Phnom Penh Commercial Bank



Contents

1.	Message from CEO	3
2.	Vision & Mission	5
3.	PPCBank Organizational Chart	6
4.	PPCBank Corporate information	7
5.	PPCBank Philosophy	8
6.	Board of Director	9
7.	PPCBank Committees	11
8.	Financial Summary	13
9.	Financial Results	14
10.	Cambodia Overview	16
11.	PPCBank Overview	18
12.	PPCBank Products and Service	20
13.	Our Corporate Social Responsibility	27
14.	Our Future Plan	29
15.	PPCBank Ethical Philosophy	31
16.	Consolidated and Separate Financial Statement	32
17.	PPCBank Branches and ATMs	121



Message from CEO



Message from President

The global uncertainties have become consistently certain with vast transition in both economic and politic field during these recent years. Unarguably, populations and investors around the globe have never witnessed such unprecedented occurrences in a very short period like 2016, which led people to wonder "what's going on with the world today?"

Just as the global oil price started to pick up the pace and the world is heading to achieving its projected economic goal, majority people in Great Britain have voted to withdraw themselves from its economic union of 28 counties, European Union (EU), which has a historical integration of over 40 years causing a list of complexity in this world's economic-dominant zone and spreading in the entire world. At the same time, in the global banking field, Wells Fargo, which is one of the leading global banks, has faced with multi-million dollars fine in their outrageous unethical pressurized sale practice resulting in millions of fraud accounts. Amongst these, several banks have also been performing inauspiciously to the Federal Reserve's Stress Test scenario leading people to begin suspecting the stability in the global finance and especially its banking sector in US and the globe.

Meanwhile Cambodia, in contrast, performed favorably in achieving its approximately 7% economic growth making itself to remain appealing in attracting investors around the globe to eye into this developing market as well as unload their investing capital, which used to produce limited marginal return from elsewhere, to put into investments here hoping to generate greater returns from this emerging economy. Cambodia economic growth has been brought to its achievement by all of its relevant key sectors such as construction, tourism, and garment, especially its financial sector. The country's financial sector has been in the center of attraction from investors from countries such as France, Japan, Korea and Thailand which all of whom have resilient expertise with equally strong capital and skills in banking field pushing this already-crowded market to another level of competitiveness.

Nonetheless, Phnom Penh Commercial Bank (PPCBank) has never casted skeptism in assurance that our level of competitiveness remains solid in the market. Even PPCBank has been going through shareholding changes; our position has never been stronger. With our double-digit growth in assets expansions equivalently to approximately 16% from USD 414 millions to USD 480 millions, 35% increase in loan amounting in USD 228 millions to USD 308 millions, 11% rise in deposits from USD 351 millions to USD 392 million respectively from 2015 to 2016, our achievement has been at triumphant rate amongst many financial competitors in the market. Thanks to our dedicated employees and growing confidence from our customers, PPCBank had made 2016 its year of exhilaration.

Over the course of last year, regulations have been implemented applicable to all financial institutions under National Bank of Cambodia supervision such as an increase in paid-up capital requirement, obligations in 10% of Riel in loan portfolio and more regulations are expecting to come into practice; all the financial institutions world require stronger commitment in evaluating its strategy to ensure their position maintenance. Some financial institutions which have found themselves in struggling condition in relevant compliance to the National Bank of Cambodia would necessitate diverse strategies such as merger or being acquired by stronger shareholders to enable them withstanding such tightening circumstances. On the other side, PPCBank backed by our shareholder, has just injected an additional USD 20 millions of paid-up capital in bid to demonstrate our willingness in exerting our capital strength, banking skills and professionalism to the banking industry and to ensure our financial soundness enhancement and self-assurance to all of our customers. With insinuating strategies execution to direct ourselves into "The Best Retail Financial Group" as our vision, this additional capital will endow us with the competence to formulate our vision into reality and build PPCBank is be the most resilient bank when comes to all of customers' dependency. This USD 59 millions in paid-up capital we hold as of 2016 would not be the end-journey of dedication from PPCBank. We would continue to commit ourselves with an increase in our capital to further build stronger competency with greater and more services to accommodate valued customers as well as build sound assets management through profit maximization and highest-quality human resource in Cambodia.

I, Shin Chang Moo have taken gratitude to express that we have executed a successful conclusive performance during our 2016 financial year and going forward, 2017 would be our year of initiating strategies to transform PPCBank into "The Best Retail Financial Group" in the region.

Shin Chang Moo President of Phnom Penh Commercial Bank



2 Vision & Mission

Our Vision: 'The Best Retail Financial Group'.

Our Mission: We express a space, which we closely build with our most valued customers through closeness and trust. We have also embedded the concept of 'leaping forward' in our symbol which signifies sustainably growing through change and innovation.

Leaping forward

We constantly embrace change which is backed by our competitive strength as pioneer of retail finance; and we aim for excellence through innovation.

Trust

Embedded strongly with a saying 'A guardian tree of a village', we believe in prospering through closeness, confidence and loyalty built with our customers.

People

As a retail financial group, we dedicate ourselves in providing the best service for low-to-middle class customers and promote small-to-medium sized enterprises.

Space

Space has been firmly placed in our philosophy to ensure that we have committed especially with customers through channel that closeness and loyalty are strongly entrenched.



3 PPCBank Organization Chart





PPCBank Corporate Information

PPCBank Information	(As of December 31, 2016)
Bank Name	Phnom Penh Commercial Bank (PPCBank)
Date of Establishment	1 st , September 2008
Registration No	00015794
Head Office	No 217, Preah Norodom Blvd, Sangkat Tonle
	Bassac, Khan Chamkarmon, Phnom
	Penh, Cambodia
Paid-Up Capital	USD \$59 million
No of employees	289

Principle Shareholders

The shares of Phnom Penh Commercial bank are held by **Jeonbuk Bank Co., Ltd** (a subsidiary company of JB Financial Group based in South Korea), **Apro Financial Co. Ltd** (a subsidiary company of J&K Capital Co, Ltd which is under the supervision of Apro Service Group based in South Korea) and **JB Woori Capital Co., Ltd** (a subsidiary company of JB Financial Group based in Korea) with the number of shares and percents as below:

Name	No. of Shares Hel	Percentage of Total Outstanding Shares (%)
Jeonbuk Bank Co., Ltd	29,500	50.00%
Apro Financial Co., Ltd	23,600	40.00%
JB Woori Capital Co., Ltd	5,900	10.00%
Total	59,000	100.00%
External Auditor		KPMG

(As of December 31, 2016)



5 PPCBank Philosophy

We embedded ourselves to be a dedicated servicing bank to our valued customers at beyond highest capability other financial service providers have offered; and we, always believe in an inseparable attachment between customers and our service to ensure that our customer's success is our priority and to deserve to be known as "Your Trusted Bank".



Caring Bank

Phnom Penh Commercial Bank implores all the possibility of showing care to our customers. In mid-2016, we have adopted a concept of "One Apple a Day Keeps the Doctors Away" by providing fresh apples to customers visiting all branches of PPCBank. This initiation is an exemplar model we are expressing to be a dedicated partner who aims at expanding our service beyond business level but at an interpersonal as well.

Innovative Bank

Innovation is PPCB's DNA. PPCB always looks for best way to provide differentiated experience to our customers in term of physical and virtual services.





Board of Director

The directors are appointed by our shareholders to act on their behalf. Our Board of Directors is responsible for determining the strategy of the Bank and for conducting and supervising operation to act in the best interests of the Bank. Our Board of Directors assumes responsibilities for corporate governance and for promoting the success of the bank by directing and supervising the bank's business operation and affairs. The membership is not confined only to members of the board but includes management as well. The members of Board of Directors holding office are:



Mr. YIM YONG TAICK, Chairman

President, CEO at Jeonbuk Bank Co., Ltd (Nov 2014 – Present) Chairman, CEO at JB Woori Capital Co., Ltd (Sep 2011 - Oct 2014) Founder, CEO at Pegasus Private Equity Co., (Apr 2008 – Aug 2011) Founder, CEO at Meritz Investment Partners Co., (May 2005 – Mar 2008)

Founder, CEO at Taurus Venture Capital Co., (Aug 1997 – Apr 2005) Founder, CEO at Lim & Partners Co., (Mar 1996 – Jul 1997) Manager at Daishin Securities Co., Ltd (Mar 1986 – Feb 1996)



Mr. BAEK JONGIL, Member

Prospective Director at JEONBUK BANK Co., Ltd (Jan 2015 – Present) Executive Director at SINOS Ltd. (Jul 2013 – Dec 2014) Director at PEGASUS PRIVATE EQUITY Co., (May 2005 – Jun 2009) Team Manager, Financial Business Department at HYUNDAI SECURITIES (Jul 1991 – Nov 2001) Accountant at CPA Firm (Accounting Firm) (May 1997 – Jun 1999) General Manager, Research Department at JP MORGAN SECURITIES (Mar 1994 – Mar 1997) Deputy General Manager at DAISHIN SECURITIES Co., Ltd. (Nov 1987 – Mar 1994)





Mr. SIM SANG TON, Member Director at APRO Financial Co., Ltd (Jun 2004 – Present) Representative Director at APRO Service Group Co., Ltd (May 2014 – Present) Representative Director at YES Capital Co., Ltd (Dec 2013 – Present)



Mr. PARK CHONG TAE, Independent Member

CEO at Mobile C&C (Cambodia) (Apr 2013 – Present) CEO at MainStream & Company (Feb 2004 – Present) CEO at E-Trinity Ltd (Aug 2003 – Jan 2004) Managing Director at LKFS Co., Ltd (Mar 2000 – Jun 2003) Manager at IBM Korea (Jan 1991 – Feb 2000)



Mr. LEE YUN SOO, Independent Member Auditor at Ex-In-Housing Co., Ltd (Mar 2010 – Present) Accounting Manager at Progress Co., Ltd (Oct 1999 – May 2012) Manager at Korea Exchange (Apr 1988 – Sep 1999)



PPCBank Committees

I. Audit Committee:

Our Audit Committee is tasked to determine that conditions which the External Auditors, the Internal Audits and any other person belonging to the organization are remarkably in charge of the bank's operating procedures. They primarily undertake the responsibilities to ensure sound effective quality of internal control through its continuous monitoring and assessment. It is our committee duty to assure that the bank's integrity is being consistently carried out in all fields related or non-related to the bank's business and to make recommendations at most convincing behaviors for attaining effective and ethical management within our organizations.

II. Risk Committee:

Our risk committee's principal role is to establish the bank's procedures and effectively implement the most appropriate process aimed at identifying, measuring, monitoring, limiting, management and, where applicable, mitigating the risks involved by the institution's operation and organization to ensure such process is consistently in line with the bank's strategy and goal; especially to ensure that we are operating in the most sustainable environment for all our stakeholders. The Risk Committee of Phnom Penh Commercial Bank is essentially responsible for overseeing the overall risk management practices of the bank, including management ability to access and manage the bank's risks such as credit risk, market risk, liquidity risk, operational risk etc. to ensure sound and safe organizational operations based on our value and integrity as fundamental standard.

III. ALCO Committee:

The ALCO committee of Phnom Penh Commercial Bank is responsible for deliberation of monitoring on the bank's assets managements to ensure returns optimization as well as to ensure that the bank has consistently sound levels in term of the bank's liquidity and solvency in relevant compliance with all forms of requirement with the National Bank of Cambodia. They are to ensure that the undue levels of risk such as liquidity, interest rate, credit market and foreign exchange are not exposed by the bank. Additionally, our ALCO Committee has been responsible for suggesting on the adoption of crucial matters such as deposit pricing strategy and internal cost to ascertain the performance of the bank is continuously on track with the bank's targets and strategies.



