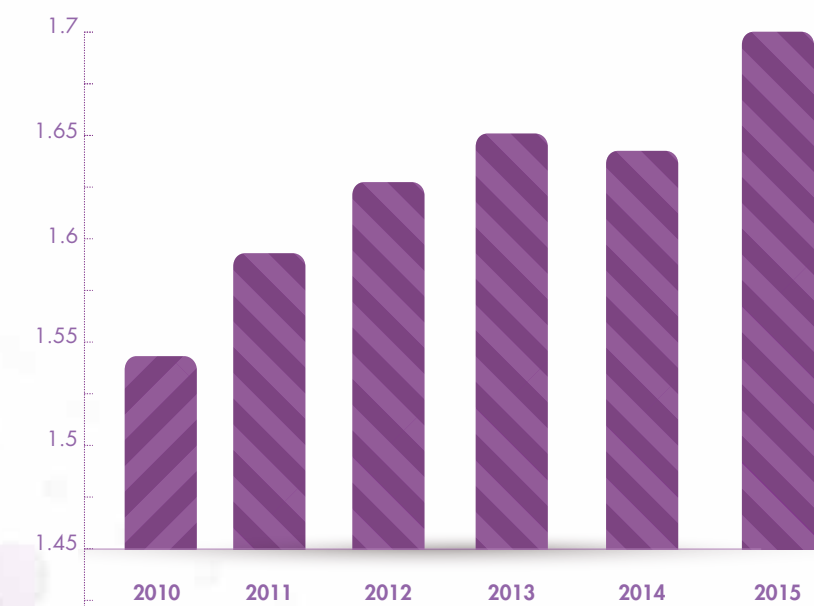
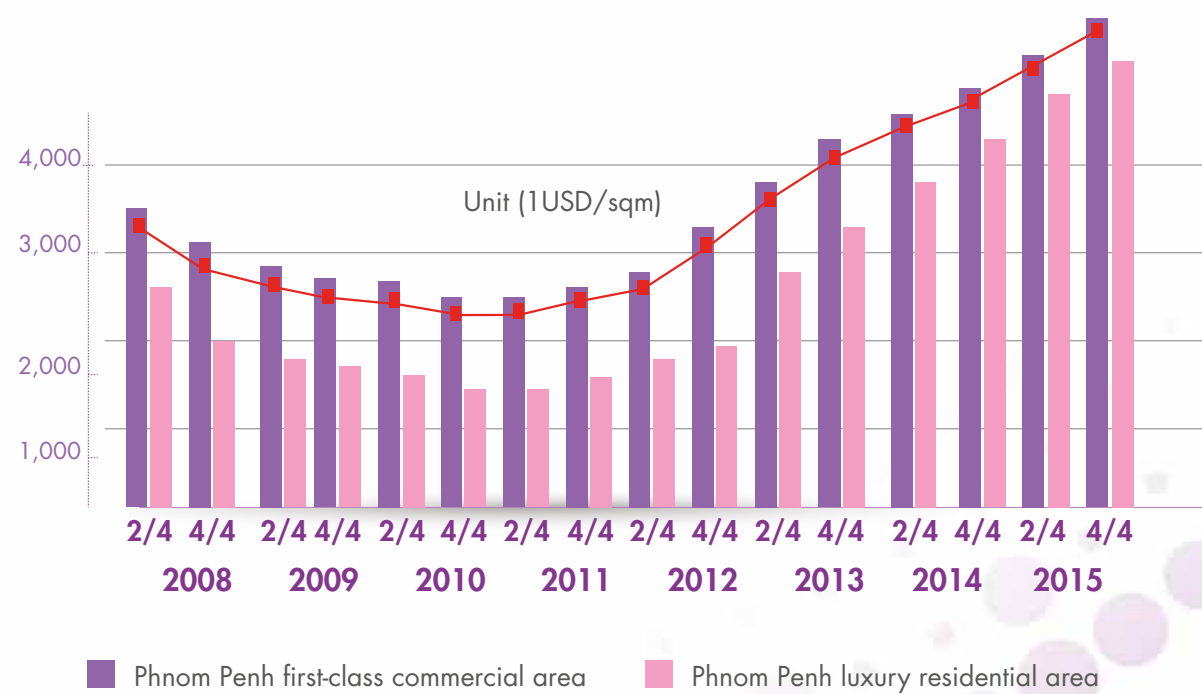


△ CAMBODIA ANNUAL GDP GROWTH (%)

▽ REAL ESTATE MARKET (USD)

△ POPULATION GROWTH ('000)

▽ POPULATION GROWTH (ANNUAL %)



PPCB Overview



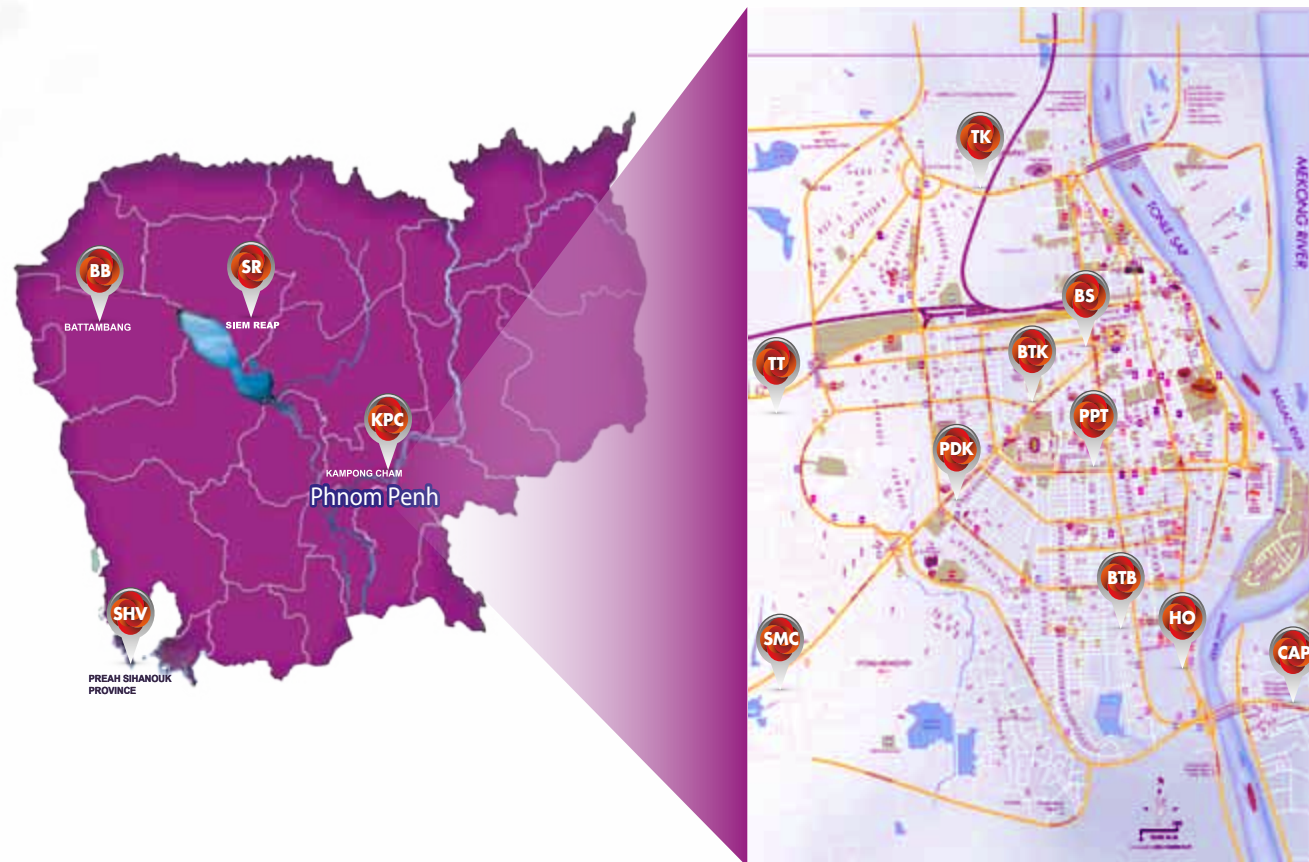
NAME OF BANK	PHNOM PENH COMMERCIAL BANK
Date of foundation	2008-09-01
Industry	Commercial Bank
BOD Chairman/CEO	MR. KIM YANG JIN
BOD	MR. KIM YANG JIN MR. EIICHIRO SO MR. NHAK KIMSROY
Address (Head Office)	N° 217, Preah Norodom Blvd, Sangkat Tonle Bassac, Khan Chamkamorn, Phnom Penh, Cambodia.
Paid-in Capital	USD 39,000,000
Number of Employees	221 (as of December 31st, 2015)
Branches	Total 13 branches and additional 1 branch in preparation



PPCB HISTORY

PPCB currently operates 13 branches nationwide and additional 1 branch is under preparation

BRANCH NETWORK



- ▷ As of December, 2015, PPCB has 13 branches nationwide (10 in Phnom Penh, 1 in Siem Reap, 1 in Battambang, 1 Preah Sihanouk)
- ▷ As of the end of January, 2016, PPCB will have 1 additional branch (at Kompong Cham Province). PPCB will have network in all the major region of Cambodia.
- ▷ PPCB has a total of 20 ATM; 13 onsite ATM (1 ATM at each branch) and 7 offsite ATM (at major popular locations in Cambodia)

No	Branch	Established	Location
1	BTB	2008	Phnom Penh
2	BS	2009	Phnom Penh
3	PDK	2010	Phnom Penh
4	SR	2011	Siem Reap
5	TK	2011	Phnom Penh
6	TT	2012	Phnom Penh
7	BB	2013	Battambang

No	Branch	Established	Location
8	PPT	2013	Phnom Penh
9	SMC	2014	Phnom Penh
10	CAP	2014	Phnom Penh
11	Head Office	2015	Phnom Penh
12	BTK	2015	Phnom Penh
13	SHV	2015	Sihanoukville
14	KPC	2016	Kampong Cham

SR Branch

Siem Reap area is center of business and tourism city. Siem Reap area is full of Shopping Center, Hotels, Restaurants, etc.

KPC Branch

Kampong Cham is the most populous province and the agricultural center of Cambodia. It is a strategic location to be a central transport hub linking Cambodia and both Thailand and Vietnam.

SMC Branch

Steung Meanchey area is one of the prime location in the southeastern of Phnom Penh.

SHV Branch

Preah Sihanouk area is the best street between Preah Sihanouk and other provinces including Kompot, Kep and Koh Kong on the border with Thailand.

Head Office

Tonle Bassac area is located one of the fastest growing location in Phnom Penh. This area consist of residential and commercial buildings including Embassy, Ministry of Interior, etc.

CAP Branch

Chbar Ampov area is the bridge between Phnom Penh and other provinces with engaged national highway, two bridges, and more large-scale development.

BTB Branch

Boeng Trabek area is full of new construction. Many banks open their branches along the main blvd.

BB Branch

Battambang area is the center of business area and also on the border to Thailand. It is one of the strategic area for the PPCB.

BTK Branch

It is located complex business building which is full of trading and investment companies.

TK Branch

Toul Kork area is in the center of Phnom Penh because its prime location.

TT Branch

Teuk Thla area is government's plan to urbanize the city, it is full of new construction of new apartments and market.

BS Branch

It is one of the busiest areas in the center of Phnom Penh. It is easier to discover potential buyer and market.

PDK Branch

Phsar Deum Kor area is one of the populated area and one of the strategic area for the PPCB

PPT Branch

Phnom Penh tower area is full of new construction of shopping center, companies, resident, etc.





PPCB Head Office

ARCHITECTURE INFORMATION

New Phnom Penh Commercial Bank head office has been participated in its spectacular design and renovation by one of the reputable architectural firms in Asia. With years of experience and illustrious achievement, J Partners and Architects' highly-skilled and dedicated experts took great pleasure in being part of renovating the historical structure. Our head office can be described as the place where the coexistence between old and modern are met. The mixture of our old building structure preserved, with the latest technology equipped in term of safety and expediency being accumulated to ensure the highest possibility of convenience is offered to accommodate our distinguished customers, which reflex on our dedication to preserve loyalty of our old customers as well as building trust and confidence for new ones contemporarily. Our head office will be the place where loyalty and further confidence are being extended for our valued customers in a financial sector to aim for the excellences in banking experience.

Head Office Overview

Ownership	
Land	STAR & CRANE CAM Co., Ltd(SCC)
Address	
N° 217, Preah Norodom Blvd, Sangkat Tonle Bassac, Khan Chamkamorn, Phnom Penh, Cambodia.	
Date of Construction	07.2015
Land Size	2,363m²
Building Size	4,644m²

Location

- ▷ Head office is located right across the Embassy of Malaysia on one of the main street "Preah Norodom Blvd".
- ▷ The location is premium place in Phnom Penh where the most expensive housing area, "Borey Chamkamon" and embassy of Japan, Thailand, Indonesia and the Ministry of Interior



Creating and MAINTAINING VALUE



RESOURCE USAGE:

PPCB has always allineated its allocated resources to ensure it has been put into the most effective operation. As a local bank born and emerged in Cambodia, we fully acknowledge the needs and requirements of our customers in banking. We present in a great numbers of products and services to make customers' financial requirements more facilitating. As the bank for creating a bright future for Cambodia, we pride ourselves to make banking pleasant for everyone. With branches we have established in Sihanoukville, Phnom Penh and our newly-built head office, we have effectively moved forward with our aggressive expansion plan to extend our reach to every Cambodian citizens. To ultimately be of close assistance to customers, our products and services are ensured for our diversely demographic customers. With branches across Cambodia, Phnom Penh Commercial Bank and our staffs offer services for individuals and cooperates.

▷ INDIVIDUAL BANKING:

For our customers' personal banking, deposits and loans service can be offered momentarily at any of our bank branches. Customers can enjoy the privilege of time efficiency as they choose our bank to be their financial partner. Our staffs are well trained and monitored under the most effective management team to ensure the services that they have provided are consistently satisfied each and every one of our customers. PPCB's ATMs have been placed in various location to make sure that our customers have an easy access with highest convenience. Our customers can enjoy different services from ATM machines across the city; and they can promptly withdraw cash anywhere with confidences from most advanced technology to ensure that the financial safety is guaranteed at all time. Japan desk, which have previously been introduced, has shown eminent success as part of our banking operation. Our Japanese customers have

Creating and MAINTAINING VALUE (Cont')

enjoyed the privileges of outstanding service provided to them by our professional staffs in both language and banking. After such an accomplishment we have progressed, PPCB has recently launched China desk to facilitate Chinese expatriate's banking experience in Cambodia.

▷ CORPORATE BANKING:

As Cambodia is rapidly growing in its international trade, the previous GDP was finalized at 6.9 % and is still expected to enjoy this prosperous growth at a stable rate, we have identified our customer's growing need for a trusted partner in trading. PPCB has traditionally and previously offered trade finance service to medium enterprises and large corporates. Our customers, who have chosen PPCB as their partner for business, can confidently express their reliance and trust in our service as we have always put priority to be best service-providing bank in Cambodia. Additionally, as we have noticed the unstoppable demand for smaller loan, PPCB has launched a small loan product as of 2015 to attract customers who are using services in Microfinance industry. To expose our potential customers who are currently committed to Microfinance service, PPCB has implemented various strategies to extend the reach of our service to those potential customers to offer them full acknowledgement of our differentiated and outstanding services over other Microfinance Institutions.

DIFFERENTIATION IN MARKET POSITION:

To ensure our customers experience the genuine dimension of excellences and privilege in our service, PPCB has only associated ourselves with respect, reliance and professionalism. We put mandatory of our customers' care and satisfaction to attain strict and dependable relationship with clients. Our professional employees have clear insight of the customer's need and are always there to deal and guide 24/7 relating to their misgivings and concerns over their financial entanglement.

▷ CUSTOMER SERVICE:

Customers, who choose PPCB as their financial partner, have always been granted full access to our 24/7 service and care. To provide differentiated services from others in banking industry as part of our strategy, our employees are professionally trained to deal with utmost respect and confidently dependence for customers. Our employees continuously thrive to lead our clients to only stability, affluent and success in their financial status using deep knowledge of their reliable critical thinking skills.

▷ CUSTOMER RELATION:

PPCB has faithfully professed ourselves to keep professional and dependable relationship with customers. Our employees have always been acknowledged as providing easy service to comprehend with and reliability in guiding our clients to the correct path to their financial goals. Each of our customers are consistently attended to by our selectively high-performed employees to guide them to ensure the continuous improvement has always been applied to their financial status.



Creating and MAINTAINING VALUE (Cont')



MANAGEMENT:

Our management strategy has always integrated the highest standard of professionalism, integrity and ethic to ensure that our customers' and organization's value is at all time appreciated. Our management team has recognized that only effectiveness and professionalism in management under cloudless leadership can contribute the most sustained and prosperous growth. The fundamental aspect of generating high-satisfied organization is the efficiency in our corporate governance. That is why we have not only professionally but also ethically form the strategies of our operation and financial management implementing preferably to safeguard the interest of customers, employees, shareholders and board directors.

▷ RESOURCE ALLOCATION:

To ensure our resources are put to the most efficient and effective allocation, our management team has a constant scrutiny on outcomes and performance of our bank. We have monitored closely the strategic implementation of our business to lucratively perform for our customers and shareholders.

▷ RISK MANAGEMENT:

PPCB has placed center of our risk management. To ensure soundness in our operation, our board of directors are meticulously counseled and guided with professionalism and skills to effectively manage our business risks.

▷ CORE VALUE:

PPCB strongly values TOPTEAM. We thrive to consistently carry out our management and performance via our best ability to content the bank's value.

TEAMWORK

PPCB encourages team spirit; and we promotes strong reliance and solid interdependence of employees within our bank.

OWNERSHIP

Empowering our employees to critically make crucial decision has always been our culture. With indulgence, our employees consistently perform with most satisfied outcome.

PERSONAL EXCELLENCE

PPCB has relentlessly thrived for the highest quality of achievement. Personal Excellence always remains mandatory for our employees to consistently aim for.

TRUST AND RESPECT

Trust has always been placed to ensure that our bank operates with the soundness of reliable environment. Mutual trust between employee and ultimate respects to our customers are densely cooperated in our management strategy.

ENTHUSIASM

With enjoyable workplace and unlimited opportunities to progress, our employees are enthusiastic to challenge themselves to perform their services maximally with highest satisfaction for our customers.

ADAPTABILITY

Changes for the better and aim for the excellence have always been our strength. PPCB embraces innovative ideas to make banking more satisfactory for our customers.

MOTIVATION

Providing the most pleasant environment to work for is what we carry out. In PPCB, we recognize and consistently fulfill employee's necessity to ensure their motivation level is progressively maintained.

SELF ASSESSMENT:

To maintain a sustainable improvement and to ensure that progress has been effectively tracked, PPCB has always deliberately appraised self-assessment in our operation both financially and non-financially. Recognizing it as the first step in our PPCB's journey to effective outcomes, our goal is to select and gather from the most accurate data from our system to make sure that we correctively demonstrate progress toward our mission.

▷ FINANCIAL ASSESSMENT:

For the purpose of our financial assessment, we have determined the progress in our yearly operation based on the demonstration of financial report. Primary aspects are measured such as increasing per cent of our deposits, loans, and other non-interest incomes including trade finance service, money remittance service and Visa serice. We have developed a calculated curriculum to keep track on the financial performance weighing against the actual performance to monitor our progress.

▷ NON-FINANCIAL ASSESSMENT:

We have our board of directors who is tasked to evaluate on the performance and weigh against our strategic planning performance to ensure that we are adequately progressive on line with our goals. We have measured figures and causes of the turnovers of our customers to have a full acknowledgement of our performance. Identifying the causes leading customers to have decided to discontinue their service with PPCB as their partner, and identify our weakness in case the grounds are occurred in our inefficiency of our operation, we can take instant and remedial action to fill in those gaps. The increasing percentage of our customers are too taken into consideration to measure the progressive performance gauged between our dropping customers and the new ones.



Products and SERVICES



▷ Phnom Penh Commercial Bank is proud to present various products and services to our customers to accommodate their financial requirement.

▷ **VISA CARD**
Debit Card
Credit Card
POS
Online Purchase

▷ **TRADE FINANCE**
Document Credit (L/C)
Bank Guarantee
Oversea Remittance

Products and SERVICES (Cont')



▷ **LOAN**
Motor Loan
Small Business Loan
Medium Business Loan
Large Loan
Personal Loan (Rose Dream)
Overdraft
Housing Loan
Car Loan
Import Tax Loan

▷ **DEPOSIT**
Saving Account
VIP Personal Saving Account
Current Account
Fixed Deposit
Installment Deposit
Rose Dream





New Products & Services

New Products AND SERVICES (Cont')

VISA SERVICE LAUNCH:

With a strong awareness of our customers' convenience and safety, Phnom Penh Commercial Bank has recently launched our Visa card as an additional service to our already-existing various products. As of August 2015, both Debit and Credit Visa Card have officially commenced their functional operation for our customers. Visa card enables customers to enjoy cashless payments to the services or products they acquire and it's one of recognized products which is being used worldwide. With our Visa card, valued customers can make cash withdrawals instantly via any ATMs with VISA logo both locally and oversea 24/7; and can be used to make an acquiring for products and services online as well as domestic fund transfer on our ATM. Customers can additionally benefit from a free cardholder inquiry service such as quick and accurate information check, summary of transaction and a monthly end summary statement with zero liabilities on any of our available ATMs.

PPCB VISA SERVICE

PPCB offers our customers with two types of visa cards: PPCB Visa Debit Card and Visa Credit Card. PPCB Visa Debit Card is an electronic plastic card loaded with latest technology based on the EMV (Europay, MasterCard and Visa) to provide protection against counterfeit fraud through authentication of the chip card and is being recognized globally. PPCB has presented two choices of our Visa Debit service; Classic Debit Card and Gold

Debit Card. Our stellar customers can profit from low annual fee rate and can enjoy a limit up to USD 2000 per day for personal usage with our Classic Debit Card. For customers who are keen on differentiation, PPCB overtures with our Gold Debit Card which accredited up to USD 10,000 for personal usage per day with a very competitive annual fee rate. In addition to our Visa Debit Service, customers can also enjoy Visa Credit Service from PPCB. PPCB Visa Credit Card is a secure card which designed with a high-end layer of security organized by the Payment Card Industry Data Security Standard (PCI DSS), and provide security for customers using credit service to operate their banking up to the credit line set by Phnom Penh Commercial Bank. Services include making cash withdrawals from ATM, making goods and services payment on POS terminal, and E-commerce banking are accredited on our Credit Visa Card. The three choices of our Credit Visa Card include Classic Credit Card, Gold Credit Card and Business Gold Card. Customers can enjoy up to an amount of USD 250 to USD 3000 and USD 3000 to USD 50,000 on the bank's credit line respectively on our Classic Credit Card and Gold Credit Card. For business purposes, our Business Gold Card also enables customers who are carrying it to enjoy the limit up to USD 50,000 for their business expenditure. Moreover, Our customers can enjoy unlimited period of discounts at our various cooperated business venues when making purchase through our Visa Card.



New Products AND SERVICES (Cont')

CHINA DESK LAUNCHING:

The China Desk has been officially launched by Phnom Penh Commercial Bank in June 2015 to attract the growing demand of financial services of Chinese residents in Cambodia. Recognized as one of the largest investors in Cambodia, Chinese among other investors has pumped over USD 2.87 billions into Cambodia economy for the first quarter of 2015, a staggering 573 per cent increase from the same period previous year, according to the date released by the Council for Development of Cambodia. The figures have been estimated to grow drastically more as the sectors like agro-processing, assembly plants especially constructions and services are still relatively striking to the Chinese investors. The China Desk has been launched to facilitate and provide full assistance in the business trend and personal financial needs of our Chinese customers who demand a best-service providing institution in Cambodia. Our highly-skilled employees with ability to interact effectively in a native Chinese language have accommodated full services with full satisfaction to our Chinese customers in banking specialties include deposit, loan-providing service, oversea fund remittance and trade finance service with professionalism and integrity. Within two months since a launch, our

China desk has executed at the highest successful rate and remains to be one of our most successful services in our bank's operation.

SMALL LOAN PRODUCT LAUNCHING TARGETING MICROFINANCE CUSTOMERS:

A growing need for small loans of customers in Cambodia has dramatically increased due to the rising in medium class customers. Small loan has become the fastest growing trend and is often provided by Microfinance institutes. PPCB's small loan product has been officially launched in third quarter of 2015 to carry out such demanding services to our customers nationwide. Our small loan products has offered customers with a minimum amount USD 2,000 up to USD 10,000. The differentiation using small loans at Phnom Penh Commercial Bank will grant our customers the convenience, time efficiency, dealing lenience and privilege services.



Products and SERVICES DEVELOPMENT

To make our banking more time and resource efficient, our products development team has consistently working to create a more satisfied experience for our customers. Notably each branch of PPCB has severed numerous customers daily, and our queue has yet become adequately competent to serve our customers with the most time efficiency. Frequent transactions carried out in our banks are cash deposition and funds transfers. Thus to make it effortless and unproblematic for customers who want to do cash deposition, our teams are working to bring the additional functions to our already-existing functional ATMs. Our latest technology on ATM will offer customers to do self-service in cash deposition and fund transferring to other domestic bank accounts.



CASH DEPOSIT ON ATMs:

Conventionally, depositing cash into bank account can be a tedious affair for our customers as it has to be done within the banking hours; and customers have to fill up a deposit slip and stand in a queue. To make the cash deposit process more flexible and convenient, PPCB will introduce Cash Deposit on our ATMs and is planning to expand our availability across different locations to encourage electronic cash deposit, without the assistance of banking personnel to our customers. ATM cash deposit self-service will

enable our customers to deposit the fund into their bank accounts without having to queue to be served at our counters. It is a service that customers can enquire at any PPCB ATMs, and customers can conveniently deposit funds into their banks account without having to come to our branches. Our ATM cash deposits will be capable of counting the accurate amount of customers' cash and will be credited instantly into their accounts. Customers can enjoy full safety and reliance on self cash deposit on our ATMs as they have zero liability.

FUND TRANSFER TO OTHER DOMESTIC BANKS ON ATMs:

Traditionally, our customers who are seeking to do fund transfer to other domestic bank accounts are required to fill in forms and waited to be served at our counters. Noticeably our bank has seen an increasing amount of customers who have come to branches to make fund transfer for personal and business reasons to other domestic banks. To facilitate their hectic schedules, our teams are working to look for the most effective alternative including fund transfer on our ATMs, which enables our customers to make payment or transfer the fund to other domestic bank accounts electronically. With easy and instantaneous access to any of our available ATMs, our customers can make transfer as needed to the third parties who do not necessarily have to have accounts in PPCB. Our newly-extra service will be capable to make transfer to all banks domestically in Cambodia for customers. The service will be reliable and time efficient for customers to enquire with a very cost efficiency incontestably.



Customer's SATISFACTION (MAINTAINING)

Phnom Penh Commercial Bank has identified that only putting our customer's satisfaction priority is the solitary approach to ensure our sustainably matchless growth. Over the years, PPCB has doubled in its assets and numbers of customers. The double-digit percentages of growing customers reflect a strongly effective implemented strategy by our management team. From time to time, we have recognized concerns in Cambodia banking industry as a mediocre service providing intuition, Phnom Penh Commercial Bank has expressed a great interest to capture this opportunity to make a banking experience more engaging and more enjoyable for everyone. Our management team has foreseen that in a financial growing market as Cambodia, only the most effective approach in the organization to ensure the most upward performance to comply with limitless demands of customers, can persevere in this competitively challenging market. From the selective stage to the operational stage of our employees, our strategy has always been incontestably marked our goal clearly to ensure that our customer's need of our outcome delivery is satisfactorily effectuated at all time.

OUR CUSTOMER'S COMPLAINTS ARE LESSONS:

Knowing that our customer's unsatisfaction is our main business exterminator, PPCB has recognized and taken into deep consideration of all complaints from our customers. Some banks may accept the fact that there is no such thing as perfection; but PPCB often viewed it as an opportunity to grasp. We know that excellence is the only consistent thing that drives our business to withstand its position as one of the best-service providing commercial banks as of today. Complaints from our customers are contoured as our most engaging mentors; and we relentlessly look for alternatives to ensure that our service performance is continuously improved all the time. Taken into discussion of all unsatisfied services and errors, our management is consistently training and developing our employees to ensure that those errors that lead to the unsatisfaction are no longer recited. PPCB has always given opportunities to our employees to learn from their mistakes and correct their performance to make sure they can achieve highest performance persistently. Accountability of action has pushed our employees to limitlessly improve their performance and make certain that all of our customers, which are served by our highly-trained employees, are given privileges of our services.

Customer's SATISFACTION (MAINTAINING) (Cont')

BUILDING OUR CUSTOMER'S LOYALTY:

Customers who are being served by PPCB have always expressed their confidence and closeness. Our employees are engaged with our ambassador training program to have a clear concept of the relationship building. Our employees have so far performed effectively in practicing their skills and knowledge through our customers. Moreover, our top level management teams including our directors have also expressed close engagement with all of our customers. Our customers can be satisfactorily assured that they have had full assistance from everyone of our bank's employees. PPCB has never lost track of our customer's traditional special occasions. We have always ensured that in any occasions, that are important to our customers, are also important to us likely. To be part of our customers in celebrated occasions, PPCB has always presented our stellar customers with specially considerate tributes according to the tradition and cultures. To be part of our customer's lives in difficulty and success, PPCB has established this practice and performed it with highest thought.