IV. Credit Committee:

Phnom Penh Commercial Bank Credit Committee is tasked to ensure that the bank has always utilized at most effective and efficiency in term of our loan disbursement as well as operate with highest soundness in our credit environment. Their performance has been favorable and plays mandatory role in contributing to our success and outstanding achievement in 2016. All tasks are carried out through professionalism and determination with experienced critical-analysis skills of utilizing the most suitable approach to ensure we have achieved exceptional expectation in term of our loan portfolio and portfolio quality. They also has mandatory role in guiding the bank back on track to sustainability when identifying any adverse trends and take the most corrective approaches to cope with such trend in relation to this volatile financial atmosphere.

V. Human Resource Committee:

As present management realized human resource is unarguably the most important resource in the organization, Phnom Penh Commercial Bank has deployed a philosophy where we ensure we consistently maintained our employees 'satisfaction highest among other relevant aspects. We equipped ourselves with professional, experienced and skillful Human Resource Committee members which dedicated themselves in ensuring that our employees received the highest possible satisfaction in form of both working and personal environment. Our committee has performed satisfactorily in ensuring we have recruited qualified employees, praising them accurately in line and compliance with business goal and target and more importantly maintained our talents loyalty. They are further obliged to ensure fair evaluation by taking accounts with aspects in both internal and external environment to build the most effective human resource strategies in pertaining any relevant issues to ensure the bank's sustainability and crucially maintenance of employee's continuous improvement and loyalty.

Financial Summary





Note: *Excludes USD 2.5 millions in remuneration expense. ** Excludes USD 4.4 millions in extraordinary item expense.











Phnom Penh Commercial Bank Consolidated balance sheet As at 31 December 2016

	•	2016		2015	
	Note	US\$ (Note 4)	KHR'000	US\$ (Note 4)	KHR'000
ASSETS					
Cash and bank balances Deposits and placements with banks and other	5	29,524,517	119,190,475	62,487,036	253,072,496
financial institutions	6	76,915,000	310,505,855	68,138,750	275,961,938
Loans and advances, net	7	308,492,754	1,245,385,248		915,796,858
Other assets	8	4,196,834	16,942,619	3,946,291	15,982,477
Statutory deposits	9	45,208,000	182,504,696	38,406,000	155,544,300
Intangible assets	10	1,066,079	4,303,761	413,692	1,675,453
Property and equipment	11	14,484,689	58,474,689	14,582,950	59,060,948
Deferred tax assets	14	597,325	2,411,401	-	-
TOTAL ASSETS		480,485,198	1,939,718,744	414,097,400	1,677,094,470
LIABILITIES AND EQUITY LIABILITIES					
Deposits from customers	12	317,507,103	1,281,776,175	276,040,143	1,117,962,579
Deposits by other banks	13	74,933,739	302,507,504	75,319,324	305,043,262
Current income tax liabilities	14	934,941	3,774,357	779,236	3,155,906
Other liabilities	15	9,344,003	37,721,740	6,728,115	27,248,866
TOTAL LIABILITIES		402,719,786	1,625,779,776	358,866,818	1,453,410,613
EQUITY					
Share capital	17	59,000,000	238,183,000	39,000,000	157,950,000
Other reserves	18	5,000,000	20,185,000	-	-
Retained earnings		13,765,412	55,570,968	16,230,582	65,733,857
TOTAL EQUITY		77,765,412	313,938,968	55,230,582	223,683,857
TOTAL LIABILITIES AND EQ	UITY	480,485,198	1,939,718,744	414,097,400	1,677,094,470

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



Phnom Penh Commercial Bank Consolidated income statement for the year ended 31 December 2016

		2016		2015	
	Note	US\$ (Note 4)	KHR'000	US\$ (Note 4)	KHR'000
Interest income Interest expense	19 20	28,561,359 (14,630,417)	115,302,206 (59,062,993)	22,918,887 (11,221,279)	92,821,493 (45,446,180)
Net interest income		13,930,942	56,239,213	11,697,608	47,375,313
Fees and commission income Fees and commission expense	21	4,146,494 (325,105)	16,739,396 (1,312,449)	3,639,418 (57,952)	14,739,644 (234,706)
Net fees and commission inc	ome	3,821,389	15,426,947	3,581,466	14,504,938
Other income	22	306,790	1,238,511	88,609	358,866
Total net operating income		18,059,121	72,904,671	15,367,683	62,239,117
General and			<i>.</i>		
administrative expenses Allowance for bad and doubtful	23	(13,155,044)	(53,106,913)	(10,368,109)	(41,990,842)
loans and advances	7	(1,345,249)	(5,430,770)	(584,085)	(2,365,544)
Profit before income tax		3,558,828	14,366,988	4,415,489	17,882,731
Income tax expense	14	(1,104,117)	(4,457,320)	(1,020,688)	(4,133,786)
Net profit for the year		2,454,711	9,909,668	3,394,801	13,748,945

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



Cambodia Overview

10

Cambodia continued to achieve satisfactory economic growth at 7% in 2016, driven by strong growth of garment exports, construction and real estate, and tourism, while the agricultural sector has also shown slight improvement. The continued inflow of foreign direct investment (10.7% of GDP), attracted by the positive economic outlook and the amelioration of trade deficit (-7.2% of GDP), contributed to the increase in the overall balance of payment surplus to 5.7% of GDP, compared to 3.7% last year. The surplus also contributed to the accumulation of Cambodia's foreign exchange reserve which now could cover up to 5 months of imports of goods and services. Inflation remained low at around 2.9%, caused by the increases in the price of food, restaurant and cloth groups as a result of the rising domestic demand in line with the improvement of living standard. This is also partially due to low oil price environment in combination with the supportive fiscal and monetary policies. Broad money (M2) grew at the rate of 21%, similar to the average rate within the last 5 years. Meanwhile, this increase continued to lift financial deepening indicator (M2 to GDP) from 67% in 2015 to 74% this year. However, this growth has not caused any inflationary pressure, since credit growth in the banking sector has declined possibly due to the increase of liquidity of banks and financial institutions in compliance with the new Prakas on Liquidity Coverage Ratio (LCR). Based on the projection by major international financial institutions such as the International Monetary Fund, World Bank and Asian Development Bank, as well as the Cambodian government, Cambodian economy continues to move forward on its long-term growth path at around 7% in 2017, supported by strong garment sector, the growth in construction and real estate sector, as well as the rebound in tourism and agriculture sectors.





The expansion of economic activities will be buoyant by: i/- continuous comprehensive structural reforms in all sectors ii/- Cambodia's economic potentials as a member of the ASEAN Economic Community (AEC), in which Cambodian market is able to receive more inflows of capital and investment and expand its intraregional trade iii/- its strategic location which ease the connection by both land and maritime transportation along the One Belt-One Road initiative (OBOR) which would allow Cambodia to increase its investment and trade with China and other countries along the One Belt-One Road, iv/- continuous tax exemptions on exports from Cambodia to Europe under the Everything But Arms' regime and to U.S with the tax exemptions on exports of travelling goods, and v/- demographic dividend as about 65% of total population are under 35 years old. Inflation is expected to slightly increase to around 3%, a bit higher than that in 2016 due to expectation of oil price increase and increased imported inflation from the neighboring countries, while the exchange rate is expected to be stable around 4,050 Riel per USD. Money supply (M2) will increase approximately 19%, supported by the growth of credit to private sector and the surplus of balance of payments. 2016 has been concluded as a year of an economic favorability and inflow of FDI which will continue to drive population's income and especially the financial sector of the country.

11



PPCBank Overview

Name Of Bank	Phnom Penh Commercial Bank
Date of Establishment	2008-09-01
Industry	Commercial Bank
President	Shin Chang Moo
BOD	1. Mr. Yim Yong Taick, Chairman
	2. Mr. Baek Jong IL, Director
	3. Mr. Sim Sang Ton, Director
	4. Mr. Park Chong Tae, IndependentBoard of Director
	5. Mr. Lee Yun Soo, Independent Board of Director
Address (Head Office)	Nº 217, Norodom Blvd, Sangkat Tonle
	Bassac, Khan Chamkamorn, Phnom Penh, Cambodia.
Paid-in Capital	USD \$59 million (As of December 31st, 2016)
Number of Employees	289 (As of December 31st, 2016)
Branches	14 Branches

>As of December 2016, PPCBank has 14 branches nationwide (10 in Phnom Penh, 1 in Siem Reap, 1 in Battambang, 1 in Preak Sihanouk and 1 in Kompong Cham).

>PPCBank has a total of 22 ATMs; 15 onsite ATMs and 7 offsite ATMs (at major popular locations in Cambodia).

No	Branch	Established Date	Location
1	BTB	2008	Phnom Penh
2	BS	2009	Phnom Penh
3	PDK	2010	Phnom Penh
4	SR	2011	Siem Reap
5	ТК	2011	Phnom Penh
6	TT	2012	Phnom Penh
7	BB	2013	Battambang
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	Sihanouville
14	KPC	2016	Kompong Cham





PPCBank Overview (Cont')

BTB Branch

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

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 PPCBank.

SR Branch

Siem Reap is the center of business and tourism. Siem Reap is full of shopping center, hotels, restaurant etc.

TK Branch

Toul Kork area is in the center of Phnom Penh; and it's prime location.

TT Branch

Teuk Thla area is one of government's major plans to urbanize the city; it is full of construction new apartment and market.

BB Branch

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

PPT Branch

Phnom Penh Tower branch is in area surrounded by full of new construction of shopping center, companies, residents etc.

SMC Branch

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

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.

Head Office

Tonle Bassac area is located in one of the fastest growing location in Phnom Penh. This area consists of residential and commercial building including embassy, ministries etc.

BTK Branch

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

SHV Branch

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

KPC Branch

Kompong Cham is the one of the major populous provinces and the agricultural center of Cambodia. It is a strategic location to be a central transportation hub linking Cambodian and both Thailand, Vietnam.



12 PPCBank Products and Services

Phnom Penh Commercial Bank caters a diverse range of useful products and services to ensure convenience, reliability and secure for all kinds of our beloved customers. For personal or business purposes, PPCBank will offer products that always stand for them.

E-Banking Service



Visa Debit Card: Is our electronic plastic card loaded with latest technology based on the EMV (Europay, MasterCard and Visa) to provide protect against counterfeit fraud through authentication of the chip card and also recognized by VISA Inc. This card allows all valued customers to make cash withdrawal via any ATMs and payments through any POS Terminal throughout Cambodia and around the world where the VISA logo is displayed.

Visa Credit Card: Is our electronic plastic card loaded with latest technology based on EMV to provide more convenient payment facilities for PPCBank value customers. It is a secured card which designed with the high-end layer of security recognized by the Payment Card Industry Data Security Standard, and provides security for customers using credit service to operate their banking services via ATM, POS terminal, or e-commerce to make cash withdrawals or pay for goods/services up to the credit line set by PPCBank.

Corporate Discounts: Customers are able to enjoy our discounts at PPCBank cooperated merchants with PPCBank VISA card. PPCBank currently cooperates with over our 80 merchants in Cambodia in 2016.



<u>Deposits</u>



Saving Account: We encourage customers to save money in our bank to ensure highest convenience and flexibility in managing cash flow. PPCBank offers customers with one of the highest interest rates of saving account in 2016.

Current Account: Our customers can enjoy our PPCBank Current Account which offers them with cheque book to settle all their payment without having to present at the bank or carry cash directly to their business partners.



Open your Account with high interest rate benefits Trusted Bank, PPCBank



Fixed Deposit Account: PPCBank Fixed Deposit Account provide high interest benefits for our value customers. Our customers can surely earn an attractive interest rate from the fund which they have placed with us.





Installment Deposit: Our valued customers are able to enjoy high interest rate benefits when opening PPCBank Installment Deposits when planning out their life goals.

VIP Saving Account: As we understand our customers' concern and their need for planning out life goals, that 's why PPCBank set up to provide more benefits to our customers who can enjoyably use Private Banking Service with our Phnom Penh Tower Premier Branch.





Credits

Micro Loan: PPCBank offers our value customers with Micro Loan for small businesses to help reaching goal in sailing to their success.

Medium Loan: PPCBank also offers our value customers with Medium Loan for our customer to ensure they received outstanding service at reasonable interest rate for their capital financing.

Large Loan: We have made sure that an extended flexibility and conveniences are offered to our valued customers. We provide our Large Loan service to those who are in need of large capital for their personal use or corporate expansion with the most flexible rate and cost.

Overdraft: Our Overdraft service specially tailored to meet our customers' transactional needs and optimize cash flow. We offer competitive rates so our valued customers can save on interest expense and we impose no fixed payment schedule.

Motor Loan: A type of PPCBank Loans set up for customers who wish to be a motorcycle owner with good conditions and competitive rates.

Housing Loan: With PPCBank Housing Loan, owning first home is just so easy, we make all of our customers' dream come true with our long term loan that they can borrow up to 70% of the home value with up to 15 years.









Trade Finance

PPCBank Trade Finance Service with our Oversea Correspondent Banks Network throughout the world and our professionals make sure to provide our customers with highly beneficial consultation to equip our customers with the most corrective decision of businesses.

-Documentary Credit (L/C): Commonly known as our banker's letter of credit which is a facility for payment as well as means of finance for oversea Letter of Credit (Import). Letter of Credit (Export)

-Bank Guarantee: Is our guarantee of payment issued by PPCBank on behalf of client, should the client fail to fulfill a contractual commitment with a third party.

- > Local Bank Guarantee
- > Oversea Guarantee
- > Shipping Guarantee

Fund Transfer

PPCBank has the best solution for money transfer services which guarantee safety and convenience for our customers.

-Local Funds Transfer: Provide convenience for customers to make transfer within and outside PPCBank locally with highly competitive cost. -International Funds Transfer Via Swift: Allow our customers to send money to anyone safely, quickly and easily, whether it is to family or suppliers oversea with another bank abroad via SWIFT with security and convinience.







Payroll Services

PPCBank offers both individual accounts and corporate accounts for payroll service and cut down the risk from bulk physical cash for customers from places to places to pay their employees.



Western Union

Within minutes, the money to be sent will be available for payout to the intended recipients at Western Union agent location worldwide. Customers can enjoy using such continent service in all of our PPCBank branches.

Our New products & Services For 2017:



SMS Alert Service

A service designed to provide instant transaction alerts through mobile phone SMS at anytime. Our customers will never have to hold on to paper receipt again. It will be free for the 1st month for all subscribers. Customers will be able to access to our services at their nearest PPCBank Branch.

Mobile Banking

An app developed for customers to remotely use mobile their devices to conduct financial transaction which available 24/7 whether checking inquiries, making transfers (including non-account holders), top-up any mobile phone and receiving special promotions. Additionally, customers will enjoyably be able to connect to social network anywhere anytime.





ATM Acquiring on Visa Card

Our nationwide ATMs will be ready to welcome all customers with VISA card holders to enjoyably use cash withdrawal for both international and local card holders. We equip our ATMs with latest operating technology that enables them to have full access to VISA database to accommodate customers 24/7.

13 Our Corporate Social Responsibility



"Phnom Penh Commercial Bank committed ourselves in doing our part for better Cambodia. Our employees, especially CSR teams are consistently doing their best to bring about the changes and improvement to our communities in both city and provincial areas."



(PPCBank on CSR act to provide the Computer Class to to local students at Kampong Speu)





(PPCBank on social CSR act to provide a medical check up to people in Kampong Speu.)



(PPCBank on social CSR act to provide lunch to approximately 300 children at Kitchen for Children in Phnom Penh.)





1. Branch Expansion For 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 to be the best retail oriented bank in Cambodia and Southeast Asia by building sustainable growth base in the short-term and strengthening competitiveness through differentiation in the mid-term. Currently we operate on highly-achieved existing branches in Phnom Penh City, Siem Reap Province, Battambang Province, Preah Sihanouk Province and Kampong Cham Province. The locations of our branches are in the core of the busiest business areas, where explosive growth is driving the customers' needs for financial products and services. In addition, we are planning four new branches: one branch in Phnom Penh and 2 branches in provinces. All will be launched in 2017 to expand our reputation and provide our financial products and services to all potential areas in Cambodia. This rapid expansion is a sign of enormous trust, since it entails tremendous responsibility: the reliable operation of such vital financial products and services is indispensible for Cambodia region's further economic development.

2. Product & Service Development

To make our banking more time and resource efficient, our products development and service team has consistently working to create more products and service yet maintaining our customers' satisfied experience. Notably each branches of PPCBank have severed numerous customers daily with frequent transactions carried out in our banks are related to saving for either personal or business. Hence we are planning to offer more specially-tailored products and service to ensure our customers are being offered with the most suitable products for their lifestyles and goal support.

Kid Saving Account (Junior Account)

In response to the high demand of the customers as well as to stabilize the bank deposit; PPCBank is planning to introduce new product call **Kid Saving Account (Junior Account)**. With Kid Saving Account, Customers can save for their child's future with premium interest rate and the money invested in the account is held for the child until age 18.





Unsecure Credit Card

In accordance to increase number of card business, PPCBank is planning to launch new product called Unsecure Credit Card. It is a product which allows customers to open credit card with the bank without collateral for cash secure. This product will design to support a safety need for those approved in case of a family emergency or an unexpected crisis so the customer can still access money with this unsecure credit card.

15 PPCBank Ethical Philosophy



Effective approaches to instilling ethics and integrity are primary rudiments of ensuring sound corporate governance and managerial operation and control. As PPCBank has constantly recognized that only ethical managerial leadership can ensure the sustainable growth and future of the bank, 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. We implemented our code of ethics to ensure to effectively train our employees to fully engage and consistently attach themselves with this set of codes to make them the most ethical citizen and more importantly bankers in the society. We deploy our ethical conducts through training our employees to always think and act from view point of the customers which educating to have a clear perception of the banker's responsibilities and profession. We, in addition to being ethical bankers, believe in our contribution to local economic development in ensuring better financial services to local residents and local economy particularly. Amongst all these, in these modern managements, we realize how crucial it is to respect our shareholders' opinions and maximize their value to make certain that maintaining maximum asset soundness and profits through managing rationally. Inarguably, over them all our employees are equipped with mindset that to be highly professional bankers and ethical ones, we make sure to establish clean financial impression with a sincere and correct attitude. Since first day of employment, we made sure we have created an atmosphere which enables this philosophy in our employee's work as well as lives to fully drive them to reach full potential of being the most professional bankers in the industry and distinguished citizens in the society.





Statements

Corporate information

Bank	Phnom Penh Commercial Ban	k
Registration No	00015794	
Registered office	No. 217, Norodom Blvd. (Stree Sangkat Tonle Basacc, Khan (Phnom Penh, Kingdom of Can	Chamkarmon,
Shareholders	Current shareholders: Jeonbuk Bank Co., Ltd Apro Financial Co., Ltd JB Woori Capital Co., Ltd	
	Previous shareholders: SBI Holdings, Inc. Hidy Investment Co., Ltd. Hyundai Swiss Savings Bank Hyundai Swiss II Savings Banl Kyung Ki Growth and Develop Kim Kwang Jin Kim Jong Min Mirae Credit Information Servio	ment Co., Ltd.
Board of Directors	Mr. Yim Yong Taick Mr. Baek Jong II Mr. Sim Sang Ton Mr. Park Chong Tae Mr. Lee Yun Soo	Chairman(Appointed on 21 July 2016) Director(Appointed on 2November 2016) Director(Appointed on 21 July 2016) Independence Director(Appointed on 21 July 2016) Independence Director(Appointed on 21 July 2016)
Management team	Mr. Shin Chang Moo Mr. Nhak Kimsroy Mr. Lee Jin Young Mr. Jung Ho Sung Mr. Neang Sinarath Mr. Kang Dong Hyun Mrs. Phom Sopheap	President Senior Vice President Director Director Director Director Finance Manager
Auditors	KPMG Cambodia Ltd	



Contents

		Page
1.	Report of the Board of Directors	34
2.	Report of the independent auditors	38
3.	Consolidated balance sheet	41
4.	Consolidated income statement	42
5.	Consolidated statement of changes in equity	43
6.	Consolidated statement of cash flows	44
7.	Separate balance sheet	46
8.	Separate income statement	47
9.	Separate statement of changes in equity	48
10.	Separate statement of cash flows	49
11.	Notes to the financial statements	50



Report of the Board of Directors

The Directors have pleasure in submitting their report together with the audited consolidated financial statements of Phnom Penh Commercial Bank("the Bank") and its subsidiary (collectively referred to as "the Group") and the separate financial statements of the Bank for the year ended31 December 2016 (hereafter referred to as "the financial statements").

Principal activities

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

The principal activities of the subsidiary, Star and Crane Cam Co., Ltd are to transact directly or indirectly any lawful business pertaining to leasing, and warehousing all kinds of products.

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

Financial results

The financial performance of the Group and the Bank for the year ended 31 December 2016 are set out in the consolidated and the separate income statements on pages 38 and 43 respectively.

Dividends

No dividend was declared or paid, and the Directors do not recommend any dividend to be paid for the period under audit.

Share capital

On 4 May 2016, the existing shareholders of the Group and the Bank resolved to sell all their shareholding to new shareholders (Note 17). These transactions were approved by the National Bank of Cambodia ("NBC") on 3 June 2016. The amendments of the Articles of Incorporation to reflect these changes were acknowledged by the Ministry of Commerce on 5 July 2016. The official ownership transfer according to the condition president is on 10 August 2016.

On 26 September 2016, the Bank requested to the NBC to increase additional share capital of US\$20,000,000 through cash injection. The Bank received the approval from the NBC on 16 November 2016 and updated the registration with the Ministry of commerce ("MOC") on 15 December 2016.



Reserves and provisions

The Bank has transferred its retained earnings amounting to US\$5,000,000 to other reserves which was approved by the NBC on 23 May 2016. Subsequent to the year end on 26 January 2017, the Bank submitted a request to the NBC to transfer from the reserves account amounting to US\$5,000,000 to share capital and is awaiting the response from the NBC as at the date of this report.

Bad and doubtful loans and advances

Before the financial statements of the Group and 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 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 Group and of the Bank, inadequate to any material extent.

Current assets

Before the financial statements of the Group and of the Bank were prepared, the Directors took reasonable steps to ensure that any current assets, other than loans and advances, which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Group and 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 assets in the financial statements of the Group and 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 Group and 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 Group and of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person except as disclosed in the financial statements, or(b) any contingent liability in respect of the Group and 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 Group and of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the period which, in the opinion of the Directors, will or may substantially affect the ability of the Group and 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 Group and of the Bank, which would render any amount stated in the financial statements misleading.