Customer's SATISFACTION (MAINTAINING) (Cont')

KNOWING OUR CUSTOMER'S EXPECTATION:

Having deep insight into our customers' need and demands has always been our strength. Our employees are trained to make an effective observation of our customers, and we have developed an idea sharing system to give employees full access to open their thought and share their experiences of what customers seek, to lead their banking experience to higher level. Phnom Penh Commercial Bank has always offered the most competitive cost and time efficiency to our customers as we know from our customer's perception that efficiency in time and cost has the most appreciated value. Moreover, our marketing teams are relentlessly working and evaluating the market demand to ensure that our products and services are consistently fulfilling the needs of general citizens. We extended our reach to every place in city and countryside to have a full acknowledgement of what our potential customers need in order to make their financial lives better. Our close engagement with every citizen has granted us the most up-to-date knowledge of what the most suitable products and services should be offered to facilitate the banking experience of Cambodian people and extend it to further level of confidence and convenience.

MONITORING OUR CUSTOMER'S SATISFACTION LEVEL:

To survey effectively our customers' feedbacks, PPCB has offered our customers a mixture of channels. With most convenience and effortless access, customers can share their feedbacks via our developed customers' review form. Maintaining accurateness in collecting the relevant information related to our performance, management

teams work closely with each department to monitor and make a decision on which relevant aspects should be taken into account to measure the level of our customers' pleasantness with our service. Our team developed the internal-wide system that enable employees to log onto and place anonymously the gathered information. The system is screened strictly under our human resource department to verify that all providing data is rational and reliable. To further achieve the conveniences for our customers to share their perception of our service, they can enjoy a fast and easy rating system provided in a variety of branches of our banks. Customers can express their view without restraint after having been served by our employees. Once our employees have achieved the expected performance, we have identified and praised their efforts putting into such achievement. In case the measurement results lower than our expectation, our employees are tasked with an assessment for improvement to ensure our service can continue to be offered at the highest standard in banking sector.

CONTINUOUSLY PLANNING STRATEGIES TO MAKE PROGRESS:

Once all the surveys have been completed and our satisfaction level of the customers has been decided, in PPCB, we task ourselves with the most vital guiding principle which is to take into the accountabilities of our overall performance and considerably plan the

applicable strategic implementation to ensure that the underperformance in our services has been successfully fulfilled. Every department is required to closely supervise their underperformance and indentify the key challenges employees under their supervision face that leads to those unsatisfied performance. Once we identify the roots of the causes, as a team, we manage to cope with those issues by team brainstorming. As soon as the most applicable resolution have been decided, our management team will endow with the vital training and preparation for our employees to ensure that they can well manage to apply those concepts into reality, to effectively make changes and progresses in their performance to our customers.



EMPLOYEES



Promoting a friendly-environment ORGANIZATION

PPCB strongly recognizes and believes that working in a friendly-environmental organization is the core aspect in continuously generating an outstanding performance within our organization and to our stellar customers, who always put a genuine and faithful reliance in us. We have given substantial of cogitation and determination to ensure that employees are assured our workplaces provide one of the finest environment to work for in banking industry. We resolutely endorse a positive attitude within our organization to consistently make our workplace gratifying, which can translate into willingness of our employees to dedicate and to eagerly serve our customers satisfactorily as a reflection of how our dedicated employees are being valued. From the top management level to the operational level, we strongly believe in respect and trust in each other. Every opinion from any level of our employees is perceived vitally as we consistently carry out with our internal slogan "Everyone matters; and every opinion counts". Being treated and listened to fairly well, our dedicated employees can confidently express their perception that we are one strong and united family unified by ultimate trust and unconditional respect toward each other. By operating this way, we are believed to have the most effective connection on our employee's personal level. Our employees at every level can conveniently develop bonds and trust with their fellow co-workers. We also do encourage our employees to learn about their colleague's objectives and goals. By encouraging them to do so, employees can comfortably bank on and assist each other in a very promising manner to accomplish their individual goals as well as the organization's achievement wholly. This is also believed to have a strong ramification to foster a merry workplace environment in the most effective way. Building relationship outside workplace is also persuading to our employees. Our company provides regular dinner events after work to ensure that our employees have adequate quality time aside from work to interact closely with each other. It is to strengthen their relationship so that they can comfortably perform the tasks with each other. We fully reckon that our organization's atmosphere is a very auspicious environment and often praised by our talented employees as an ideally impeccable workplace to joyfully employ in.

- ▷ Promoting a friendly-environment organization
- ▷ Human Resource Management
- ▷ Building Team & Corporate culture within the company
- ▷ Employees Performance Maintenance & Evaluation
- ▷ Strategy to continuously motivate employees



Human Resource MANAGEMENT

Phnom Penh Commercial Bank always recognizes a cruciality of the human resource management. We have always implemented the strategies that prioritize the management of human resource as we know it plays a mandatory role in our bank's challenging performance and sustainable growth for our prosperous future. That is why our human resource management team's fundamental duty is to carefully select, recruit and give the necessary training as well as develop our employees to the very best of our management ability to expose maximally our employees' potential and to maximize our organization's efficiency. We always realize the greatness of a human's potential that is why our human resource management team consistently believes in a saying "The human's potential is so great that is why we have the Apollo to reach for the moon." By exposing and providing the opportunities to our employees to explore the limitlessness of their potential, our employees are chronically motivated to learn and train to fulfill the intensity of their boundless curiosity to ensure the exquisite performance and service are splendidly granted to our distinguished customers. Our human resource management team always conscientiously and ingeniously presents various approaches to promote the corporate culture that aligned with the interest of our employees and the continuity development of our employees with the best of our feasible capability.

EMPLOYEE RECRUITMENT AND PLANNING:

Our human resource management team is consistently working to ensure that the talents and most applicable candidates are fairly selected to be part of our organization. PPCB's HR management team prided us with highly-skilled individuals that they have attentively chosen to serve our customers and to contribute to the effectiveness of our performance in this rapidly changing world. We have scrutinized the effectiveness of our recruitment process greatly to ensure that our intended talents, who wish to be part of our organization, have a sufficient access to us. PPCB has over the years successfully recruited and retained the highest number of highly skilled and professional employees with tremendous ethic and loyalty to the company as well as our customers.

REWARDS AND COMPLIANCE:

As one of the fastest-growing banks in Cambodia, PPCB knows that the standard and quality compensation is one of our most recognizable image to the public. We are making sure that our established policies have been implemented shrewdly to maintain a competitive advantage within a related sector as we fully understand the concept "Quality comes with price". Fair compensation and benefits are provided to every one of our employees based on as our evaluation from the results of the customers' satisfaction and our employees' business performance to the organization. We have integrated it as our organizational spirit to continuously reinforce our employees' performance to serve customers with highest service provided in a banking industry.

Human Resource MANAGEMENT (Cont')



DEVELOPMENT AND TRAINING PROGRAM:

Our management team of human resource department strongly perceived the ability development of our employees. We have relentlessly planned programs to ensure that our employees always have sufficient opportunities to continuously develop themselves personally and professionally for the greater good of themselves as well as for the organization. Job rotation program has always been appraised by our employees as a crucial and effective method to ensure the sustainability of our employee's constant self-development. We do not believe in monotony of work which can believably demotivate and barricade the numerous potential of our greatly-challenging employees. Employees in our organization as usual have a bright perspective of functions and work of each department within so they can always assist and support each other very efficiently. Our organization's culture also incorporated system which develops a storytelling program for our employees. This has recognized and enabled our employees to proudly inform their colleagues of their achievement so that they can consistently push their colleagues to higher performance by entrenching admirable example and real life accomplishment. By integrating such a system, our employees can feel deeply the mindset of tight-knit toward each other within the organization as they can share, care and support each other. Our management resource team has a strong faith that when people work for the better of people they care for, they usually do it with love and dedication.



Building Team & Corporate culture within THE ORGANIZATION

Team building is always a valuable aspect which our management teams have deliberately and concernedly attended on. Developing the bonds and trust amongst our employees as well as management level has always been viewed as one of the most important aspects in improving our corporate culture and the performance of our organization. With trust, our employees can confidently express their reliance and faith in each other as well as organization. The culture of Phnom Penh Commercial Bank urges its employees to promote trust and honesty as we considered it a fundamental element for our family to coexist sustainably with each other. Every fellow employee that our management team have selected, to join us has always aimed to stay with us for elongated time. We have continuously developed various strategic activities to carry out in order to effectively promote the spirit of team work to integrate it healthily into our corporate culture within our organization.

BUILDING TEAM:

Phnom Penh Commercial Bank consistently keeps our communication lines open to ensure that our employees can interact conveniently and reliably to perform the tasks harmoniously and to promote the common sole purpose of our organization, which is to provide excellent service to our customers. We recognize that to be a best service-providing bank to the customers, the management team cannot carry out every key function and task apart from the lower level of employees but to recognize the affinity. As a team, we dedicate together to ensure the highest quality of service for our customers. Bringing our employees closely is essential for generating a high-performed culture within our organization. PPCB has

implemented various outdoor and indoor activities to keep the tight-knit interaction of employees as well as our management levels. By giving our employees adequate time to be in sync with each other, we strongly believe they can pleasantly adapt themselves to work harmoniously for the beneficent outcome of the organization. Sporting activities are commemorated occasionally and are eagerly engaged by every department and every level of our organization to ensure the effective team building within our organization. Building an engaged organization has resulted us with abundant of improved achievement of our employees that leads them to perform their duty well under team work. PPCB always recognizes the engenderment of effective operation when our employees perform harmoniously and selflessly for their team. Great efforts are put by our management to ensure that the team spirit of PPCB always stands priority within our culture. Annual dinner is without doubts provided to our employees as a matter of our consistent practice. By recognizing our people's different needs in our diversified demographic employees, we encourage our employees to preferably make their own decision of corporate dinner and we make sure the environment is perfectly suited for our employees to bring their family as we encourage love and care toward each others in our organization's culture.

BUILDING CORPORATE CULTURE:

Reinforcing our organization's corporate culture to make sure it is aligned with our vision, mission and core value has been compulsorily centered by our team. To ensure our developed and implemented strategic actions have properly been allineated with our objectives for

Building Team & Corporate culture within THE ORGANIZATION (Cont')

sustainable growth, we assure that transparency of our objectives and culture has the maximum exposal to each of our employees. By having deep-rooted knowledge of the direction and characteristics of our organization, we believe it is an integrated component as well as the most effective guidelines to path our employee's performance productively and persuasively to reach PPCB's objectives and goals, which are to provide our customers excellent and most satisfied services in a commercial banking industry. Transparency, as we believed, also bring closer interaction to our employees. By being opened and shared as we possibly can, our employees can continually feel adjoining and part of us at all time. Consistently effective communication, as a matter of fact, is one of the most critical tools we have always carried out to build and reinforce the corporate culture within our organization. We keep consistent communication to our employees to be certain that every contribution from our employees to the organization has been acknowledged and appreciated all time. Success is usually celebrated in the favor of our employees in PPCB. We praise our employees and recognize the success they dedicate to achieve; and we consistently reward them to ensure their determination to perform is continuously encouraged. In contrast, in our corporate culture, the wrong behavior or performance that is contrasted with our corporate culture and objectives are censured. PPCB has always intended to make it clear that the wrong behavior, which is not alienated with corporate culture, is not tolerated and it consistently become certain to our employees to disregard such points of views. For our employees with different viewpoint, we constantly educate them to instill the necessary knowledge of our corporate culture of mission, vision and our core value to demonstrate them why it is crucial to our organization so that they have the ability to bring changes to make their performance back on track according to PPCB's goal.



Evaluation And Performance MAINTENANCE

PPCB has always made certain that the necessary strategies have been implemented and effectively translated into action to evaluate and measure the performance of our staffs in order to maintain our customer's satisfactory level as part of our organization's core value. Our management team has carried out reliable and effective methods to ensure the accurateness of our employee's performance appraisal. We have perpetually been aware that our performance consistently need further improvement in order to raise our standard to exceed our customers' excellent service



(Staff Oversea Trip, Korea)

expectation, who put unlimited faith in us. Our boundless efforts to evaluate and maintain our standard of service offered to our customers is to ensure that all of our customers are provided with distinguished service so that they can maintain the competitive advantages when choosing our bank as their choice. Feedbacks from our customers are consistently analyzed and studied by our management team to make sure any loopholes of our service have been attended to promptly. As part of our strategy, we make sure our core value of TOPTEAM is being effectively and accurately performed at all time.

EVALUATION:

Management team in Phnom Penh Commercial Bank has developed and enrooted the 360 degree performance appraisal as main aspect in our employee evaluating program, as we believe it is one of the most competent procedure to ideally perform in this drastically-changing business environment. To position ourselves among the top 5 banks in Cambodia, we consistently acknowledge

that our customers' expectation should always be exceeded at all time. With our 360 degree performance appraisal, we enable every level of our employees to receive relatively fair assessment from every angle. From operational level to top management level within our organization, employees are given opportunities to equally assess each other's performance to ensure the most efficient and effective functionality of our bank. Under the 360 performance appraisal, sufficient and precise information is taken into account so that our employees can effectively map out their career goal and improvement, promotion decision and especially training plan based on those collective feedbacks. The procedure of the evaluation of our management team comprises of four integral aspects including self evaluation, superior's evaluation, subordinate's evaluation and most importantly peer's evaluation. By doing so, our employees have full transparency and have full knowledge of how their evaluation should be assessed so that they have ample period to make decision on the target of their

Evaluation And Performance MAINTENANCE (Cont')

performance with the management level. Employees' opinions to decide on the expected target to ensure the reality of organization's objective is crucial for our management team as we believe in empowering our people. After the evaluation, our employees customarily strengthen their self-development to further increase their awareness to perform greater and more satisfied services for our customers. In addition, most employees often feel motivated by the appraisal of their peer and their managers' encouragement. This has affected substantially in our workplace environment; and our employees are consistently satisfied to perform all their duties and responsibilities with great dedication to ensure our service for customers are performed with sincere integrity.