Items of unusual nature

The results of the operations of the Group and of the Bank for the 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 period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Bank for the current year in which this report is made.

Board of Directors

The members of the Board of Directors ("Board") of the Bank during the year and at the date of this report are:

Mr. Yim Yong Taick	Chairman (appointed on 21July 2016)
Mr. Baek Jong II	Director (appointed on 2 November 2016)
Mr. Sim Sang Ton	Director (appointed on 21 July 2016)
Mr. Park Chong Tae	Independence Director (appointed on 21 July 2016)
Mr. Lee Yun Soo	Independence Director (appointed on 21 July 2016)

Directors' interests

None of the Directors held or dealt directly in the shares of the Group and of the Bank during the year. The indirect interests of the Directors of the Group are disclosed in the financial statements.

Directors' benefits

During and at the end of the financial year, no arrangements existed to which the Group and the Bank is a party with the object of enabling Directors of the Group and the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Group and the Bank or any other body corporate. Since the end of the previous financial year, no Director of the Group and the Bank has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Group and the Bank or a related corporation with a firm of which the Director is a member, or with the Group or the Bank 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 Directors are responsible for ensuring that the financial statements present fairly, in all material respects, the financial position of the Group and of the Bank as at 31 December 2016 and their financial performance and their cash flows for the year then ended in accordance with Cambodian Accounting Standards ("CAS") and the guidelines of the NBC relating to the preparation and presentation of the financial statements.

In preparing these financial statements, the Directors are required to:

(i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;

(ii) comply with CAS and the guidelines of the NBC relating to the preparation and presentation of the 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) oversee the Group's and the Bank's financial reporting and maintain adequate accounting records and an effective system of internal controls;

(iv) assess the Group and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so; and

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

The Directors confirm that they have 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 9 to 89, which, in our opinion, present fairly, in all material respects, the financial position of the Group and of the Bank as 31 December 2016, and their financial performance and cash flows for the year then ended, in accordance with CAS and the guidelines of the NBC relating to the preparation and presentation of financial statements.

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

580801 86000

Mr. Shin Chang Moo President

Phnom Penh, Kingdom of Cambodia

Date: 28 FEB 2017



Report of the independent auditors To the shareholders Phnom Penh Commercial Bank

Opinion

We have audited the accompanying consolidated financial statements of Phnom Penh Commercial Bank and its subsidiary ("the Group") and the separate financial statements of Phnom Penh Commercial Bank ("the Bank"), which comprise the consolidated balance sheet of the Group and the separate balance sheet of the Bank as at 31 December 2016, and the consolidated and the separate income statements, the consolidated and the separate statements of changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 37 to 116 (hereafter referred to as "the financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2016, and their financial performance and their 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.

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Bank's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For KPMG Cambodia Ltd

Nge Huy Partner

Phnom Penh, Kingdom of Cambodia

28 February 2017

Phnom Penh Commercial Bank Consolidated balance sheet As at 31 December 2016



		2016	;	2015	
	Note	US\$	KHR'000	US\$	KHR'000
			(Note 4)		(Note 4)
ASSETS					
Cash and bank balances	5	29,524,517	119,190,475	62,487,036	253,072,496
Deposits and placements with banks and other	-	,	· · · · · ·	-, -,	,
financial institutions	6	76,915,000	310,505,855	68,138,750	275,961,938
Loans and advances, net	7	308,492,754	1,245,385,248	, ,	915,796,858
Other assets	8	4,196,834	16,942,619	3,946,291	15,982,477
Statutory deposits	9	45,208,000	182,504,696	38,406,000	155,544,300
Intangible assets	10	1,066,079	4,303,761	413,692	1,675,453
Property and equipment	11	14,484,689	58,474,689	14,582,950	59,060,948
Deferred tax assets	14	597,325	2,411,401	-	-
TOTAL ASSETS		480,485,198	1,939,718,744	414,097,400	1,677,094,470
LIABILITIES AND EQUITY LIABILITIES					
Deposits from customers	12	317,507,103	1,281,776,175	276,040,143	1,117,962,579
Deposits by other banks	13	74,933,739	302,507,504	75,319,324	305,043,262
Current income tax liabilities	14	934,941	3,774,357	779,236	3,155,906
Other liabilities	15	9,344,003	37,721,740	6,728,115	27,248,866
TOTAL LIABILITIES		402,719,786	1,625,779,776	358,866,818	1,453,410,613
EQUITY					
Share capital	17	59,000,000	238,183,000	39,000,000	157,950,000
Other reserves	18	5,000,000	20,185,000	-	-
Retained earnings		13,765,412	55,570,968	16,230,582	65,733,857
TOTAL EQUITY		77,765,412	313,938,968	55,230,582	223,683,857
TOTAL LIABILITIES AND EQ	UITY	480,485,198	1,939,718,744	414,097,400	1,677,094,470

Phnom Penh Commercial Bank Consolidated income statement for the year ended 31 December 2016

	Note	2016 US\$	KHR'000 (Note 4)	2015 US\$	KHR'000 (Note 4)
Interest income Interest expense	19 20	28,561,359 (14,630,417)	115,302,206 (59,062,993)	22,918,887 (11,221,279)	92,821,493 (45,446,180)
Net interest income		13,930,942	56,239,213	11,697,608	47,375,313
Fees and commission income Fees and commission expense	21	4,146,494 (325,105)	16,739,396 (1,312,449)	3,639,418 (57,952)	14,739,644 (234,706)
Net fees and commission inco	ome	3,821,389	15,426,947	3,581,466	14,504,938
Other income	22	306,790	1,238,511	88,609	358,866
Total net operating income		18,059,121	72,904,671	15,367,683	62,239,117
General and administrative expenses Allowance for bad and doubtful loans and advances	23 7	(13,155,044) (1,345,249)	(53,106,913) (5,430,770)	(10,368,109) (584,085)	(41,990,842) (2,365,544)
Profit before income tax		3,558,828	14,366,988	4,415,489	17,882,731
Income tax expense	14	(1,104,117)	(4,457,320)	(1,020,688)	(4,133,786)
Net profit for the year		2,454,711	9,909,668	3,394,801	13,748,945

Phnom Penh Commercial Bank Consolidated statement of changes in equity for the year ended 31 December 2016

	Share capital US\$	Other reserves US\$	Retained earnings US\$	Total US\$
At 1 January 2015	39,000,000	-	12,835,781	51,835,781
Net profit for the year	-	-	3,394,801	3,394,801
At 31December 2015	39,000,000	-	16,230,582	55,230,582
(KHR'000 equivalents – Note 4)	157,950,000	-	65,733,857	223,683,857
At 1 January 2016	39,000,000	-	16,310,701	55,310,701
Net profit for the year	-	-	2,454,711	2,454,711
Increase in share capital	20,000,000	-	-	20,000,000
Transfers	-	5,000,000	(5,000,000)	-
At 31 December 2016	59,000,000	5,000,000	13,765,412	77,765,412
(KHR'000 equivalents – Note 4)	238,183,000	20,185,000	55,570,968	313,938,968



Phnom Penh Commercial Bank Consolidated statement of cash flows for the year ended 31 December 2016



		2016	ô	2015	j
	Note	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash flows from operating ac Net cash(used in)/generated	ctivities				
from operating activities	24	(43,195,669)	(174,380,917)	28,307,333	114,644,699
Cash flows from investing ac Acquisition of:	tivities				
Property and equipment Intangible assets Proceeds from disposals		(1,631,529) (229,321)	(6,586,483) (925,769)	(6,197,628) (2,796)	(25,100,393) (11,324)
of property and equipment		94,000	379,478	-	-
Net cash used in investing ac	tivities	(1,766,850)	(7,132,774)	(6,200,424)	(25,111,717)
Cash flows from financing ac Issuance of additional share ca		20,000,000	80,740,000	-	-
Net cash generated from financing activities		20,000,000	80,740,000	-	-
Net (decrease)/increase in ca and cash equivalents Cash and cash equivalents	sh	(24,962,519)	(100,773,691)	22,106,909	89,532,982
at 1 January Currency translation difference		64,887,036 -	262,792,496 (843,530)	42,780,127 -	174,329,018 (1,069,504)
Cash and cash equivalents at 31 December	25	39,924,517	161,175,275	64,887,036	262,792,496

Phnom Penh Commercial Bank Consolidated statement of cash flows (continued) for the year ended 31 December 2016



Significant non-cash transactions

During the year there were the significant non-cash transactions related to the assets and liabilities and retained earnings from the business combination under common control as the follows:

	For the year ended 31 December 2016	
	US\$	KHR'000 (Note 4)
Recognised assets, liabilities and retained earnings		
of the Subsidiary *		
Property and equipment	593,996	2,397,962
Other assets	1,312	5,297
Other liabilities	(1,465)	(5,914)
Retained earnings	(80,119)	(323,440)

•The above recognised assets, liabilities and retained earnings of the Subsidiary excluded the elimination entries related to the intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions.

Phnom Penh Commercial Bank Separate balance sheet As at 31 December 2016



		201	6	201	5
	Note	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
ASSETS					
Cash and bank balances	5	29,524,517	119,190,475	62,487,036	253,072,496
Deposits and placements with banks and other					
financial institutions	6	76,915,000	310,505,855	68,138,750	275,961,938
Loans and advances, net	7	308,997,654	1,247,423,529		915,796,858
Other assets	8	4,688,780	18,928,605	3,946,291	15,982,477
Statutory deposits	9	45,208,000	182,504,696	38,406,000	155,544,300
Intangible assets Property and equipment	10 11	1,066,079 13,716,967	4,303,761 55,375,396	413,692 14,582,950	1,675,453 59,060,948
Deferred tax assets	14	597,325	2,411,401	-	-
Deletted tax assets	14	J91,525	2,411,401	-	-
TOTAL ASSETS		480,714,322	1,940,643,718	414,097,400	1,677,094,470
LIABILITIES AND EQUITY LIABILITIES					
Deposits from customers	12	317,951,966	1,283,572,087		1,117,962,579
Deposits by other banks	13	74,933,739	302,507,504	75,319,324	305,043,262
Current income tax liabilities	14	904,145	3,650,033	779,236	3,155,906
Other liabilities	15	9,338,660	37,700,170	6,728,115	27,248,866
TOTAL LIABILITIES		403,128,510	1,627,429,794	358,866,818	1,453,410,613
EQUITY					
Share capital	17	59,000,000	238,183,000	39,000,000	157,950,000
Other reserves	18	5,000,000	20,185,000	-	-
Retained earnings		13,585,812	54,845,924	16,230,582	65,733,857
TOTAL EQUITY		77,585,812	313,213,924	55,230,582	223,683,857
TOTAL LIABILITIES AND EQ	UITY	480,714,322	1,940,643,718	414,097,400	1,677,094,470

Phnom Penh Commercial Bank Separate income statement for the year ended 31 December 2016