PERFORMANCE MAINTENANCE:

Performance maintenance has always been positioned as our most valuable foundation and our competitive advantage to sustain our excellent performance and services for our customers. PPCB implements various influential strategies to ensure that the excellent performance and services of our employees are maintained consistently from time to time. One of the other key functions of our human resource management team is to observe the level of our employees' performance and implement the necessary strategies to assist and conserve our excellent services. Satisfied compensation and benefits are placed for our employees to consistently



aim for the excellent service performed for our customers. Aside from numerous benefits we have indulged our employees, our management team also set up usual workshop which allows our well-performed employees to demonstrate the desirable outcome of their commitment. By recognizing their excellent service that has been performed, our employees can express consistent pride and confidence as a fine role model of the organization to continuously perform superiorly to sustain their achievement and as well to motivate their colleagues to pursue the success that has been praised in our internal culture. Staff overseas trip is also arranged for the top performers. We believe that business trip that has been planned for our top performers has given diversely abundant privileges to them. Being chosen for overseas business trip has enabled our employees the time to build further relationship amongst themselves and to captivate the great perspectives from advanced commercial bank abroad, which allows them to adopt those beneficent concepts and employ them for the greater development and improvement of their performance and the performance of the organization to ensure the quality and immediately prior to effective service for our customers.





Strategy to continuously motivate employees

Keeping our employees consistently motivated is PPCB's crucial duty to ensure that we can always position ourselves as one of the best service-providing commercial banks in the region. Realizing that only the motivated employees are able to perform and provide excellent services, our management team has invariably and relentlessly refurbished strategic procedures and action to make sure that our employee's motivation is maintained and encouraged at all time. PPCB has recognized that our employees are always the most valuable asset and managing them well is certainly the fundamental strategy to ensure the effectiveness of our bank. The only constant thing that drives success to our banking operation is contributed by majority of our employee's motivation. To sustain such an insatiability of our strength to accelerate our customer's increasing value; PPCB has always attentively designed and placed effective methods for motivating our employees.

RECOGNIZING THE BIG PICTURE:

Encouraging and clear definition to assist our employees to have a full perspective of our bank's big picture has always been a key motivator to sustain our employees' performance. Keeping our employees constantly acquainted of our objectives can ensure they have the aptitude to acquiesce our bank's "Big Picture". Our management team also acknowledges the inseparable closeness of our employees to work and to serve our customers, we believe that by encouraging them to harness their self-direction and preference to achieve our bank's goals and objectives is more effective at a greater level than conscript our employees to follow our guidance as the only approach. Abject is our main concern; and by empowering the flexible and proffered approach to adopt, we have been resulted in great achievement and great satisfied feedbacks from our customers.

ELIMINATING THE NEGATIVITIES:

Negativity is a main motivation killer. To ensure that the negativity does not regiment in our working environment, our management team has put priority of the peer encouraging approach. When our employees have difficulties or any obstacles that barricade them from performing their duties effectively, we always study their difficulties from their position. Listening and assisting them in any ways we can, our employees can securely feel they are supported by our management in PPCB. In addition, peer encouraging also has consequence in building a positive attitude toward our employees' performance. Our employees are also strongly supported and assisted in dealing with the obstacles they may have to face in their job as PPCB has spared no extra efforts in building good and strong relationships between our employees. Being in a supportive and encouraging atmosphere, our employees have undoubtedly fulfill their duty to the very

best outcome; in addition, they consistently feel proud to be in a winning team and being appreciated that their accomplishments have been honored. In PPCB, we do not tolerate the attitude of talking down or condemn our employees in case of their misapprehension of the tasks. Every level of our employees is tasked with providing the necessary assistance any way we can as we know everyone makes mistake at some point, so together we can build affirmative and ideal working environment for everyone.

FULFILLING CAREER GOAL:

PPCB believes in a contribution, dedication and determination of our employees to progress themselves personally and professionally. Our management teams carefully monitor and take into consideration of our employees who achieve high performance and wish to further challenge themselves to more responsibilities. We measure conscientiously their ability and willingness to ensure more relevant tasks are properly assigned to them. This way, our employees have been exposed to infinite opportunity to keep challenging themselves and be recognized by our management. PPCB also makes sure that our challenge-seeking employees have been properly and effectively train to handle the tasks and responsibilities that are newly assigned. By preparing and providing the compulsory resources to our employees, their performance will certainly contribute a highly satisfied performance. We make sure that employees, who have the skills and expertise that generate high achievement for our organization have always been noticed and praised to ensure their career goal is being consistently fulfilled. Our employees have over the years built loyalty and continuous motivation in the bank. Their dedication and desire for success have always been encouraged by our organization.



Social ENGAGEMENT

As a local cooperate, PPCB always recognizes the importance of contributing back to the society to make Cambodia a better place. Aligning with our organization's culture in assisting those who are in need, we rooted deeply ourselves into assisting our community to the furthest of our reach. The management levels of PPCB strongly believe in raising social consciousness and awareness of our employees by integrating in our corporate culture to ensure that our bank can prosper in a sustainable society that we all share. Contributing back for the social needs has given us honor and pride to abet those who are in need in a most respectable manner. We have always taken beholden pleasure to do our part for the our society.



EDUCATING YOUNG GENERATIONS:

Education is always recognized as priority for the prosperity and flourishing of Cambodia, we are honorable to ceaselessly contribute to the education of young children of Cambodia. Our employees in Phnom Penh Commercial bank have devoted their valuable time aside from work, to enlighten as well as bring the necessary skills and knowledge from their profession to educate the young children. Their sole purpose is to demonstrate the essence of education for the society and the personal growth. Aside from bringing the young generation the knowledge, PPCB has also given the young children opportunity to come for

educational visits to our office so that they have better perspectives of real life experiences in how their learnt skills and knowledge are conclusively contributed back to the organizational growth as well as for the prosperity of the society as a whole. The students of Preak Long School are invited to our bank so that they have the opportunity to experience a working environment in a commercial banking industry. We believe it will certainly be a key motivator for them to keep pushing forward with their education to become a professional and ethical citizen in the society, especially for those who are fascinated in growing professionally in a commercial banking sector. Our attentive employees have carefully demonstrated about the functions and responsibilities of each department and how it is crucial to our operation. The visit has assuredly been advantageous for the children; our employees have dealt with great beatitude of the children's curiosity and their eagerness to learn. After a joyful visit of the children, we have parted them with packages of gifts which we believe it is a useful resource to their education.

Social ENGAGEMENT (Cont')



FUNDING SCHOOLS:

Phnom Penh Commercial Bank is proud to be able to make changes for the better of Cambodian children's lives through our school funding. PPCB has made contribution over the year to fund the schools in Kampong Thom Province, which need immediate assistance financially to further support and accommodate the students. The school has suffered from lacks of building to house the overload student who are hungering for education. As of 2015, Phnom Penh Commercial Bank is proud to make an announcement that we have executed substantial contribution to the schools in Kampong Thom province. The distributed amounts are put into building classrooms and libraries to accommodate the accumulated demand of the children for learning. The students are grateful to have been sponsored by the bank and eager to learn new things to grow themselves into outstanding citizens of Cambodia.



Social ENGAGEMENT (Cont')



CHARITY EVENTS:

The charity events are frequently carried out by Phnom Penh Commercial bank to cooperatively organize fairs, fun and educational activities from differently selected orphanage. Twice a year, PPCB has partnered with non-profit organization to establish a fair or charity events by funding the occurrence through our donation. Moreover, PPCB has often received charity from our valued customers and employees as they wish to be part of anticipation to endow the orphans with enjoyable and pleasurable charity events. We are deeply thankful for the utmost generosity for the contribution which we believe to inexpressibly grant the orphans the most immense excitement. Orphans are given opportunities to experience amusing fairs that are organized with full of leisure and knowledgeable activities with our employees. Food is overwhelmingly prepared and gifts are usually presented to ensure that the children can fully experience delightfulness. We believe it will help to continuously motivate them to dedicate in their learning to ensure the future prosperity of Cambodia.

Social ENGAGEMENT (Cont')

DONATION TO UNDERPRIVILEGED FAMILY:

Decades of devastating war have left numerous Cambodian families in poverty. Unfortunate accidents have caused some fateful breadwinners to be incapable of performing duties to earn adequate income for their families, thus some of them have lived under poverty line. Phnom Penh Commercial Bank has put sturdy mind on giving assistance of our capabilities to make their circumstances improved. Over years, PPCB has made a distribution directly and indirectly through the national bank of Cambodia to ensure that we have assisted those who are in need of our assistance with the highest of our aptitude. Abundant underprivileged families' situation in rural areas or urban areas has been improved; and they have been given opportunities to get back on their feet with our assistance. Phnom Penh Commercial Bank's employees have keenly volunteered their time and have always been eagerly and actively engaged in our quarterly donation program to reach out to help those who still need assistance. Together PPCB and our employees share the identical vision which is to be part of our community and to make Cambodia a better place.



Short Term and Long Term Plans

2016 - 2017

Phnom Penh Commercial Bank grew with the most exceeding expectation since our establishment in 2008. With this solid growth that we have achieved and continuous increasing numbers of our customers have embarked on using the services, our plan is to keep expanding to broaden our reach to our customers nationally.

OPEN KOMPONG CHAM BRANCH:

Resided by over a million people, Kompong Cham is one of the biggest provinces in Cambodia. Recognized of its great source of land for the rubber plantation and production, this economic province is demanding significantly of a great financial partner. PPCB Kompong Cham branch has been established and planned for an inauguration in 2016 to ensure that our service can be sufficiently comprehended for our customers in Kompong Cham through our accessible branch. Our Kompong Cham branch will be part of our expansion plan to complete our nationwide network throughout the country. The branch will be providing full products and services to customers in Kompong Cham to facilitate their financial needs and enhance the commercial banking experience in the province.

OPEN TOTAL OF 4 NEW BRANCHES IN PHNOM PENH:

To promote strong amenities and enhance our customers' expedient access, Phnom Penh Commercial Bank plans to add four more branches within the capital city to our operation. Since our branches have been massed with numerous customers daily, PPCB recognizes the necessity to further establish branches to enhance our operation services and conveniences effectively for our customers. With more branches located in every accessible area, our customers can enjoy effortless visit to the closest network available that we have provided.

ACQUIRE POS AND ATMS:

POS service is utilized worldwide for a comfy and quick payment of services and products. Customers can enjoy quick and reliable payment using POS service. POS is applicable to a retail shop, store, the cashier counter in the store, or a location where transactions can be made through the available POS machine. Identifying the hectic schedule of our customers and people in Cambodia, Phnom Penh Commercial Bank's plan to acquire services is to make everyone accessible to such service to improve the effectuality of payment system in the country. Our customers can benefit from the flexible and speedy payment made when purchasing goods and services. PPCB's available POS service will also be offered in full range to everyone yet our customers will be able to benefit from the privileges of our discounted rate distinguishably through the purchasing made with PPCB VISA or Credit Cards. Moreover, customers having accounts in other banks domestically and internationally can pleasantly ease their concern to take advantages in relying on our ATMs for their financial transactions. Customers who are currently not holding PPCB cards can too enjoy the privileges of various services including cash withdrawal on our available ATMs using their VISA Cards. Our ATMs will be accommodating with competitive rate in service charge for any of domestic or international bank's VISA cards.



Short Term and LONG TERM PLANS (Cont')

MOBILE AND ONLINE BANKING:

Since electronic banking has been introduced and developed, the emergent desire for this comfort in banking has much ascended. With limited banks provide online banking for the Cambodian citizens, the growing impatience of customers has been acknowledged. Phnom Penh Commercial Bank plans to launch its electronic banking platform for our customers in the near future so our customers can experience the most time-efficient way for their banking requirement. Our online banking platform will allow our customers to bypass bank lines. They can conduct banking transactions reliably and securely without leaving the comfort of home or workplaces. Services like checking balances, paying bill, transferring money will be contentedly provided to our customers in a safe and risk-free service. Furthermore, our very own application will be additionally launched to be used on customers' Smartphones. Customers soon will be able to operate their banking with our securely-designed app which is compatible with majority of Smartphone's operating system. With our team working to ensure that the mobile app provided is highly protected in term of security and privacy on customers' financial information, they can enjoyably perform their banking necessity from anywhere and anytime around the globe.

STRENGTHEN NON-INTEREST INCOME:

Non interest income from our trade finance service has yet contributed significantly in small proportion to our operation. Our plan to inclusively strengthen our trade finance performance and enhance the cross border banking experience for our customers. Our trade finance services presented a range of products include Document credit, Bank guarantee and our remittance service. To further magnetize customers who consistently have growing demand for an excellent service and reliable partner for their trading, PPCB has offered our rate of service exceptionally competitive to the best interest of our customers to ensure their profits have been maximized in the most proficient manner.

Short Term and LONG TERM PLANS (Cont')

2018 - 2020

To raise the bank's value and equity, Phnom Penh Commercial Bank is devising for business diversification to maximize our efficiency and effectiveness in our operation. Diversification is our step to enlarge the confidence from shareholders and as well to demonstrate and escalate our sustainable growth. Between 2018-2020, our strategic plan to aggressively expand is to conserve our soaring growth and generate an additional confidence in PPCB from our shareholders and customers.

PURCHASE MFI NATIONWIDE NETWORK:

With limited accessibility to commercial bank branches, most people in the countryside rely heavily on microfinance institution for financial necessity. With the restricted capital capability, most MFIs have failed to fulfill the strong demands of people in those areas. Phnom Penh Commercial Bank has identified their weakness as our opportunity to broaden our accessibility to the people in rural areas. PPCB has projected and examined strictly on the soundness and effectiveness of a potential microfinance institute in our probable acquiring plan as part of our strategy and vision to make our operation available to everyone across Cambodia. PPCB has scrutinized the details of potential microfinance's philosophy in how their business is being conducted and how effective their customers have been served. Only those with reputable performance and conspicuous customer delivery service will be taken into our deliberation as we cautiously make sure that our brand value has been maintained at all time for delivering the most satisfied customer's service.

REAL ESTATE DEVELOPMENT:

Cambodia is experiencing a construction boom since 2011 and this unstoppable force is continuously driving the country's GDP. With the concluded figure of 3.3 billions USD in construction value as of 2015, the real estate sector remains attractive for both local and international investors. Although China, the major investment pumper in Cambodia is experiencing an economic slowdown recently, it does not seem to in effect pull down this unvarying growth in real estate yet. Thus PPCB has confidence that the real estate sector will be a major opportunity to lead our bank to drastically success in our diversified portfolio. Aside from seniority in banking experience, PPCB, what is more has deep knowledge and expertise in dealing with real estate development. We had successful experiences and solid capital in dealing with real estate sector, as we have the experts with deep know-how capabilities and our financial performance is being achieved outstandingly.