		201	6	201	5
	Note	US\$	KHR'000	US\$	KHR'000
			(Note 4)		(Note 4)
Interest income Interest expense	19 20	28,574,284 (14,630,417)	115,354,385 (59,062,993)	22,918,887 (11,221,279)	92,821,493 (45,446,180)
	20	(14,030,417)	(39,002,993)	(11,221,279)	(43,440,100)
Net interest income		13,943,867	56,291,392	11,697,608	47,375,313
Fees and commission income	21	4,144,739	16,732,311	3,639,418	14,739,644
Fees and commission expense		(325,105)	(1,312,449)	(57,952)	(234,706)
Net fees and commission inc	ome	3,819,634	15,419,862	3,581,466	14,504,938
Other income	22	306,790	1,238,511	88,609	358,866
Total net operating income		18,070,291	72,949,765	15,367,683	62,239,117
General and					
administrative expenses Allowance for losses on	23	(13,303,638)	(53,706,788)	(10,368,109)	(41,990,842)
loans and advances	7	(1,350,349)	(5,451,359)	(584,085)	(2,365,544)
Profit before income tax		3,416,304	13,791,618	4,415,489	17,882,731
Income tax expense	14	(1,061,074)	(4,283,556)	(1,020,688)	(4,133,786)
Net profit for the year		2,355,230	9,508,062	3,394,801	13,748,945

Phnom Penh Commercial Bank Separate statement of changes in equity for the year ended 31 December 2016

	Share capital US\$	Other reserves US\$	Retained earnings US\$	Total US\$
At 1 January 2015	39,000,000	-	12,835,781	51,835,781
Net profit for the year	-	-	3,394,801	3,394,801
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
At 1 January 2016	39,000,000	-	16,230,582	55,230,582
Net profit for the year	-	-	2,355,230	2,355,230
Increase in share capital	20,000,000	-	-	20,000,000
Transfers	-	5,000,000	(5,000,000)	-
At 31 December 2016	59,000,000	5,000,000	13,585,812	77,585,812
(KHR'000 equivalents – Note 4)	238,183,000	20,185,000	54,845,924	313,213,924

Phnom Penh Commercial Bank Separate statement of cash flows for the year ended 31 December 2016



		2016	6	201	15
	Note	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash flows from operating an Net cash (used in)/generated fr					
operating activities	24	(42,705,669)	(172,402,787)	28,307,333	114,644,699
Cash flows from investing ac Acquisition of:	tivities				
Property and equipment Intangible assets Other investment		(1,631,529) (229,321) (490,000)	(6,586,483) (925,769) (1,978,130)	(6,197,628) (2,796) -	(25,100,393) (11,324) -
Proceeds from disposals of property and equipment		94,000	379,478	-	-
Net cash used in investing a	ctivities	(2,256,850)	(9,110,904)	(6,200,424)	(25,111,717)
Cash flows from financing ac Issuance of additional share ca		20,000,000	80,740,000	-	-
Net cash generated from financing activities		20,000,000	80,740,000	-	-
Net (decrease)/increase in ca and cash equivalents Cash and cash equivalents	₁sh	(24,962,519)	(100,773,691)	22,106,909	89,532,982
at 1 January Currency translation difference	:	64,887,036 -	262,792,496 (843,530)	42,780,127 -	174,329,018 (1,069,504)
Cash and cash equivalents at 31 December	25	39,924,517	161,175,275	64,887,036	262,792,496



These notes form an integral part of 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 the registration number 00015794, dated 20 May 2008 and obtained a licence from the National Bank of Cambodia ("the NBC") to carry out banking operations effective 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 the Kingdom of Cambodia. As at 31 December 2016, the Bank has a head office and nine branches in Phnom Penh and four branches in Siem Reap, Battambang, Kampong Cham, and Sihanoukville.

The subsidiary, Star and Crane Cam Co., Ltd is a private limited company, which was registered with the Ministry of Commerce under registration number 00013276 dated 28 August 2014. The principal activities of the subsidiary are to transact directly or indirectly any lawful business pertaining to leasing, and warehousing all kinds of products.

The Group and the Bank had 258employees as at 31 December 2016 (31 December 2015: 221 employees).

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with CAS and the guidelines of the NBC relating to the preparation and presentation of financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 February 2017.

(b) Basis of measurement

The financial statements of the Group and of the Bank have been prepared on the historical cost basis.

2. Basis of preparation (continued)

(c) Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However as the Group and the Bank transact and maintain its accounting records primarily in the United States Dollars ("US\$"), management have determined the US\$ to be the Group and the Bank's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Group and 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 Group and 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 period 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 amounts for loans and advances which have a separate accounting policy stated in Note 3(f).

3. Significant accounting policies

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

3. Significant accounting policies (continued)

(a) Basis of consolidation

(i) Business combination under common control

The consolidated financial statements include the financial statements of the Group and its subsidiary made up to the end of the financial year.

A business combination involving entities or business under common control is a business combination in which all of the combining entities or business are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

The Group has adopted the book value accounting method on such transactions. Under the book value accounting method, business combinations under common control are included in the consolidated financial statements prospectively from the date of acquisition or up to the date of disposal.

Assets and liabilities are recognised upon consolidation at their carrying amount in the consolidated financial statements of the ultimate parent entity. Any difference between the cost of acquisition and the amounts at which the assets and liabilities of the subsidiary are recorded is recognised directly in equity in the business combination under common control reserve. No additional goodwill arises in the business combination under common control.

In January 2016, the shareholders of Phnom Penh Commercial Bank has acquired 49% of the share capital of Star and Crane Cam Co., Ltd. for the consideration of US\$1. The official documents was completed on 30 June 2016. However, the consolidated financial statements for the Group are prepared as if the consolidated entity had been in existence since 1 January 2016. Even though the Group owned 49% in the shareholding of Star and Crane Cam Co., Ltd, the Board of Directors believe that they have control over this company because all operating and financial decisions are governed by the Group.

(ii) Subsidiary

Subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. Significant accounting policies (continued)

(b) Financial instruments

The Group's and 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.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, unrestricted cash balances with the 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.

(d) Deposits and placements with banks and other financial institutions

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

(e) 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.

(f) Allowance for losses on loans and advances

In compliance with the 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 guality of documentation.

3. Significant accounting policies (continued)

(f) Allowance for losses on loans and advances (continued)

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.

(g) 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.

(h) Statutory deposits

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



3. Significant accounting policies (continued)

(i) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement 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.

(j) Intangible assets

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

Moneta software	20%
Swift software	50%

(k) Property and equipment

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





3. Significant accounting policies (continued)

(k) Property and equipment (continued)

- (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 Group and the Bank. All other subsequent expenditure is recognised as an expense in the period 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.

(I) Impairment of assets

(i) Financial assets

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

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

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

All impairment losses are recognised in the income statement.

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

3. Significant accounting policies (continued)

(I) Impairment of assets (continued)

(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 periods. A reversal of an impairment loss is recognised immediately in income statement.

(m) Provisions

Provisions are recognised in the balance sheet when the Group and/or the Bank has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(n) Deposits from customers and other banks

Deposits from customers and other banks are stated at cost.

3. Significant accounting policies (continued)

(o) Income recognition

Interest income is recognised on a daily accruals basis.

Interest income on overdrafts, fixed loans and other loans is recognised by reference to rest periods, on a daily basis. 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 Group and 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; and
- Rental income from property leased under operating leases is recognised in the income statement on a straight line basis over the term of the lease.

(p) Interest expense

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

(q) Income tax

Income tax on the profit or loss for the period 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 period using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

3. Significant accounting policies (continued)

(q) Income tax (continued)

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Related parties

Parties are considered to be related if the Group and/or 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 Group and/or 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 Group.

4. Translation of US\$ into KHR

The financial statements are stated in US\$. The translations of US\$ amounts into KHR are included solely for the compliance with the guidelines issued by the NBC relating to the preparation and presentation of financial statements and have been made using the prescribed official exchange rate of US\$1 to KHR4,037 published by the NBC on 31 December 2016 (31 December 2015: KHR4,050). These convenience translations should not be construed as representations that the US\$ amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.



	(continued)	2016
ercial Bank	I statements	December 2
Phnom Penh Commercial Bank	Notes to the financial statements (continued)	for the year ended 31 December 2016
Phnom	Notes to	for the y

5. Cash and bank balances

						1	
	KHR'000 (Note 4)	40,589,546	148,841,351	6,389,697	195,820,594	57,251,902	253,072,496
The Bank	2015 US\$	10,022,110	36,750,951	1,577,703	48,350,764	14,136,272	62,487,036
The) KHR'000 (Note 4)	41,211,048	44,923,373	9,946,466	96,080,887	23,109,588	119,190,475
	2016 US\$	10,208,335	11,127,910	2,463,826	23,800,071	5,724,446	29,524,517
	KHR'000 (Note 4)	40,589,546	148,841,351	6,389,697	195,820,594	57,251,902	253,072,496
dn	2015 US\$	10,022,110	36,750,951	1,577,703	48,350,764	14,136,272	62,487,036
The Gro	6 KHR'000 (Note 4)	10,208,335 41,211,048	44,923,373	9,946,466	96,080,887	23,109,588	119,190,475
	2016 US\$ 1	10,208,335	f Cambodia 11,127,910	2,463,826	23,800,071	dia: 5,724,446	29,524,517
		In Cambodia: Cash on hand Cash at banks	Wational Bank of Cambodia ("NBC") 11,127,5 Othor books and financial	Uner parts and institutions		Outside Cambodia: Cash at banks	



Notes to the financial statements (continued) for the year ended 31 December 2016 **Phnom Penh Commercial Bank**

5. Cash and bank balances (continued)

The above amounts are analysed as follows:

KHR'000	(Note 4)	252,485,205 214,043	373,248	253,072,496			
2015 US\$ K	5	62,342,026 2, 52,850 2	92,160 3	62,487,036 2	2015		0.25% - 3.00% 0.01% - 0.02%
¥ o	(Note 4)	118,850,297 62 317,482 52	22,696 92	119,190,475 62	The Bank		0.0
1 103\$ 2016 2016	-	29,440,252 1 78,643 3	5,622 2	29,524,517 1	T 2016		0.25% - 3.00% 0.01% - 0.02%
KHR'000	(NOTE 4)	252,485,205 214,043	373,248	253,072,496			
2015 US\$		62,342,026 52,850	92,160	62,487,036	2015		0.25% - 3.00% 0.01% - 0.02%
• –	(Note 4)	118,850,297 317,482	22,696	119,190,475	The Group	u):	
2016 US\$		29,440,252 78,643	5,622	29,524,517	2016	(b) By interest rates (per annum):	0.25% - 2.50% 0.01% - 0.02%
	(a) By currency:	In US\$ In KHR	In other foreign currencies			(b) By interest	Local banks Oversea banks



6. Deposits and placements with banks and other financial institutions

				00	ω	38
	15	KHR'000 (Note 4)	5,670,000	235,305,000	34,986,938	275,961,938
The Bank	2015	US\$	1,400,000	58,100,000	8,638,750	68,138,750
ЧL	9	KHR'000 (Note 4)	9,688,800	250,697,700	50,119,355	310,505,855
	2016	US\$	2,400,000	62,100,000	12,415,000	76,915,000
	10	KHR'000 (Note 4)	5,670,000	235,305,000	34,986,938	275,961,938
Group	2015	US\$	1,400,000	58,100,000	8,638,750	68,138,750
The		KHR'000 (Note 4)	9,688,800	250,697,700	50,119,355	310,505,855
	2016	US\$	of Cambodia 2,400,000	62,100,000	12,415,000	76,915,000
			National Bank of Cambodia ("NBC") 2,400,000	Local banks	r Interricial institutions	

The above deposits and placements with banks and other financial institutions are analysed as follows:

(a) By maturity

		(HR'000 Note 4)	9,720,000	21,262,500	232,829,438	12,150,000	275,961,938
ank	2015	US\$	2,400,000	5,250,000	57,488,750	3,000,000	68,138,750
The Bank		KHR'000 (Note 4)	41,984,800	38,351,500	218,058,555	12,111,000	310,505,855
	2016	US\$	10,400,000	9,500,000	54,015,000	3,000,000	76,915,000
		KHR'000 (Note 4)	9,720,000	21,262,500	232,829,438	12,150,000	275,961,938
dno	2015	US\$	2,400,000	5,250,000	57,488,750	3,000,000	68,138,750
The Gro		KHR'000 (Note 4)	41,984,800	38,351,500	218,058,555	12,111,000	310,505,855
	2016	NS\$	Within 3months 10,400,000	4 to 6months 9,500,000	7 to 12months 54,015,000	Over 2 months 3,000,000	76,915,000



6. Deposits and placements with banks and other financial institutions (continued)

(b) By currency

2	KHR'000 (Note 4)	275,961,938		15
The Bank	US\$	68,138,750		The Bank 2015
	KHR'000 (Note 4)	310,505,855		
2016	NS\$	76,915,000		2016
	KHR'000 (Note 4)	275,961,938		
2015	US\$	68,138,750		2015
The Group	KHR'000 (Note 4)	310,505,855		The Group
2016	ns\$	76,915,000	(per annum):	2016
		US Dollars	By interest rate (per annum):	



3.2% - 5.5% 5.7% - 6.9%

0.2% - 0.47% 2.5% - 5.5% 5.7% - 6.9%

> 3.2% - 5.5% 5.7% - 6.9%

0.2% - 0.47% 2.5% - 5.5% 5.7% - 6.9%

Financial institutions

Local banks

NBC

0.15%

0.15%

the financial statements (continue	for the year ended 31 December 2016
o the f	year ei
lotes to	or the y
	Notes to the financial statements (continued)

7. Loans and advances, net

		The Group				The Bank		
	2016 US\$	KHR'000 (Note 4)	2015 US\$	KHR'000 (Note 4)	2016 US\$	KHR'000 (Note 4)	2015 US\$	KHR'000 (Note 4)
Overdrafts Fixed loans Housing loans Vehicle loans	15,319,818 288,419,538 7,282,357 1,006,960	61,846,105 1,164,349,675 29,398,875 4,065,098	11,915,459 212,383,494 3,213,775 901,975	48,257,609 860,153,151 13,015,789 3,652,998	15,319,818 288,929,538 7,282,357 1,006,960	61,846,105 1,166,408,545 29,398,875 4,065,098	11,915,459 212,383,494 3,213,775 901,975	48,257,609 860,153,151 13,015,789 3,652,998
Total loans, gross	312,028,673	1,259,659,753	228,414,703	925,079,547	312,538,673	1,261,718,623	228,414,703	925,079,547
Allowance for losses on loans and advances	sses on /ances							
•General •Specific	(3,097,300) (438,619)	(12,503,800) (1,770,705)	(2,283,793) (8,229)	(9,249,362) (33,327)	(3,102,400) (438,619)	(12,524,389) (1,770,705)	(2,283,793) (8,229)	(9,249,362) (33,327)
	(3,535,919)	(14,274,505)	(2,292,022)	(9,282,689)	(3,541,019)	(14,295,094)	(2,292,022)	(9,282,689)
Loans and advances, net 308,492,754	308,492,754	1,245,385,248	226,122,681	915,796,858	308,997,654	1,247,423,529	226,122,681	915,796,858



7. Loans and advances, net (continued)

Further analysis of loans and advances are as follows:

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

	KHR'000 (Note 4)	6,959,843	2,365,544	ı	(42,698)	9,282,689
	sinz \$SU	1,707,937	584,085	ı	ı	2,292,022
The Bank	KHR'000 (Note 4)	9,282,689	5,451,359	(409,158)	(29,796)	14,295,094
9100	US\$	2,292,022	1,350,349	(101,352)	ı	3,541,019
ų	Note 4)	6,959,843	2,365,544	ı	(42,698)	9,282,689
he Group	suls \$SU	1,707,937	584,085	ı	ı	2,292,022
F	KHR'000 (Note 4)	9,282,689	5,430,770	(409,158)	(29,796)	14,274,505
0100	US\$ 2010	2,292,022	1,345,249	mg (101,352)	slation -	31 December 3,535,919
		At 1 January	the year 1,345,249	the year (1	Currency translation difference -	At 31 December



Phnom Penh Commercial Bank	Notes to the financial statements (continued)	for the year ended 31 December 2016
Phnom Penh Cor	Notes to the final	for the year ende

- 7. Loans and advances, net (continued)
- (b) Grading of loans and advances portfolio are as follows:

		The Grou	dno			The Bank	Bank	
	2016		2015		2016		2015	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Normal loans: Secured Unsecured	309,105,048 625,000	1,247,857,079 2,523,125	226,269,332 2,110,000	916,390,795 8,545,500	309,615,048 625,000	1,249,915,949 2,523,125	226,269,332 2,110,000	916,390,795 8,545,500
Special mention: Secured 1 Unsecured -	on: 1,500,625 -	6,058,023 -	187 -	757 -	1,500,625 -	6,058,023 -	187 -	757 -
Substandard loans: Secured 18,0	oans: 18,000	72,666	31,462	127,421	18,000	72,666	31,462	127,421
Doubtful loans: Secured	: 780,000	3,148,860	3,582	14,507	780,000	3,148,860	3,582	14,507
Loss loans: Secured			140	567			140	567
	312,028,673	1,259,659,753	228,414,703	925,079,547	312,538,673	1,261,718,623 228,414,703	228,414,703	925,079,547

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

- 7. Loans and advances, net (continued)
- (d) Analysis of loan portfolio by industrial sector are as follows:

		The Gror	dn			The Bank	h	
	2016		2015		2016		2015	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 4)		(Note 4)		(Note 4)		(Note 4)
Financial								
institutions	2,755,000	11,121,935	3,754,765	15,206,798	2,755,000	11,121,935	3,754,765	15,206,798
Wholesale								
and retailers	109,410,026	441,688,275	123,614,429	500,638,437	109,410,026	441,688,275	123,614,429	500,638,437
Real estate and	~							
developers	86,061,644	347,430,857	37,898,335	153,488,257	86,061,644	347,430,857	37,898,335	153,488,257
Services	41,147,590	166,112,821	20,633,772	83,566,777	41,657,590	168,171,691	20,633,772	83,566,777
Manufacturing	21,604,478	87,217,278	13,107,254	53,084,379	21,604,478	87,217,278	13,107,254	53,084,379
	51,049,935	206,088,587	29,406,148	119,094,899	51,049,935	206,088,587	29,406,148	119,094,899
Total gross								
loans	312,028,673	1,259,659,753	228,414,703	925,079,547	312,538,673	1,261,718,623 228,414,703	228,414,703	925,079,547



Phnom Penh Commercial Bank Notes to the financial statements (continued) for the year ended 31 December 2016 7. Loans and advances, net (continued) (e) Analysis of loan portfolio by residency, relationship, exposure and interest rates are as follows:

		The Gro	dn			The Bank		
	2016 US\$	KHR'000 (Note 4)	c102 \$SU	KHR'000 (Note 4)	2016 US\$	KHR'000 (Note 4)	c102 US\$	KHR'000 (Note 4)
Loans to Residents	312,028,673	1,259,659,753	228,414,703	925,079,547	312,538,673	1,261,718,623 228,414,703	228,414,703	925,079,547
Relationship: Non-related parties 311,970 Related parties 58,075	311,970,598 s 58,075	1,259,425,304 234,449	227,349,808 1,064,895	920,766,722 4,312,825	311,970,598 568,075	1,259,425,304 227,349,808 2,293,319 1,064,895	227,349,808 1,064,895	920,766,722 4,312,825
	312,028,673	1,259,659,753	228,414,703	925,079,547	312,538,673	1,261,718,623	228,414,703	925,079,547
Exposure: Large exposure 59,962,826 Non-large	e 59,962,826	242,069,929	40,680,066	164,754,267	59,962,826	242,069,929	40,680,066	164,754,267
exposure	252,065,847	1,017,589,824	187,734,637	760,325,280	252,575,847	1,019,648,694 187,734,637	187,734,637	760,325,280
	312,028,673	1,259,659,753	228,414,703	925,079,547	312,538,673	1,261,718,623	228,414,703	925,079,547

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.



7. Loans and advances, net (continued)

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

2015		8.00% - 14.00% 2.00% - 19.00% 7.00% - 13.00% 10.00% - 19.00%
The Bank 2016		8.00% - 14.00% 6.00% - 19.20% 7.00% - 13.00% 10.00% - 19.00%
IP 2015		8.00% - 14.00% 2.00% - 19.00% 7.00% - 13.00% 10.00% - 19.00%
The Group 2016	Annual interest rates:	Overdrafts 8.00% - 14.00% Fixed loans 6.00% - 19.20% Housing loans 7.00% - 13.00% /ehicle loans 10.00% - 19.00%
	Annual inter	Overdrafts Fixed loans Housing loans Vehicle loans



8. Other assets

		KHR'000 (Note 4)		2,335,400	4,469,199		4,961,197		2,231,850	70,154	56,651		1,858,026	15,982,477
ank	2015	US\$		576,642	1,103,506		1,224,987		551,074	17,322	13,988		458,772	3,946,291
The Bank		KHR'000 (Note 4)		2,343,244	6,331,045		4,336,222		1,481,494	137,424	218,143	1,978,130	2,102,903	18,928,605
	2016	US\$		580,442	1,568,255		1,074,120		366,979	34,041	54,036	490,000	520,907	4,688,780
		KHR'000 (Note 4)		2,335,400	4,469,199		4,961,197		2,231,850	70,154	56,651		1,858,026	15,982,477
dno	2015	US\$		576,642	1,103,506		1,224,987		551,074	17,322	13,988		458,772	3,946,291
The Group		KHR'000 (Note 4)		2,343,244	6,317,893		4,336,222		1,481,494	141,909	218,143		2,103,714	16,942,619
	2016	US\$		580,442 able from:	1,564,997	deposits with banks and other financial	institutions 1,074,120		366,979	35,152	54,036		521,108	4,196,834
			Deposit on	office rental 580,442 Interest receivable from:	customers 1,564,997	 deposits with to other financial 	institution	Advance	payments Prepaid	expense	Prepayments	Investment (*)	Others	

(*) The investment represents 49% equity interest in Star and Crane Cam Co., Ltd, a company incorporated in Cambodia whose principal activity is the provision of rental service of its land and building.

9. Statutory deposits

		KHR'000 (Note 4)	139.749.300		15,795,000	155,544,300	
3ank	2015	US\$	34.506.000		3,900,000	38,406,000	
The Bank		KHR'000 (Note 4)	158.686.396		23,818,300	182,504,696	
	2016	US\$	39.308.000		5,900,000	45,208,000	
		KHR'000 (Note 4)	139.749.300		15,795,000	155,544,300	
dn	2015	US\$	34.506.000		3,900,000	38,406,000	
The Group		KHR'000 (Note 4)	158.686.396		23,818,300	182,504,696	
	2016	US\$	39.308.000	ee	5,900,000	45,208,000	
			Reserve reauirements 39.308.000	Capital guarantee	deposits		

I

Reserve requirements

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 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 This is a reserve requirement which fluctuates depending on the level of the Group and the Bank's customers' deposits. It is maintained in LIBOR (one month) while the remaining 8% and the statutory deposit on customers' deposits in KHR does not earn interest.

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. The deposits earn interest at the rate of 0.20% (2015: 0.20%) per annum.





10. Intangible assets

2016	The G Computer software US\$	roup/the Bank Swift software US\$	Total US\$
Cost At 1 January Additions Transfers from work in progress of property and equipment	1,024,950 229,321 555,643	39,416 - -	1,064,366 229,321 555,643
At 31 December	1,809,914	39,416	1,849,330
Less: Accumulated amortisation At 1 January Amortisation for the year	611,258 132,577	39,416 -	650,674 132,577
At 31 December	743,835	39,416	783,251
Carrying amounts At 31 December	1,066,079	-	1,066,079
Equivalents in KHR'000 (Note 4)	4,303,761	-	4,303,761


10. Intangible assets (continued)

	The G Computer	roup/the Bank Swift	
2015	software US\$	software US\$	Total US\$
Cost At 1 January Additions Written off	1,022,154 2,796 -	99,416 - (60,000)	1,121,570 2,796 (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
Equivalents in KHR'000 (Note 4)	1,675,453	-	1,675,453

2016 Cort	Leaseholdland and building US\$	Leasehold improvements US\$	The Group Furniture, fittings and equipment IT equipment US\$	The Group s US\$	Motor vehicles US\$	Work in progress US\$	Total US\$
At 1 January 2016 Additions Transfers to intangible assets Disposals	10,778,600 - -	3,435,773 364,671 -	2,069,375 179,971 -	2,120,088 175,948 260,657 -	362,305 301,193 - (146,500)	632,622 609,746 (816,300) -	19,398,763 1,631,529 (555,643) (146,500)
Business combination under common control	612,700	ı	15,057		·		627,757
At 31 December 2016	11,391,300	3,800,444	2,264,403	2,556,693	516,998	426,068	20,955,906
Less: Accumulated depreciation At 1 January 2016 23 Depreciation for the year 20 Disposals -	ion 239,465 201,702 -	1,868,835 603,605 -	782,030 416,188 -	1,681,186 438,427 -	244,297 100,409 (138,688)		4,815,813 1,760,331 (138,688)
Business combination under common control	30,000		3,761				33,761
At 31 December 2016	471,167	2,472,440	1,201,979	2,119,613	206,018		6,471,217
Carrying amounts At 31 December 2016	10,920,133	1,328,004	1,062,424	437,080	310,980	426,068	14,484,689
Equivalents in KHR'000 (Note 4)	44,084,577	5,361,151	4,289,006	1,764,491	1,255,427	1,720,037	58,474,689

Notes to the financial statements (continued) for the year ended 31 December 2016 **Phnom Penh Commercial Bank**

11. Property and equipment (continued)

2015	Leaseholdland and building US\$	Leasehold improvements US\$	The Group Furniture, fittings and equipment US\$US\$	The Group s IT equipment US\$	Motor vehicles US\$	Work in progress US\$	Total US\$
Cost At 1 January 2015 Additions Transfers Disposals Reclassification	6,864,000 226,305 3,676,780 - 11,515	2,786,165 634,110 15,498 -	832,520 542,662 705,708 - (11,515)	1,943,035 130,955 46,098 -	384,055 19,250 - (41,000) -	432,360 4,644,346 (4,444,084) -	13,242,135 6,197,628 - (41,000) -
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 - Depreciation for the year 2: Disposals -	tion - 239,465 -	1,397,167 471,668 -	562,270 219,760 -	992,099 689,087 -	211,309 73,988 (41,000)		3,162,845 1,693,968 (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
Equivalents in KHR'000 (Note 4)	42,683,497	6,346,099	5,213,747	1,777,553	477,932	2,562,120	59,060,948



11. Property and equipment (continued)

2016	Leaseholdland and building US\$	Leasehold improvements US\$	The Bank Furniture, fittings and equipment IT equipment US\$	The Bank s IT equipment US\$	Motor vehicles US\$	Work in progress US\$	Total US\$
Cost At 1 January 2016 Additions Transfers to intangible assets Disposals	10,778,600 - -	3,435,773 364,671 -	2,069,375 179,971 -	2,120,088 175,948 260,657 -	362,305 301,193 - (146,500)	632,622 609,746 (816,300) -	19,398,763 1,631,529 (555,643) (146,500)
At 31 December 2016	10,778,600	3,800,444	2,249,346	2,556,693	516,998	426,068	20,328,149
Less: Accumulated depreciation At 1 January 2016 23 Depreciation for the year (*) 37 Disposals -	on 239,465 375,428 -	1,868,835 603,605 -	782,030 416,188 -	1,681,186 438,427 -	244,297 100,409 (138,688)		4,815,813 1,934,057 (138,688)
At 31 December 2016	614,893	2,472,440	1,198,218	2,119,613	206,018		6,611,182
Carrying amounts At 31 December 2016	10,163,707	1,328,004	1,051,128	437,080	310,980	426,068	13,716,967
Equivalents in KHR'000 (Note 4) 41,030,885	.) 41,030,885	5,361,152	4,243,404	1,764,492	1,255,426	1,720,037	55,375,396

(*) Depreciation of leasehold land and building of US\$375,428 for the year included tax on rental of the Bank's leasehold land amounting to US\$6,240.

11. Property and equipment (continued)

				The Bank			
2015	Leaseholdland and building US\$	Leasehold improvements US\$	Furmiture, fittings and equipment IT equipment US\$ US\$	s IT equipment US\$	Motor vehicles US\$	Work in progress US\$	Total US\$
Cost At 1 January 2015 Additions Transfars	6,864,000 226,305 3 676 780	2,786,165 634,110 15 408	832,520 542,662 708	1,943,035 130,955 46.008	384,055 19,250	432,360 4,644,346 (4,444,084)	13,242,135 6,197,628
Disposals Reclassification	- 11,515		- (11,515)		(41,000) -	(+00;+++;+)	(41,000) -
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 - Depreciation for the year 23 Disposals -	ion - 239,465 -	1,397,167 471,668 -	562,270 219,760 -	992,099 689,087 -	211,309 73,988 (41,000)		3,162,845 1,693,968 (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
Equivalents in KHR'000 (Note 4)	42,683,497	6,346,099	5,213,747	1,777,553	477,932	2,562,120	59,060,948



		I	15 KHR'000 (Note 4)	134,600,422	192,333,540 743,280,385	35,694,995	12,053,237	1,117,962,579	2015 KHR'000 (Note 4)
			2015 US\$ 2015	33,234,672	47,489,763 183,526,021	8,813,579	2,976,108	276,040,143	လ
		The Bank	6 KHR'000 (Note 4)	140,047,874	222,102,725 869,825,487	37,068,558	14,527,443	1,283,572,087	The Bank 16 KHR'000 US (Note 4)
			2016 US\$ 2016	34,691,076	55,016,776 215,463,336	9,182,204	3,598,574	317,951,966	2016 US\$ 2016
			x KHR'000 (Note 4)	134,600,422	192,333,540 743,280,385	35,694,995	12,053,237	1,117,962,579	5 KHR'000 (Note 4)
ntinued)			2015 US\$	33,234,672	47,489,763 183,526,021	8,813,579	2,976,108	276,040,143	as follows: 2015 US\$
Phnom Penh Commercial Bank Notes to the financial statements (continued) for the year ended 31 December 2016		The Group	KHR'000 (Note 4)	138,251,962	222,102,725 869,825,487	37,068,558	14,527,443	1,281,776,175	n customers are The Group KHR'000 (Note 4)
Phnom Penh Commercial Bank Notes to the financial statements (cor for the year ended 31 December 2016	om customers		2016 US\$	34,246,213	55,016,776 215,463,336	9,182,204	3,598,574	317,507,103	Further analysis of deposits from customers are a) Type of customers: The Group 2016 US\$ KHR'000 (Note 4)
Phnom Penr Notes to the for the year (12. Deposits from customers			Current accounts	sits	deposits	iviargin deposits		Further analysis of dep a) Type of customers: US\$

		The Group				The Bank	ank	
	2016	9	2015	5	2016	16	20	2015
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Individuals Domestic	259,903,081	1,049,228,737	221,523,696	897,170,969	259,903,081	1,049,228,737 221,523,696	221,523,696	897,170,969
corporations	52,355,193	211,357,915	49,962,581	202,348,453	52,800,056	213,153,827	49,962,581	202,348,453
corporations 743,348	743,348	3,000,896	1,577,758	6,389,920	743,348	3,000,896	1,577,758	6,389,920
Others	4,505,481	18,188,627	2,976,108	12,053,237	4,505,481	18,188,627	2,976,108	12,053,237
	317,507,103	317,507,103 1,281,776,175	276,040,143	1,117,962,579	317,951,966	276,040,143 1,117,962,579 317,951,966 1,283,572,087 276,040,143 1,117,962,579	276,040,143	1,117,962,579

12. Deposits	, 12. Deposits from customers (continued)	s (continued)						
(b) For matur(c) For depos(d) Interest ra	(b) For maturity analysis, refer to Note 16 on maturity profile and Note 28(d) on liquidity risk. (c) For deposits from related parties, refer to Note 27on related party transactions and balances. (d) Interest rates (per annum):	to Note 16 on ma arties, refer to Not	tturity profile and te 27on related p	Note 28(d) on li arty transaction	lquidity risk. s and balances.			
		The Group 2016	p 2015			The Bank 2016	2015	
Current accounts Saving deposits Fixed deposits Instalment deposits Margin deposits	unts sits s posits its	Nii 0.40% - 2.60% 1.50% - 8.00% 3.00% - 7.50% Nii	Nil 0.50%-2.60% 1.50%-8.00% 3.00%-7.50% Nil			Nil 0.40% - 2.60% 1.50% - 8.00% 3.00% - 7.50% Nil	Nii 0.50%-2.60% 1.50%-8.00% 3.00%-7.50% Nii	
13. Deposits	13. Deposits by other banks			1				1
		The Group			The Bank	nk		
	2016 US\$	KHR'000 (Note 4)	2015 US\$	KHR'000 (Note 4)	2016 US\$	KHR'000 (Note 4)	2015 US\$	KHR'000 (Note 4)
Fixed term deposits	70,041,010	282,755,557	70,601,020	285,934,131	70,041,010	282,755,557	70,601,020	285,934,131
accounts	1,470,215	5,935,258	1,111,303	4,500,777	1,470,215	5,935,258	1,111,303	4,500,777
accounts	3,422,514	13,816,689	3,607,001	14,608,354	3,422,514	13,816,689	3,607,001	14,608,354
	74,933,739	302,507,504	75,319,324	305,043,262	74,933,739	302,507,504	75,319,324	305,043,262
For maturity a	For maturity analysis. refer to Note 16 on maturity profile and Note 28(d) on liquidity risk.	Jote 16 on maturit	tv profile and No	te 28(d) on liquic	ditv risk			

Notes to the financial statements (continued)

Phnom Penh Commercial Bank

for the year ended 31 December 2016

For maturity analysis, refer to Note 16 on maturity profile and Note 28(d) on liquidity risk.