Short Term and
LONG TERM PLANS (Cont')



Short Term and LONG TERM PLANS (Cont')

PASSIONATE AND DYNAMIC CORPORATE CULTURE:

Identifying that only passion that drives us to where we are today, PPCB has planted our root in encouraging the passion of our employees. The dynamic corporate culture is part of our strategies in order to pace ourselves forward our long term plan into becoming the leading bank of Cambodia's financial market. To be passionate in what we do allows our organization to place majority of our employees to enthusiastically engage their interest with the tasks they perform. Empathy is believed by the management that it is the only consistent element in building a passionate corporate culture. Empathy in PPCB's management is referred to the situation which everyone is encouraged to encompass the abilities to understand and share each other's emotions from their points of view. Empathy is invested to make sure that the environment that is created in the Phnom Penh Commercial Bank is fair and sound to all levels of employees. More than that, it is to genuinely place ourselves objectively in each other's shoes so we can have a wider perspective of what the corrective and rational actions should be carried out to ensure win-win situation. When we consistently encourage the empathy in our working environment, employees are granted the emotions of sanctuary and importance as well as respect within our organization; and it quickly develops the feelings of self-entitlement of our employees around the workplace.

▷ RECRUITING PASSIONATE PEOPLE:

When making recruitment, passion and commitment are always the leading aspects for us to decide whether our candidates' objectives are bringing into line with our organizational goals and behaviors. We have discovered that the passionate recruitment is the only ascending stair for our candidate's journey to their passionate growth and effectively achieve the bank's vision. It is to ensure that the bank and our employees share the same philosophy in what we do. We have always made sure that their passion is favored as the fundamental grounds to begin their journey with our organization. When people's passion is put into race, the tendency to prosper is more likely to be built around the organization. Majority of employees are keen on what they do and they have performed their tasks with deep interest. PPCB has successfully attracted our passionate employees through the references of our existing employees to their talented friends and families. Our staffs have superior awareness of our bank's characteristic; and with their good judgment, they are able to bring in the talented employees to be part of our organizations.

▷ FREEDOM OF EMOTIONAL EXPRESSION:

Phnom Penh Commercial Bank is the place where everyone is encouraged to freely express their emotions. We know that some tasks that are assigned have to be done with dedication and determination as we consistently thrive to push our employee's performance. We have always made sure that our working environment is not a stressful workplace but rather a challenging one. From management to operational levels, before we place any challenging tasks to our employees; we always embrace questions and are ready to clear all the misgivings. We always make sure that all the



strategic target of our employees performance is realistic; and we have always presented the proper guidance to ease the complexities of carrying out those assigned tasks. We are always open to take delivery of the complements and criticism of our assigned tasks to ensure that the tasks consistently contribute to the greater good of the bank's objectives. Our staffs can articulate the importance, of what they believe to which the extended level of the tasks is relevant to the bank's vision and whether it should be carried out or eliminated.



▷ EMBRACING THE DIFFERENCES:

PPCB believes that differences create the energetic environments. We promote new ideas sharing which allows our employees to use all their potentials of creativity. They can freely express proposed ideas anytime to the management level as long as they believe the ideas are relevant and effective. All ideas from every level are viewed equivalently crucial and the most intrinsically innovative ideas, which we believe, will help the organization to grow, will be given the most satisfied rewards. Moreover, the privilege of the flexibility of methods to carry out the work responsibilities and tasks have been granted to our employees if they believe it is a more effective and efficient method than our habitual way of doing them. Our employees are encouraged to perform and implement their creative thought in the process of performing their assigned tasks. Aside from that, should our employees feel that they want to develop the proposals which they believe are more effectual and obliging to our bank's performance and development; our management never hesitates to grant them the complete right to work on what they believe in for the pertinent contribution of the bank. In addition, we have provided effective and favorable schedule management to ease their hectic time from their mandatory responsibilities so they can deliberately put efforts into their passionate projects.



Short Term and **LONG TERM PLANS** (Cont')



▷ IT STARTS WITH LEADERS:

To effectively encourage a genuine and passionate corporate culture, our leaders are highly expected to be role models. To lead by example is priority in our managerial leadership as our managers are responsible to demonstrate capabilities, enthusiasm, eagerness and empathy. Our management is no difference from operational level; every level of our employees is fairly treated. Before building a successful working environment comprising of empathy, our management teams must first be able to show empathy towards everyone. Our management team in PPCB has always utilized their deep and critical decision making skills to carry out the implemented strategies as we believe in merit-based promotion. Everyone in our banks has started from the ground level so they always have fully thoughtful perspective and acknowledgement of what it takes to perform the assigned tasks from the other side. Our management teams have always been victoriously place themselves in the employees' situation and they are effectively able to tend to the employee's difficulties and challenges. With deep understanding, our management and operation teams have been able to closely interact both emotionally and professionally, which effectively promote the tolerate of the passion in our corporate culture.



Short Term and LONG TERM PLANS (Cont')

▷ OPPORTUNITY TO GIVE BACK:

Opportunity to give back in the area of our employees' interest does not just promote our culture of sharing to society, but it enables our employees to employ their passion and compassion to provide back to the communities with passionate contentment. PPCB employees are consistently supported to engage their compassion in the community rather than having their efforts being harnessed to do it for the publicity of our bank. Our employees have always been willing to share their passionate expertise or knowledge outside of their daily work; and it gives them the sense of self satisfaction. Moreover it enables them to further explore their innate skills so that they can continuously benefit themselves intimately and professionally in their lives and career development.

ENHANCED ASSET QUALITY:

Phnom Penh Commercial Bank has always been operated with the soundness of effective credit risk control. PPCB has impressively operated with rate of 0.015% as of December 31st, 2015 in our non-performing loan. Our credit screen is conscientious for such an outstanding performance as it is being cautiously planned in our bank is strategy to make the most effectual of our operation. Our asset quality is rated by the National Bank of Cambodia as one of the most stupendous loan-



performing banks. Our treasury and risk management committee is consistently exerting the most effective strategic implementation to ensure we have at all time complied with the rules and regulations of NBC. Having a low rate of NPLs does not only justify our safe banking operation, it also gives confidences to our shareholders as well customers to put their faith in our managerial leadership. Our management team has severely placed attentive consideration on updating and ensuring the most appropriate approaches to be executed so that our operation is being screened under the most effective supervision. We have our team working clockwise to make sure that all the rules and regulations have been effectively placed to limit our credit risk to make sure the most efficient operations are being utilized. Moreover, our highly-skilled treasury and risk management team enables us to professionally assess our investment portfolio which allows us to acknowledge and have full

Short Term and LONG TERM PLANS (Cont')



standpoints of our investment portfolio. Our portfolio is being deliberately managed so that we are able to maximize the potential of financial gain. We have assessed the competence of our investment portfolio by continuously evaluate our performance based on the actual market financial performance so that we can effectively identify whether our investment is being utilized under the most effective decision-making. To further implement more advancement of our asset quality control, our bank's devised strategic action plan including improving the effectiveness of our solvency level and refurbishment of our strategy to effectively diminish or eradicate our non-performing loan. It is believed to enhance our soundness of a more effective operation which will enable us to pace ourselves with corrective strategic action to ensure our sustainable growth.



Short Term and LONG TERM PLANS (Cont')

Reinforced Risk And ETHICAL MANAGEMENT

RISK MANAGEMENT REINFORCEMENT:

Phnom Penh Commercial Bank's effort to reinforce our risk management approach to cope with financial risks is increasingly placed to effectively comply with the laws and regulations under National Bank of Cambodia. It is to ensure our operation is consistently being executed at integrated cost-effective information, risk management and to safeguard the bank's interest and entitlement over our managerial leadership. Further more, we are implementing the risk-aware culture in our operation to raise levels of awareness of our employees which will enable them to operate under the secured and risk-free atmosphere.

▷ IMPROVING RISK MANAGEMENT INSTINCTS:

To effectively raise effective risk management instincts in our operation, PPCB has produced clear set of guidelines and updates as well as notified all the related departments of our operation to acknowledge and engage in the implemented strategic approach. Our guidelines present full perspective of the level of risks as well as types of risks to embed our employees with the necessary knowledge of the methods to effectively hedge those risks and the most fitting solution to be carried out when needed. The weigh of risks is identified to alert departments where risk occurrences are likely to take place and continuously embody the risk management methodology as part of their operational objectives.

▷ STREAMLINING RISK MANAGEMENT SYSTEM:

To simplify the risk management method and to embody effectively of our risk management control, we assigned the responsibilities to each department to assess their own risk. This way each department is able to fully assess and gather all the necessary data related to the frequently occurring risks so that they have the full acknowledgement surrounding the reality of their operating atmosphere. It grants our employees to simply be familiar and ensures that all the applicable solutions to cope with those risks are aligned with the operational objectives of the each department.

▷ EXECUTING THE CORRECTIVE APPROACH:

Assessing and endorsing the risk may not be adequate to ensure we can effectively manage the risk of our management, PPCB also makes sure that we provide the necessary training and resource so that they can effectively operate. With adequate training and resources to carry out, our employees are able to operate with a measurable management of risk control. We have also developed a scalable system which enables us to consistently monitor over our risk-control performance to which extended level our approaches have been effective. It allows us to feasibly account individuals for their assessment and performance over the effectiveness of risk-management implementation approach.



Short term and LONG TERM PLANS (Cont')

▷ GUIDE AND EMBED RISK-AWARENESS BEHAVIOR:

Phnom Penh Commercial bank risk management committee has provided prescriptive risk management roles and responsibility guidance to employees to help them understand which risks they are responsible for. The risk management responsibilities are being divided into four clear categories so that it allows our employees to effectively emphasize on their priority concern over risk control.

-The risk Owner: Responsible for assessing, developing and updating the risk profile in the banking industry.

-The risk Manager: Tasked with ensuring the most applicable strategies to execute the risk procedure.

-The risk Monitor: Responsible for gathering the relevant updated data from the present financial market trend to ensure the risk control strategies are executed effectively and timely.

-Oversight Responsibilities: Provide full information-sharing regarding the risks in every operation so the employees are open to awareness to gain full perspectives of risk management control so every level can effectively support the strategic implementation over banking risk as a whole.

ETHICAL MANAGEMENT REINFORCEMENT:

Effective approaches to instilling ethics and integrity are primary rudiments of ensuring sound corporate governance and managerial operation and control. As PPCB has constantly recognized that only ethical managerial leadership can ensure the sustainable growth and future of the bank, we consistently invest our devotion and commitment in our management so that it is always ethically performed. We know that to effectively create a culture of ethics in our bank, it is believed that all level of our operations must be executed within ethical conducts to emphasize what we stand for. To ensure the complete effectiveness of our strategic implementation of ethical conducts, we reinforce our channel of communication through each managerial level so that we can competently eliminate all the fissures and the possibilities of misinformation within our bank.

▷ SETTING TONE IN OUR LEADERSHIP:

The demonstration through actions, directives and behaviors show the deep engagement and enhancement of the relevance of ethical conducts in our bank. From our board of directors to operational levels, the enhancement of our strategic implementing actions must be carried out at all time to ensure that our integrity and dignity is consistently aligned with our performance in order to pace toward our bank's goal and objectives. Our board of directors relentlessly put our priority principles of ethical conducts in every decision-making to ensure that PPCB always remains one of the most trusted brand name that value veracity at all time.

Short term and LONG TERM PLANS (Cont')

▷ ENSURING THE EFFECTIVENESS OF OUR COMMUNICATION CHANNEL:

The effectiveness level of the communication of every strategic implementing actions within our bank is always placed priority for ensuring that common goals of ethical operation are being shared. We have always ensured that every rule and conduct of our ethic principles that have been placed is being clearly understood. Our management team is consistently open and ready to clear out all the misgivings or uncertainty over our strategies so that every level of our employees is maximally given the opportunities to gain whole perspective of the big picture and why it's crucial for ensuring our performance sustainability.

▷ REINFORCING THE ETHICAL EXECUTION THROUGH PERFORMANCE APPRAISAL:

Once our employees are open to accept the implementation of principles on ethical conducts, PPCB has always ensured that our employees are being able to execute their performance professionally and effectively based on those guidance with expediency. We always reckon the difficulties of our employees as they have to consistently place our ethical conducts principle as additional duties which can easily cause them to lose track on their performance when they have to simultaneously give commitment to their assigned tasks. So we have our compliance team to be responsible for measurement and supervision on the procedures of how our employees carry out their tasks and responsibilities.

▷ EVALUATING ADHERENCE TO ETHICAL CONDUCTS:

Under the close monitoring of our employees' ethical conducting performance, we are able to keep track of the engagement levels of our employees in executing those principles. For those who have been assessed as the outstanding performers who ethically achieve our bank's goals, Phnom Penh Commercial Bank has always utilized our system of remuneration to praise those employees. It is to recognize and encourage those who have satisfactorily performed their tasks and responsibilities with utmost ethical behaviors in order to achieve our bank's objectives.



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CORPORATE INFORMATION

BANK	Phnom Penh Commercial Bank	
REGISTRATION NO	Co. 4898E/2008	
REGISTERED OFFICE	No. 217, Norodom Blvd (Street 41), Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh, Kingdom of Cambodia.	
SHAREHOLDERS	SBI Holdings, Inc. Hidy Investment Co., Ltd. Hyundai Swiss 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 Executive Director Non-executive Director Non-executive Director
MANAGEMENT TEAM	Mr. Kim Yang Jin Mr. Nhak Kimsroy Mr. Neang Sinarath Mr. Kang Dong Hyun Mr. Yun Chang Ho Mr. Sok Rattana Mr. Suy Sokleang Mrs. Phom Sopheap	President and Chief Executive Officer Deputy Chief Executive Officer Director Head of Loan Head of Strategies and Planning Regional Head Head of Deposit Accounting Manager
AUDITORS	KPMG Cambodia Ltd	



Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

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 2015.

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 2015 were as follows:

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Profit before income tax	4,415,489	17,882,731	6,001,661	24,456,769
Income tax expense	(1,020,688)	(4,133,786)	(1,258,408)	(5,128,013)
Net profit for the year	3,394,801	13,748,945	4,743,253	19,328,756

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.

On 1 March 2016, the Bank has requested to transfer amount of US\$5,000,000 from its retained earnings to reserve account. This request is still pending approval from the National Bank of Cambodia as at the date of this report.

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

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.



Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

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.

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	Executive Director
Mr. Eiichiro So	Non-executive Director
Mr. Na Jin Ho	Non-executive Director

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 2015, 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:

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

- ▷ (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 THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements as set out on pages 7 to 52 which present fairly, in all material respects, the financial position of the Phnom Penh Commercial Bank as at 31 December 2015, 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
31 March 2016



Financial Statement And **INDEPENDENT AUDIT'S REPORT 2015** (Cont')

Report of the Independent Auditor To the Shareholders **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 2015, and the income statement, statements of 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 7 to 52 (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.

Financial Statement And **INDEPENDENT AUDIT'S REPORT 2015** (Cont')

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 2015 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.

For **KPMG Cambodia Ltd**



Nge Huy
Partner
Phnom Penh, Kingdom of Cambodia
31 March 2016



Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

Balance Sheet AS AT 31 DECEMBER 2015

		2015		2014	
	Note	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
ASSETS					
Cash and bank balances	5	62,487,036	253,072,496	38,570,127	157,173,268
Deposits and placements with banks and other financial institutions	6	68,138,750	275,961,938	53,290,000	217,156,750
Loans and advances-net	7	226,122,681	915,796,858	168,648,167	687,241,281
Other assets	8	3,946,291	15,982,477	2,622,095	10,685,036
Statutory deposits	9	38,406,000	155,544,300	23,821,000	97,070,575
Intangible assets	10	413,692	1,675,453	570,410	2,324,421
Property and equipment	11	14,582,950	59,060,948	10,079,290	41,073,107
TOTAL ASSETS		414,097,400	1,677,094,470	297,601,089	1,212,724,438
LIABILITIES AND EQUITY					
Liabilities					
Deposits from customers	12	276,040,143	1,117,962,579	164,261,608	669,366,053
Deposits by other banks	13	75,319,324	305,043,262	76,119,310	310,186,188
Income tax payable	14	779,236	3,155,906	1,064,488	4,337,789
Other liabilities	15	6,728,115	27,248,866	4,319,902	17,603,600
Total liabilities		358,866,818	1,453,410,613	245,765,308	1,001,493,630
Shareholder's equity					
Paid-up capital	17	39,000,000	157,950,000	39,000,000	158,925,000
Retained earnings		16,230,582	65,733,857	12,835,781	52,305,808
Total shareholder's equity		55,230,582	223,683,857	51,835,781	211,230,808
TOTAL LIABILITIES AND EQUITY		414,097,400	1,677,094,470	297,601,089	1,212,724,438

The accompanying notes form an integral part of these financial statements.

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

Income Statement FOR THE YEAR ENDED 31 DECEMBER 2015

		2015		2014	
	Note	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Interest income	18	22,918,887	92,821,493	16,934,925	69,009,819
Interest expense	19	(11,221,279)	(45,446,180)	(7,146,629)	(29,122,513)
Net interest income		11,697,608	47,375,313	9,788,296	39,887,306
Fees and commission income	20	3,639,418	14,739,644	2,702,160	11,011,302
Fees and commission expense		(57,952)	(234,706)	(18,032)	(73,480)
Net fees and commission income		3,581,466	14,504,938	2,684,128	10,937,822
Other income	21	88,609	358,866	126,069	513,731
Total net operating income		15,367,683	62,239,117	12,598,493	51,338,859
General and administrative expenses	22	(10,368,109)	(41,990,842)	(6,151,976)	(25,069,302)
Allowance for bad and doubtful loans and advances	7	(584,085)	(2,365,544)	(444,856)	(1,812,788)
Profit before income tax		4,415,489	17,882,731	6,001,661	24,456,769
Income tax expense	14	(1,020,688)	(4,133,786)	(1,258,408)	(5,128,013)
Net profit for the year		3,394,801	13,748,945	4,743,253	19,328,756

The accompanying notes form an integral part of these financial statements.



Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

Statement of Changes in Equity FOR THE YEAR ENDED 31 DECEMBER 2015

	Paid-up capital	Retained earnings	Total
	US\$	US\$	US\$
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	39,000,000	12,835,781	51,835,781
(KHR'000 equivalents – Note 4)	158,925,000	52,305,808	211,230,808
Balance as at 1 January 2015	39,000,000	12,835,781	51,835,781
Net profit for the year	-	3,394,801	3,394,801
Balance as at 31 December 2015	39,000,000	16,230,582	55,230,582
(KHR'000 equivalents – Note 4)	157,950,000	65,733,857	223,683,857

The accompanying notes form an integral part of these financial statements.

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

Statement of Cash Flows FOR THE YEAR ENDED 31 DECEMBER 2015

		2015		2014	
	Note	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash flows from operating activities					
Net cash generated from operating activities	23	28,307,333	114,644,699	38,890,147	158,477,350
Cash flows from investing activities					
Acquisition of: Property and equipment		(6,197,628)	(25,100,393)	(9,378,330)	(38,216,695)
Intangible assets		(2,796)	(11,324)	(47,574)	(193,864)
Net cash used in investing activities		(6,200,424)	(25,111,717)	(9,425,904)	(38,410,559)
Net increase in cash and cash equivalents		22,106,909	89,532,982	29,464,243	120,066,791
Cash and cash equivalents at beginning of year		42,780,127	174,329,018	13,315,884	54,262,227
Currency translation difference		-	(1,069,504)	-	-
Cash and cash equivalents at end of year	24	64,887,036	262,792,496	42,780,127	174,329,018

The accompanying notes form an integral part of these financial statements.



Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

Notes to the Financial Statements FOR THE YEAR ENDED 31 DECEMBER 2015

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-4898E/2008, 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 2015, the Bank has one head office and nine branches in Phnom Penh, one branch in Siem Reap, Battambang, and Sihanoukville. On 9 February 2016, the Bank received the approval license from National Bank of Cambodia to operate new branch in Kampong Cham province.

The Bank had 221 employees as at 31 December 2015 (2014: 174 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 31 March 2016.

▷ (B) BASIS OF MEASUREMENT

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

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

▷ (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.

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).



Financial Statement And INDEPENDENT AUDIT’S REPORT 2015 (Cont’)

Notes to the Financial Statements FOR THE YEAR ENDED 31 DECEMBER 2015 (Con’t)

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.

▷ (C) DEPOSITS AND PLACEMENTS WITH BANKS

Deposits and placements with banks are carried at cost less uncollectable amounts if any.

▷ (D) LOANS AND ADVANCES

All loans and advances to customers are stated in the balance sheet at the amount of principal 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.

Financial Statement And INDEPENDENT AUDIT’S REPORT 2015 (Cont’)

▷ (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%	General allowance
Special mention	≥ 30 days – 89 days	3%	Specific allowance
Substandard	≥ 90 days – 179 days	20%	Specific allowance
Doubtful	≥ 180 days – 359 days	50%	Specific allowance
Loss	360 days or more	100%	Specific allowance

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.

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.



Financial Statement And

INDEPENDENT AUDIT’S REPORT 2015 (Cont’)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015 (Con’t)

▷ (F) OTHER ASSETS

Other assets are carried at cost. An estimate is made for doubtful receivable based on a review of outstanding amount at the reporting date.

▷ (G) 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.

▷ (H) 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.

▷ (I) INTANGIBLE ASSET

Intangible asset represents computer software and related costs which 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%

▷ (J) 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.

Financial Statement And

INDEPENDENT AUDIT’S REPORT 2015 (Cont’)

(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 annual 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.

▷ (K) 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.



Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

Notes to the Financial Statements FOR THE YEAR ENDED 31 DECEMBER 2015 (Con't)

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.

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

▷ (L) PROVISIONS

Provisions are 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.

▷ (M) DEPOSITS FROM CUSTOMERS AND BANKS

Deposits from customers and banks are stated at cost.

▷ (N) 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.

▷ (O) INTEREST EXPENSE

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



Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015 (Con't)

▷ (P) 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.

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.

▷ (Q) 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 ("USD"). The translations of United States Dollars amount

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

into Khmer Riel ("KHR") are included solely for convenient purposes and have been made using the prescribed official exchange rate as of 31 December 2015 of USD 1: KHR 4,050 (31 December 2014 of USD 1: KHR 4,075 published by the NBC. These convenience translations are not audited and should not be construed as representations that the USD amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.

5. CASH AND BANK BALANCES

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
In Cambodia:				
Cash on hand	10,022,110	40,589,546	8,775,723	35,761,071
Cash at banks National Bank of Cambodia	36,750,951	148,841,351	6,295,096	25,652,516
Other banks and financial institutions	1,577,703	6,389,697	12,725,793	51,857,607
	48,350,764	195,820,594	27,796,612	113,271,194
Outside Cambodia:				
Cash at banks other banks	14,136,272	57,251,902	10,773,515	43,902,074
	62,487,036	253,072,496	38,570,127	157,173,268



Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015 (Con't)

The above amounts are analysed as follows:

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
(a) By currency:				
In US\$	62,342,026	252,485,205	38,492,539	156,857,097
In KHR	52,850	214,043	27,304	111,264
In other foreign currencies	92,160	373,248	50,284	204,907
	<u>62,487,036</u>	<u>253,072,496</u>	<u>38,570,127</u>	<u>157,173,268</u>

	2015	2014
(b) By interest rates (per annum):		
Local banks	0.20% - 3.50%	0.25% - 3.50%
Oversea banks	0.01% - 0.02%	0.01% - 0.02%

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

6. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
National Bank of Cambodia ("NBC")	1,400,000	5,670,000	210,000	855,750
Local banks	58,100,000	235,305,000	48,400,000	197,230,000
Financial institutions	8,638,750	34,986,938	4,680,000	19,071,000
	<u>68,138,750</u>	<u>275,961,938</u>	<u>53,290,000</u>	<u>217,156,750</u>

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

	2015	2014
NBC	0.15%	0.11%
Local banks	3.2% - 5.5%	2.0% - 4.50%
Financial institutions	5.7% - 6.9%	4.00% - 6.80%

For analysis by maturity, refer to Note 16 on maturity profile. The deposits and placements with banks and other financial institutions are maintained in US\$.



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Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015 (Con't)

7. LOANS AND ADVANCES – NET

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Overdrafts	11,915,459	48,257,609	10,240,917	41,731,737
Fixed loans	212,383,494	860,153,151	155,497,505	633,652,333
Housing loans	3,213,775	13,015,789	2,624,702	10,695,660
Vehicle loans	901,975	3,652,998	1,992,980	8,121,394
Total loans – gross	228,414,703	925,079,547	170,356,104	694,201,124
Allowance for bad and doubtful loans and advances	(2,292,022)	(9,282,689)	(1,707,937)	(6,959,843)
Loans and advances – net	226,122,681	915,796,858	168,648,167	687,241,281

Further analysis of loans and advances are as follows:

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

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	1,707,937	6,959,843	1,263,081	5,147,055
Allowance for the year	584,085	2,365,544	444,856	1,812,788
Currency translation difference	-	(42,698)	-	-
At 31 December	2,292,022	9,282,689	1,707,937	6,959,843

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

(b) Grading of loans and advances portfolio of the Bank are as follows:

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Normal loans:				
Secured	226,269,332	916,390,795	168,386,972	686,176,911
Unsecured	2,110,000	8,545,500	1,959,320	7,984,229
Special mention:				
Secured	187	757	652	2,657
Substandard loans:				
Secured	31,462	127,421	2,656	10,823
Doubtful loans:				
Secured	3,582	14,507	5,162	21,035
Loss loans:				
Secured	140	567	1,342	5,469
	228,414,703	925,079,547	170,356,104	694,201,124

(c) For analysis of loans and advances by maturity, refer to Note 16 on maturity profile.



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

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Financial institutions	3,754,765	15,206,798	3,540,738	14,428,507
Wholesale and retailers	123,614,429	500,638,437	22,494,027	91,663,160
Real estate and developers	37,898,335	153,488,257	23,046,440	93,914,244
Services	20,633,772	83,566,777	39,265,113	160,005,335
Manufacturing	13,107,254	53,084,379	3,664,892	14,934,435
Others	29,406,148	119,094,899	78,344,894	319,255,443
Total gross loans	228,414,703	925,079,547	170,356,104	694,201,124

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

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Loans to residents	228,414,703	925,079,547	170,356,104	694,201,124
Relationship:				
Non-related parties	227,349,808	920,766,722	169,284,849	689,835,760
Related parties	1,064,895	4,312,825	1,071,255	4,365,364
	228,414,703	925,079,547	170,356,104	694,201,124
Exposure:				
Large exposure	40,680,066	164,754,267	46,703,046	190,314,912
Non-large exposure	187,734,637	760,325,280	123,653,058	503,886,212
	228,414,703	925,079,547	170,356,104	694,201,124

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.



Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

Notes to the Financial Statements FOR THE YEAR ENDED 31 DECEMBER 2015 (Con't)

Further analysis of loans and advances are as follows: (Con't)

Annual interest rates:

	2015	2014
Overdrafts	8.00% - 14.00%	8.00% - 14.00%
Fixed loans	7.20% - 18.00%	8.00% - 18.00%
Housing loans	7.00% - 13.00%	7.00% - 13.00%
Vehicle loans	10.00% - 19.00%	10.00% - 19.00%

8. OTHER ASSETS

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Deposit on office rental	576,642	2,335,400	340,503	1,387,550
Interest receivable from:				
- loan and advance to customers	1,103,506	4,469,199	848,708	3,458,485
- deposits with banks and financial institutions	1,224,987	4,961,197	818,261	3,334,414
Advance payments	551,074	2,231,850	248,979	1,014,589
Prepaid expense	17,322	70,154	18,836	76,757
Prepayments	13,988	56,651	11,180	45,559
Others	458,772	1,858,026	335,628	1,367,682
	<u>3,946,291</u>	<u>15,982,477</u>	<u>2,622,095</u>	<u>10,685,036</u>

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

9. STATUTORY DEPOSITS

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Reserve requirement	34,506,000	139,749,300	19,921,000	81,178,075
Capital guarantee deposits	3,900,000	15,795,000	3,900,000	15,892,500
	<u>38,406,000</u>	<u>155,544,300</u>	<u>23,821,000</u>	<u>97,070,575</u>

(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 13 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.



Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015 (Con't)

10. INTANGIBLE ASSETS

2015	Computer software US\$	Swift software US\$	Total US\$
Cost			
At 1 January	1,022,154	99,416	1,121,570
Additions	2,796	-	2,796
Written off	-	(60,000)	(60,000)
At 31 December	1,024,950	39,416	1,064,366
Less: Accumulated amortisation			
At 1 January	493,706	57,454	551,160
Amortisation for the year	117,552	2,462	120,014
Written off	-	(20,500)	(20,500)
At 31 December	611,258	39,416	650,674
Carrying amounts			
At 31 December	413,692	-	413,692
Equivalent in KHR'000 (Note 4)	1,675,453	-	1,675,453

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

2014	Computer software US\$	Swift software US\$	Total US\$
Cost			
At 1 January	470,542	99,416	569,958
Additions	47,574	-	47,574
Transfers from property and equipment	504,038	-	504,038
At 31 December	1,022,154	99,416	1,121,570
Less: Accumulated amortisation			
At 1 January	447,092	48,684	495,776
Amortisation for the year	46,614	8,770	55,384
At 31 December	493,706	57,454	551,160
Carrying amounts			
At 31 December	528,448	41,962	570,410
KHR'000 – Note 4	2,153,426	170,995	2,324,421



INDEPENDENT AUDIT’S REPORT 2015 (Cont’)

11. PROPERTY AND EQUIPMENT

2015	Leasehold land and building US\$	Leasehold improvements US\$	Furniture, fittings and equipment US\$	IT equipment US\$	Motor vehicles US\$	Work in progress US\$	Total US\$
Cost							
At 1 January 2015	6,864,000	2,786,165	832,520	1,943,035	384,055	432,360	13,242,135
Additions	226,305	634,110	542,662	130,955	19,250	4,644,346	6,197,628
Transfers from work in progress	3,676,780	15,498	705,708	46,098	-	(4,444,084)	-
Disposal	-	-	-	-	(41,000)	-	(41,000)
Reclassify	11,515	-	(11,515)	-	-	-	-
At 31 December 2015	10,778,600	3,435,773	2,069,375	2,120,088	362,305	632,622	19,398,763
Less: Accumulated depreciation							
At 1 January 2015	-	1,397,167	562,270	992,099	211,309	-	3,162,845
Depreciation for the year (*)	239,465	471,668	219,760	689,087	73,988	-	1,693,968
Disposal	-	-	-	-	(41,000)	-	(41,000)
At 31 December 2015	239,465	1,868,835	782,030	1,681,186	244,297	-	4,815,813
Carrying amounts							
At 31 December 2015	10,539,135	1,566,938	1,287,345	438,902	118,008	632,622	14,582,950
Equivalent in KHR'000 (Note 4)	42,683,497	6,346,099	5,213,747	1,777,553	477,932	2,562,119	59,060,948

(*) Depreciation of leasehold land and building of US\$239,465 for the year included tax on rental of the Bank’s leasehold land amounting to US\$15,603.

Financial Statement And
INDEPENDENT AUDIT’S REPORT 2015 (Cont’)

11. PROPERTY AND EQUIPMENT (Cont’)

2014	Leasehold land and building US\$	Leasehold improvements US\$	Furniture, fittings and equipment US\$	IT equipment US\$	Motor vehicles US\$	Work in progress US\$	Total US\$
Cost							
At 1 January 2014	-	2,371,615	720,973	658,597	268,095	348,563	4,367,843
Additions	6,864,000	401,570	104,287	120,446	115,960	1,772,067	9,378,330
Transfers to intangible assets	-	12,980	7,260	1,163,992	-	(1,688,270)	(504,038)
At 31 December 2014	6,864,000	2,786,165	832,520	1,943,035	384,055	432,360	13,242,135
Less: Accumulated depreciation							
At 1 January 2014	-	955,398	430,146	584,749	135,695	-	2,105,988
Depreciation for the year	-	441,769	132,124	407,350	75,614	-	1,056,857
At 31 December 2014	-	1,397,167	562,270	992,099	211,309	-	3,162,845
Carrying amounts							
At 31 December 2014	6,864,000	1,388,998	270,250	950,936	172,746	432,360	10,079,290
Equivalent in KHR'000 (Note 4)	27,970,800	5,660,167	1,101,269	3,875,064	703,940	1,761,867	41,073,107



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Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015 (Con't)

12. DEPOSITS FROM CUSTOMERS

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current accounts	33,234,672	134,600,422	13,305,588	54,220,271
Saving deposits	47,489,763	192,333,540	34,218,449	139,440,180
Fixed deposits	183,526,021	743,280,385	104,780,705	426,981,373
Instalment deposits	8,813,579	35,694,995	6,557,759	26,722,868
Margin deposits	2,976,108	12,053,237	5,399,107	22,001,361
	<u>276,040,143</u>	<u>1,117,962,579</u>	<u>164,261,608</u>	<u>669,366,053</u>

Further analysis of deposits from customers are as follows:

(a) Type of customers:

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Domestic corporations	49,962,581	202,348,453	33,873,183	138,033,221
Individuals	221,523,696	897,170,969	124,917,528	509,038,927
Foreign corporations	1,577,758	6,389,920	71,790	292,544
Others	2,976,108	12,053,237	5,399,107	22,001,361
	<u>276,040,143</u>	<u>1,117,962,579</u>	<u>164,261,608</u>	<u>669,366,053</u>

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

(b) For maturity analysis, refer to Note 16 on maturity profile and Note 27 (d) on liquidity risk.

(c) For deposits from related parties, refer to Note 26 on related party transactions and balances.

(d) Interest rates

	2015	2014
Current accounts	Nil	Nil
Saving deposits	0.50%-2.60%	0.50%-2.60%
Fixed deposits	1.50%-8.00%	2.50%-8.00%
Instalment deposits	3.00%-7.50%	3.00%-7.50%
Margin deposits	Nil	Nil

13. DEPOSITS BY OTHER BANKS

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Fixed term deposits	70,601,020	285,934,131	73,869,874	301,019,737
Current accounts	1,111,303	4,500,777	54,096	220,441
Saving accounts	3,607,001	14,608,354	2,195,340	8,946,010
	<u>75,319,324</u>	<u>305,043,262</u>	<u>76,119,310</u>	<u>310,186,188</u>

For maturity analysis, refer to Note 16 on maturity profile and Note 27 (d) on liquidity risk.



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Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015 (Con't)

14. INCOME TAX

(a) Income tax payable

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

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	1,064,488	4,337,789	888,377	3,620,136
Income tax expense	1,020,688	4,133,786	1,258,408	5,128,013
Income tax paid	(1,305,940)	(5,289,057)	(1,082,297)	(4,410,360)
Currency translation difference	-	(26,612)	-	-
At 31 December	779,236	3,155,906	1,064,488	4,337,789

(b) Income tax expense

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current income tax	1,020,688	4,133,786	1,258,408	5,128,013

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.

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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:

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Profit before income tax	4,415,489	17,882,731	6,001,661	24,456,769
Income tax using statutory tax rate 20%	883,098	3,576,547	1,200,332	4,891,353
Tax effect of non-deductible expenses	123,822	501,479	88,761	361,701
Tax effect of temporary differences	13,768	55,760	(45,361)	(184,846)
Under provision in prior year	-	-	14,676	59,805
	1,020,688	4,133,786	1,258,408	5,128,013

15. OTHER LIABILITIES

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Interest payable	5,979,114	24,215,412	3,570,728	14,550,717
Other taxes payables	341,797	1,384,278	697,457	2,842,137
Interest in suspense	2,904	11,761	1,626	6,626
Payable for office construction	224,310	908,456	-	-
Others	179,990	728,959	50,091	204,120
	6,728,115	27,248,866	4,319,902	17,603,600

Others mainly comprise of deposits for office rental and other accrued expenses.



16. 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:

	2015			2014		
	Less than 12 months US\$	Over 12 months US\$	Total US\$	Less than 12 months US\$	Over 12 months US\$	Total US\$
Financial assets						
Cash and bank balances	62,487,036	-	62,487,036	38,570,127	-	38,570,127
Deposits and placements with banks and other financial institutions	65,138,750	3,000,000	68,138,750	53,290,000	-	53,290,000
Loans and advances: Loans – gross	158,381,965	70,032,738	228,414,703	121,277,663	49,078,441	170,356,104
Statutory deposits	-	38,406,000	38,406,000	-	23,821,000	23,821,000
Other assets: Accrued interest receivable	1,986,214	342,279	2,328,493	1,666,969	-	1,666,969
Investment	-	21,818	21,818	-	21,818	21,818
Others	1,019,338	576,642	1,595,980	592,805	340,503	933,308
	289,013,303	112,379,477	401,392,780	215,397,564	73,261,762	288,659,326
Non-financial assets						
Property and equipment	-	14,582,950	14,582,950	-	10,079,290	10,079,290
Intangible assets	-	413,692	413,692	-	570,410	570,410
	-	14,996,642	14,996,642	-	10,649,700	10,649,700
Less allowances for bad and doubtful loans and advances			(2,292,022)			(1,707,937)
			414,097,400			297,601,089
Equivalent in KHR'000 (Note 4)			1,677,094,470			1,212,724,438

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

16. MATURITY PROFILE (Cont')

	2015			2014		
	Less than 12 months US\$	Over 12 months US\$	Total US\$	Less than 12 months US\$	Over 12 months US\$	Total US\$
Financial liabilities						
Deposits from customers	252,449,594	23,590,549	276,040,143	151,751,848	12,509,760	164,261,608
Deposits by other banks	75,319,324	-	75,319,324	76,119,310	-	76,119,310
Other liabilities	4,811,417	1,167,697	5,979,114	3,570,728	-	3,570,728
	332,580,335	24,758,246	357,338,581	231,441,886	12,509,760	243,951,646
Non-financial liabilities:						
Income tax payable	779,236	-	779,236	1,064,488	-	1,064,488
Other liabilities	749,001	-	749,001	749,174	-	749,174
	1,528,237	-	1,528,237	1,813,662	-	1,813,662
	334,108,572	24,758,246	358,866,818	233,255,548	12,509,760	245,765,308
Equivalent in KHR'000 (Note 4)	1,353,139,717	100,270,896	1,453,410,613	950,516,358	50,977,272	1,001,493,630



Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

17. PAID-UP CAPITAL

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Registered, issued and fully paid				
39,000 shares of US\$1,000 each	39,000,000	157,950,000	39,000,000	158,925,000

As at 31 December 2015, 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 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%
	39,000	39,000,000	100%

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

18. INTEREST INCOME

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Interest income from loans and advances	20,392,292	82,588,783	14,654,422	59,716,770
Interest income from deposits with:				
National Bank of Cambodia	14,573	59,021	7,930	32,315
Other banks and financial institutions	2,512,022	10,173,689	2,272,573	9,260,734
	22,918,887	92,821,493	16,934,925	69,009,819

19. INTEREST EXPENSE

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Fixed deposits	10,160,108	41,148,437	6,514,938	26,548,372
Savings deposits	577,197	2,337,648	374,899	1,527,713
Instalment deposits	483,974	1,960,095	256,792	1,046,428
	11,221,279	45,446,180	7,146,629	29,122,513



Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

20. FEES AND COMMISSION INCOME

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade finance	95,771	387,873	90,345	368,156
Loan processing fees	2,359,057	9,554,181	1,764,226	7,189,221
Loan commitment fees	58,996	238,934	41,915	170,804
Service charges	408,021	1,652,485	264,225	1,076,717
Penalties fees	671,430	2,719,292	443,967	1,809,166
Others	46,143	186,879	97,482	397,238
	<u>3,639,418</u>	<u>14,739,644</u>	<u>2,702,160</u>	<u>11,011,302</u>

21. OTHER INCOME

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Recovery from loans written off	-	-	86,779	353,624
Rental income	66,480	269,244	24,000	97,800
Others	22,129	89,622	15,290	62,307
	<u>88,609</u>	<u>358,866</u>	<u>126,069</u>	<u>513,731</u>

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Personnel and related costs	5,353,717	21,682,554	2,398,811	9,775,155
Depreciation and amortisation	1,798,379	7,283,435	1,112,241	4,532,382
Rental expenses	707,418	2,865,043	657,748	2,680,323
License fees	245,942	996,065	234,766	956,671
Marketing and advertising	300,428	1,216,733	213,600	870,420
Utilities expenses	228,359	924,854	192,773	785,550
Business meals and entertainment	188,119	761,882	167,486	682,505
Travelling expenses	142,495	577,105	149,821	610,521
Repairs and maintenance	252,325	1,021,916	149,959	611,083
Bank security expenses	168,672	683,122	124,471	507,219
Telephone expenses	129,444	524,248	104,432	425,560
Loan loss written off	8,523	34,518	97,549	397,512
Office supplies	122,288	495,266	94,529	385,206
Professional fees	134,308	543,947	88,756	361,681
Conventions and conference	42,849	173,538	17,941	73,110
Insurance expenses	16,371	66,303	15,398	62,747
Other tax expenses	289,666	1,173,147	188,897	769,755
Intangible assets written-off	39,500	159,975	-	-
Others	199,306	807,191	142,798	581,902
	<u>10,368,109</u>	<u>41,990,842</u>	<u>6,151,976</u>	<u>25,069,302</u>



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23. NET CASH GENERATED FROM OPERATING ACTIVITIES

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Profit before income tax	4,415,489	17,882,731	6,001,661	24,456,769
Adjustments for:				
Depreciation and amortisation	1,798,379	7,283,435	1,112,241	4,532,382
Allowance for losses on loans and advances	584,085	2,365,544	444,856	1,812,788
Intangible assets written-off	39,500	159,975	-	-
	<u>6,837,453</u>	<u>27,691,685</u>	<u>7,558,758</u>	<u>30,801,939</u>
Changes in:				
Statutory deposits	(14,585,000)	(59,069,250)	(9,433,000)	(38,439,475)
Deposit and placement with banks and other financial institutions	(16,658,750)	(67,467,938)	6,690,000	27,261,750
Loans and advances	(58,058,599)	(235,137,326)	(48,394,837)	(197,208,961)
Other assets	(1,324,196)	(5,362,994)	(185,760)	(756,972)
Deposits from customers and banks	110,978,549	449,463,123	81,507,416	332,142,720
Other liabilities	2,423,816	9,816,456	2,229,867	9,086,709
Net cash generated from operations	29,613,273	119,933,756	39,972,444	162,887,710
Income tax paid	(1,305,940)	(5,289,057)	(1,082,297)	(4,410,360)
Net cash generated from operating activities	<u>28,307,333</u>	<u>114,644,699</u>	<u>38,890,147</u>	<u>158,477,350</u>

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

24. CASH AND CASH EQUIVALENTS

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash and bank balances (Note 5)	62,487,036	253,072,496	38,570,127	157,173,268
Deposits and placements with banks (with original maturities of three months or less)	2,400,000	9,720,000	4,210,000	17,155,750
	<u>64,887,036</u>	<u>262,792,496</u>	<u>42,780,127</u>	<u>174,329,018</u>

25. COMMITMENTS AND CONTINGENCIES

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
(i) Credit commitments				
Unused portion of overdrafts	6,385,121	25,859,740	5,132,786	20,916,103
Letters of credit	598,215	2,422,771	2,147,684	8,751,812
Bank guarantees	3,996,988	16,187,801	3,518,045	14,336,033
	<u>10,980,324</u>	<u>44,470,312</u>	<u>10,798,515</u>	<u>44,003,948</u>



Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

25. COMMITMENTS AND CONTINGENCIES (Con't)

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
(ii) Lease commitments				
Within one year	675,674	2,736,480	559,570	2,280,248
Between two to five years	2,284,172	9,250,897	1,382,951	5,635,525
More than five years	1,605,899	6,503,891	605,820	2,468,717
	<u>4,565,745</u>	<u>18,491,268</u>	<u>2,548,341</u>	<u>10,384,490</u>

(iii) Capital commitments

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

Capital commitments	<u>349,200</u>	<u>1,414,260</u>	<u>463,240</u>	<u>1,887,703</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.

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26. RELATED PARTIES TRANSACTIONS AND BALANCES

(A) RELATED PARTIES TRANSACTIONS

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

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
STAR & CRANE CAM CO., LTD. - RELATED PARTY WITH A COMMON DIRECTOR				
Interest income	20,279	82,132	6,473	26,377
Payments on leasehold land and building	-	-	6,240,000	25,428,000

SBI ROYAL SECURITIES PLC. - RELATED PARTY WITH A COMMON SHAREHOLDER

Interest expenses	236,500	957,826	197,902	806,451
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KEY MANAGEMENT PERSONNEL COMPENSATION

Interest income	4,786	19,385	4,317	17,592
Interest expenses	34,719	140,612	10,208	41,598
Remuneration (*) (Salaries and other short term benefits)	<u>2,371,091</u>	<u>9,602,919</u>	<u>600,009</u>	<u>2,445,037</u>

(*) Included in the remuneration is the special incentive amounting to US\$1,760,291 being provided in accordance to the shareholders' approval to the key management who are outstanding performance since the establishment of the Bank.



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(B) BALANCES WITH RELATED PARTIES

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Amount due from related parties:				
Loan and advance to customers:				
(i) Star & Crane Cam Co., Ltd.	1,000,000	4,050,000	1,000,000	4,075,000
(ii) Key management	64,895	262,825	71,255	290,364
	<u>1,064,895</u>	<u>4,312,825</u>	<u>1,071,255</u>	<u>4,365,364</u>
Accrued interest receivables:				
Star & Crane Cam Co., Ltd.	1,334	5,403	1,333	5,432
Key management	359	1,454	305	1,243
	<u>1,693</u>	<u>6,857</u>	<u>1,638</u>	<u>6,675</u>
	<u>1,066,588</u>	<u>4,319,682</u>	<u>1,072,893</u>	<u>4,372,039</u>

(i) This represents the secured term loan with a period of ten (10) years effective from September 2014 to September 2024. The loan bears interest at the rate of 2% (31 December 2014: 2%) per annum.

(ii) This represent the secured term loan provided to a Deputy Chief Executive Officer for a period of ten (10) years effective from June 2013 to June 2023. The loan bears interest at the rate of 7% (31 December 2014: 7%) per annum

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	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Amount due from related parties:				
Deposits from customers:				
(i) SBI Royal Securities Plc.	8,851,442	35,848,340	7,172,752	29,228,964
(ii) Key management	1,277,550	5,174,078	706,408	2,878,613
(iii) Star & Crane Cam Co., Ltd.	450,709	1,825,371	386,010	1,572,991
	<u>10,579,701</u>	<u>42,847,789</u>	<u>8,265,170</u>	<u>33,680,568</u>

(iii) This represents the term deposits maintained with the Bank bearing the interest rate ranging from 4.30% to 4.40% per annum.

(iv) This represents the current accounts and saving accounts of the key management maintained with the Bank bearing the interest rate at 1% per annum.

(v) This represents the current accounts of Star & Crane Cam Co., Ltd maintained with the Bank bearing no interest.

27. 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:



Financial Statement And INDEPENDENT AUDIT’S REPORT 2015 (Cont’)

(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, 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 25.

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

	2015		2014	
	US\$	KHR’000 (Note 4)	US\$	KHR’000 (Note 4)
Cash and bank balances (excluding cash on hand)	52,464,926	212,482,950	29,794,404	121,412,197
Deposits and placements with banks	68,138,750	275,961,938	53,290,000	217,156,750
Loans and advances-net	226,122,681	915,796,858	168,648,167	687,241,281
Statutory deposits	38,406,000	155,544,300	23,821,000	97,070,575
Other assets	3,946,291	15,982,479	2,600,277	10,596,128
	<u>389,078,648</u>	<u>1,575,768,525</u>	<u>278,153,848</u>	<u>1,133,476,931</u>

Loans and advances:

	2015		2014	
	US\$	KHR’000 (Note 4)	US\$	KHR’000 (Note 4)
Loans and advances				
Individually impaired	35,184	142,495	9,160	37,327
Past due but not impaired	187	757	652	2,657
Neither past due nor impaired	228,379,332	924,936,295	170,346,292	694,161,140
	<u>228,414,703</u>	<u>925,079,547</u>	<u>170,356,104</u>	<u>694,201,124</u>
Allowance for bad and doubtful loans and advances	(2,292,022)	(9,282,689)	(1,707,937)	(6,959,843)
	<u>226,122,681</u>	<u>915,796,858</u>	<u>168,648,167</u>	<u>687,241,281</u>



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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.

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.

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

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Against individually impaired:				
Land and building	52,890	214,205	-	-
Vehicles	33,220	134,541	32,930	134,190
Past due but not impaired:				
Land and building	17,500	70,875	-	-
Vehicles	-	-	3,150	12,836
	103,610	419,621	36,080	147,026

Loans with renegotiated terms/restructured loans

Loans with renegotiated terms are loans that have been rescheduled or refinanced in accordance with an agreement setting forth a new repayment schedule on a periodic basis occasioned by weaknesses in the borrower's financial condition and/or inability to repay the loan as originally agreed. Loans to be restructured are analysed on the basis of the business prospects and repayment capacity of the borrower according to new cash flow projections supported by updated business perspectives and overall market conditions being based on realistic and prudent assumptions.

Once the loan is restructured it remains in the same category independent of satisfactory performance after restructuring. The classification is not improved unless there are no arrears in repayment of principal and interest within 3 instalment periods and within a period of not less than 3 months.



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Write-off policy

In compliance with NBC Guidelines, the Bank shall remove a loan/advance or a portion of a loan from its balance sheet when the Bank loses control of the contractual rights over the loan or when all or part of a loan is deemed uncollectible; or there is no realistic prospect of recovery.

Collateral

The Bank holds collateral against loans and advances in the form of mortgage interests over property and/or guarantees. The value of collateral is based on the valuation performed internally by the Bank.

Concentration of risks of financial assets with credit risk exposure

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 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.

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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:

	2015					2014				
	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	120,603,676	3,754,765	39,630,987	163,989,428	53,290,000	3,540,738	26,080,774	82,911,512		
Manufacturing	-	13,107,254	-	13,107,254	-	14,242,291	-	14,242,291		
Real estate	-	37,898,335	-	37,898,335	-	48,069,262	-	48,069,262		
Others community, social and personal activities	-	173,654,349	2,721,304	176,375,653	-	104,503,813	340,503	104,844,316		
Less allowance for losses on loans and advances	120,603,676	228,414,703	42,352,291	391,370,670	53,290,000	170,356,104	26,421,277	250,067,381		
	-	(2,292,022)	-	(2,292,022)	-	(1,707,937)	-	(1,707,937)		
Equivalent in KHR'000 (Note 4)	120,603,676	226,122,681	42,352,291	389,078,648	53,290,000	168,648,167	26,421,277	248,359,444		
	488,444,888	915,796,858	171,526,779	1,575,768,525	217,156,750	687,241,281	107,666,703	1,012,064,734		

* Excluding cash on hand



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(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 2015, 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.

(ii) Interest rate risk

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

The table below summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at the carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

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2015	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\$	Non-interest bearing US\$	Total US\$
Financial assets								
Cash and bank balances	52,464,926	-	-	-	-	-	10,022,110	62,487,036
Deposits and placements with banks and other financial institutions	7,100,000	1,750,000	16,180,000	40,108,750	3,000,000	-	-	68,138,750
Loans and advances	11,704,086	34,224,126	40,426,935	72,026,818	66,171,352	3,861,386	-	228,414,703
Other assets	-	-	-	-	-	-	3,363,907	3,363,907
Total financial assets	71,269,012	35,974,126	56,606,935	112,135,568	69,171,352	3,861,386	13,386,017	362,404,396
Financial liabilities								
Deposits from customers	118,066,880	42,309,114	29,267,260	62,806,340	23,590,549	-	-	276,040,143
Deposits by other banks	23,480,048	20,357,126	10,502,000	20,980,150	-	-	-	75,319,324
Other liabilities	-	-	-	-	-	-	5,979,114	5,979,114
Total financial liabilities	141,546,928	62,666,240	39,769,260	83,786,490	23,590,549	-	5,979,114	357,338,581
Total interest rate repricing gap	(70,277,916)	(26,692,114)	16,837,675	28,349,078	45,580,803	3,861,386	7,406,903	5,065,815
Equivalent in KHR'000 (Note 4)	(284,625,560)	(108,103,062)	68,192,584	114,813,766	184,602,252	15,638,613	29,997,958	20,516,551



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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\$	Non-interest bearing US\$	Total US\$
Financial assets								
Cash and bank balances	29,794,404	-	-	-	-	-	8,775,723	38,570,127
Deposits and placements with banks and other financial institutions	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	-	170,356,104
Other assets	-	-	-	-	-	-	2,622,095	2,622,095
Total financial assets	46,529,676	22,551,422	55,359,042	79,921,927	46,895,786	2,182,655	11,397,818	264,838,326
Financial liabilities								
Deposits from customers	71,294,939	25,420,146	22,432,369	32,604,394	12,182,960	326,800	-	164,261,608
Deposits by other banks	26,468,707	12,634,598	14,751,200	22,264,805	-	-	-	76,119,310
Other liabilities	-	-	-	-	-	-	3,570,728	3,570,728
Total financial liabilities	97,763,646	38,054,744	37,183,569	54,869,199	12,182,960	326,800	3,570,728	243,951,646
Total interest rate repricing gap	(51,233,970)	(15,503,322)	18,175,473	25,052,728	34,712,826	1,855,855	7,827,090	20,886,680
Equivalent in KHR'000 (Note 4)	(208,778,428)	(63,176,037)	74,065,052	102,089,867	141,454,766	7,562,609	31,895,392	85,113,221

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(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 2015 and 2014:

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.



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2015	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\$
Financial assets								
Cash and bank balances	62,487,036	-	-	-	-	-	-	62,487,036
Deposits and placements with banks and other financial institutions	7,100,000	1,750,000	16,180,000	40,108,750	3,000,000	-	-	68,138,750
Loans and advances	11,704,086	34,224,126	40,426,935	72,026,818	66,171,352	3,861,386	-	228,414,703
Other assets	248,598	171,105	527,393	1,032,065	316,385	25,894	1,042,467	3,363,907
Total financial assets	81,539,720	36,145,231	57,134,328	113,167,633	69,487,737	3,887,280	1,042,467	362,404,396
Financial liabilities								
Deposits from customers	34,366,338	42,309,114	29,267,260	62,806,340	23,590,549	-	83,700,542	276,040,143
Deposits by other banks	18,761,744	20,357,126	10,502,000	20,980,150	-	-	4,718,304	75,319,324
Other liabilities	1,134,045	1,291,613	997,671	1,388,088	1,167,697	-	-	5,979,114
Total financial liabilities	54,262,127	63,957,853	40,766,931	85,174,578	24,758,246	-	88,418,846	357,338,581
Net liquidity surplus (gap)	27,277,593	(27,812,622)	16,367,397	27,993,055	44,729,491	3,887,280	(87,376,379)	5,065,815
Equivalent in KHR'000 (Note 4)	110,474,252	(112,641,119)	66,287,958	113,371,873	181,154,439	15,743,484	(353,874,336)	20,516,551

Financial Statement And
INDEPENDENT AUDIT'S REPORT 2015 (Cont')

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\$
Financial assets								
Cash and bank balances	38,570,127	-	-	-	-	-	-	38,570,127
Deposits and placements with banks and other financial institutions	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	-	170,356,104
Other assets	1,015,837	81,738	482,026	389,568	-	343,663	309,263	2,622,095
Total financial assets	56,321,236	22,633,160	55,841,068	80,311,495	46,895,786	2,526,318	309,263	264,838,326
Financial liabilities								
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	662,726	828,640	967,629	714,355	397,374	4	-	3,570,728
Total financial liabilities	43,253,792	38,883,384	38,151,198	55,583,554	12,580,334	326,804	55,172,580	243,951,646
Net liquidity surplus (gap)	13,067,444	(16,250,224)	17,689,870	24,727,941	34,315,452	2,199,514	(54,863,317)	20,886,680
Equivalent in KHR'000 (Note 4)	53,249,834	(66,219,663)	72,086,220	100,766,360	139,835,467	8,963,020	(223,568,017)	85,113,221



Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

(E) CAPITAL MANAGEMENT

(i) Regulatory capital

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

- To comply with the capital requirements set by the NBC;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of the business.

The NBC requires all the Banks to (i) fulfil the minimum capital requirements, and (ii) comply with solvency, liquidity and other requirements.

The table below summarises the composition of regulatory capital:

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Tier 1 Core capital				
Share capital	39,000,000	157,950,000	39,000,000	158,925,000
Retained earnings (*)	13,990,582	56,661,857	12,835,781	52,305,808
	52,990,582	214,611,857	51,835,781	211,230,808
Less:				
Intangible assets	(413,692)	(1,675,453)	(570,410)	(2,324,421)
Loan to related parties	(1,066,588)	(4,319,681)	(1,072,893)	(4,372,039)
	51,510,302	208,616,723	50,192,478	204,534,348
Tier 2 Complementary Capital				
General provision	2,283,793	9,249,362	1,703,463	6,941,612
Less: Investment	(21,818)	(88,363)	(21,818)	(88,908)
	2,261,975	9,160,999	1,681,645	6,852,704
Total regulated capital (Tier 1+2)	53,772,277	217,777,722	51,874,123	211,387,052

(*) This represents the retained earnings which were limited to 20% of Sub-Total A in Tier 1 Capital as per NBC's Prakas No. B7-010-182 on calculation of Net Worth.

Financial Statement And INDEPENDENT AUDIT'S REPORT 2015 (Cont')

The above regulated capital is calculated in accordance with the guidance issued by the National Bank of Cambodia which may be different in some material respects compared to generally accepted principles applied by financial institutions in other jurisdiction. The above regulated capital information is therefore not intended for users who are not informed about the guidance issued by the National Bank of Cambodia.

Subsequent to the year end on 1 March 2016, the Bank requested to transfer the amount of US\$5,000,000 from its total retained earnings to reserve account in order to keep compliance with the NBC's Prakas No. B7-010-182 on calculation of Net worth. This request is still pending approval from the NBC as at the date of this report.

(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.

28. FAIR VALUES

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 and market prices are not available for a significant proportion of the Bank's financial assets and liabilities fair values, therefore, were not presented.



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ធនាគារ ភ្នំពេញ ពាណិជ្ជ
Phnom Penh Commercial Bank

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