14. Income tax	X									
(a) Deferred tax, net Defer	t ax, net Deferred tax as	x, net Deferred tax assets attributable from: The Group	e from: o				The Bank		1000	
	2016 US\$	KHR'000 (Note 4)	nS\$	6102	KHR'000 (Note 4)	US\$ 2010	KHR'000 (Note 4)	ns\$	CI 07	KHR'000 (Note 4)
Property and equipment Allowance for	(32,159)	(129,826)			ı	(32,159)	(129,826)	ı		,
general and special mention of loans and advances (*) 629	ion of 629,484	2,541,227				629,484	2,541,227			
Deferred tax assets, net	597,325	2,411,401	1			597,325	2,411,401	ı		
Movements of	Movements of deferred tax assets during the year The Group 2016 US\$ KHR'000 (Note 4)	ets during the ye The Group KHR'000 (Note 4)		are as follows: 2015 JS\$	KHR'000 (Note 4)	2016 US\$	The Bank KHR'000 (Note 4)	US\$	2015	KHR'000 (Note 4)
At 1 January - Charged to income statement 597	- come 597,325	- 2,411,401			× 1 1	- 597,325	- 2,411,401			、 、 、
At 1 December 597,325	r 597,325	2,411,401				597,325	2,411,401			
(*) This repres	(*) This represents deferred tax assets arising from the allowance for general and special mentionof loans and	t tax assets arising f	from the a	allowance	e for general an	d special mentior	entionof loans and			

advances which is not deductible for corporate income tax expenseunder the new Prakas no.1535 MEF issued by the Ministry of Economy and Finance.

("MEF") on 23 December 2016.

80

Notes to the financial statements (continued)

Phnom Penh Commercial Bank

for the year ended 31 December 2016

14. Income tax (continued)(b) Current income tax liabMovements of income tax lial	14. Income tax (continued)(b) Current income tax liabilities Movements of income tax liabilities	ies ies during the y ₁	14. Income tax (continued)(b) Current income tax liabilitiesMovements of income tax liabilities during the year are as follows:					
	9700	The Grou	ď		9700 100	-	The Bank	
	US\$ 2016	KHR'000 (Note 4)	ciuz \$SU	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	ciuz \$SU	KHR'000 (Note 4)
At 1 January	779,236	3,155,906	1,064,488	4,337,789	779,236	3,155,906	1,064,488	4,337,789
tax expense	1,701,442	6,868,721	1,020,688	4,133,786	1,658,399	6,694,957	1,020,688	4,133,786
tax paid	(1,545,737)	(6,240,140)	(1,305,940)	(5,289,057)	(1,533,490)	(6,190,699)	(1,305,940)	(5,289,057)
difference -		(10,130)	ı	(26,612)	ı	(10,131)	ı	(26,612)
At 1 December 934,941	. 934,941	3,774,357	779,236	3,155,906	904,145	3,650,033	779,236	3,155,906
(c) Income tax expense	x expense							
		The Group				The Bank		
	2016 US\$	KHR'000 (Note 4)	sinz \$SU	KHR'000 (Note 4)	0102 \$SU	KHR'000 (Note 4)	sius \$SU	KHR'000 (Note 4)
Current income tax	1,701,442	6,868,721	1,020,688	4,133,786	1,658,399	6,694,957	1,020,688	4,133,786
tax assets	(597,325)	(2,411,401)			(597,325)	(2,411,401)		
	1,104,117	4,457,320	1,020,688	4,133,786	1,061,074	4,283,556	1,020,688	4,133,786
81								



rate of 20% of	taxable profits or	. maximum tax a	rate of 20% of taxable profits or maximum tax at 1% of gross revenue, whichever is higher.	enue, whicheve	r is higher.			
The reconciliati	The reconciliation of income tax expense comp	<pre>compi compi</pre>	uted at the statuto	ory tax rate to th	le income tax exp	ense shown in tl	he income stater	uted at the statutory tax rate to the income tax expense shown in the income statement is as follows:
		The Gro	dno.			The Bank		
	0102 \$SU	KHR'000 (Note 4)	sinz \$SU	KHR'000 (Note 4)	2015 SU	KHR'000 (Note 4)	G102 \$SU	KHR'000 (Note 4)
Profit before income tax	3,558,828	14,366,988	4,415,489	17,882,731	3,416,304	13,791,618	4,415,489	17,882,731
Income tax using								
tax rate 20% 711,766 Tax effect of:	711,766	2,873,399	883,098	3,576,547	683,261	2,758,325	883,098	3,576,547
non-deductible expenses Other	392,351 -	1,583,921 -	123,822 13,768	501,479 55,760	377,813 -	1,525,231 -	123,822 13,768	501,479 55,760
	1,104,117	4,457,320	1,020,688	4,133,786	1,061,074	4,283,556	1,020,688	4,133,786

The calculation of income tax expense is subject to the review and final assessment of the tax authorities.



In accordance with Cambodian law on taxation, the Group and the Bank has an obligation to pay corporate income tax of either the profit tax at the (c) Income tax expense (continued)

Notes to the financial statements (continued)

Phnom Penh Commercial Bank

for the year ended 31 December 2016

14. Income tax (continued)

15. Other liabilities

		The Group	dn			The Bank	ank	
	2016 US\$	KHR'000 (Note 4)	2015 US\$	KHR'000 (Note 4)	2016 US\$	KHR'000 (Note 4)	2015 US\$	KHR'000 (Note 4)
Interest payable Other taxes	7,856,770	31,717,780	5,979,114	24,215,412	7,856,770	31,717,780	5,979,114	24,215,412
payables	913,572	3,688,090	341,797	1,384,278	912,942	3,685,547	341,797	1,384,278
Payable for	56,587	228,442	2,904	11,761	56,587	228,442	2,904	11,761
computer software Payable	117,300	473,540			117,300	473,540	ı	,
for office construction Others	- 399,774	- 1,613,888	224,310 179,990	908,456 728,959	- 395,061	- 1,594,861	224,310 179,990	908,456 728,959
	9,344,003	37,721,740	6,728,115	27,248,866	9,338,660	37,700,170	6,728,115	27,248,866

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



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 of the Group:	s and liabilities an neet date of the G	alysed accordin roup:	g to whether they	/ are expected to	be recovered o	r settled in less than
	Less than 12 months US\$	2016 Over 12 months US\$	Total US\$	Less than 12 months US\$	2015 Over 12 months US\$	Total US\$
Financial assets Cash and bank balances Democity and elecomones with books	29,524,517		29,524,517	62,487,036	·	62,487,036
Deposits and pracements with barrys and other financial institutions Loans and advances, gross Other ascete	73,915,000 247,855,548	3,000,000 64,173,125	76,915,000 312,028,673	65,138,750 158,381,965	3,000,000 70,032,738	68,138,750 228,414,703
Accrued interest receivable Investment Others	2,128,255 - 499,089	511,312 21,818 -	2,639,567 21,818 499,089	1,986,214 - 436,954	342,279 21,818 -	2,328,493 21,818 436,954
Non-financial assats	353,922,409	67,706,255	421,628,664	288,430,919	73,396,835	361,827,754
Property and equipment		14,484,689 1 066 079	14,484,689 1 066 079		14,582,950 413 692	14,582,950 413 692
Statutory deposits Deferred tax assets		45,208,000 597 325	45,208,000		38,406,000 -	38,406,000
Other assets: Prepayment and advance payment	455,918	580,442	1,036,360	582,384	576,642	1,159,026
	455,918	61,936,535	62,392,453	582,384	53,979,284	54,561,668



16. Maturity profile (continued)						
	Less than 12 months US\$	2016 Over US\$	Total US\$	12 months US\$	Less than 12 months US\$	2015 Over US\$
Less allowances for bad and doubtful loans and	ld advances		(3,535,919)			(2,292,022)
			480,485,198			414,097,400
Equivalents in KHR'000 (Note 4)			1,939,718,744	n		1,677,094,470
Financial liabilities: Deposits from customers Deposits by other banks Other liabilities	287,779,290 74,933,739 6,303,395	29,727,813 - 1,553,375	317,507,103 74,933,739 7,856,770	- 252,449,594 75,319,324 4,811,417	23,590,549 - 1,167,697	276,040,143 75,319,324 5,979,114
Mon financial lichilidae.	369,016,424	31,281,188	400,297,612	332,580,335	24,758,246	357,338,581
Current income tax liabilities Other liabilities	934,941 1,487,233		934,941 1,487,233	779,236 749,001		779,236 749,001
	2,422,174		2,422,174	1,528,237		1,528,237
	371,438,598	31,281,188	402,719,786	334,108,572	24,758,246	358,866,818
Equivalents in KHR'000 (Note 4)	1,499,497,620 126,282,155	126,282,155	1,625,779,775	1,625,779,775 1,353,139,717 100,270,896	100,270,896	1,453,410,613



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 of the Bank:	and liabilities an eet date of the B	alysed accordin ank:	ig to whether the	y are expected to	be recovered o	r settled in less than
	Less than 12 months	2016 Over 12 months	Total	Less than 12 months	2015 Over 12 months	Total
Financial assets Cash and bank balances	US\$ 29.524.517	¢ 0 0 ,	055 29.524.517	US\$ 62.487.036	¢ 0 0 ,	US\$ 62.487.036
Deposits and placements with banks and other financial institutions	73,915,000	3,000,000	76,915,000	65,138,750	3,000,000	68,138,750
Loans, gross Other and auvances	247,855,548	64,683,125	312,538,673	158,381,965	70,032,738	228,414,703
Ourier assets. Accrued interest receivable Investment Others	2,131,513 - 499,089	510,862 511,818 -	2,642,375 511,818 499,089	1,986,214 - 436,954	342,279 21,818 -	2,328,493 21,818 436,954
channel lainneadh an M	353,925,667	68,705,805	422,631,472	288,430,919	73,396,835	361,827,754
Non-rinancial assets Property and equipment Intangible assets Statutory deposits		13,716,967 1,066,079 45 208 000	13,716,967 1,066,079 45,208,000		14,582,950 413,692 38 406 000	14,582,950 413,692 38 406 000
Deferred tax assets Other assets: Prenavment and advance		597,325	597,325			
payment	455,056	580,442	1,035,498	582,384	576,642	1,159,026
	455,056	61,168,813	61,623,869	582,384	53,979,284	54,561,668

Notes to the financial statements (continued) for the year ended 31 December 2016

16. Maturity profile (continued)

Phnom Penh Commercial Bank



16. Maturity profile (continued)	(þá					
	Less than 12 months US\$	2016 Over 12 months US\$	Total US\$	Less than 12 months US\$	2015 Over 12 months US\$	Total US\$
Less allowances for bad and doubtful loans and	oubtful loans and	advances	(3,541,019)			(2,292,022)
			480,714,322			414,097,400
Equivalents in KHR'000 (Note 4)	4)		1,940,643,718			1,677,094,470
Financial liabilities: Deposits from customers Deposits by other banks Other liabilities	288,224,153 74,933,739 6,303,395	29,727,813 - 1,553,375	317,951,966 74,933,739 7,856,770	252,449,594 75,319,324 4,811,417	23,590,549 - 1,167,697	276,040,143 75,319,324 5,979,114
	369,461,287	31,281,188	400,742,475	332,580,335	24,758,246	357,338,581
Non-tinancial liabilities: Current income tax liabilities Other liabilities	904,145 1,481,890		904,145 1,481,890	779,236 749,001		779,236 749,001
	2,386,035		2,386,035	1,528,237	1	1,528,237
	371,847,322	31,281,188	403,128,510	334,108,572	24,758,246	358,866,818
Equivalents in KHR'000 (Note 4)	1,501,147,639	126,282,155	1,627,429,794	1,353,139,717 100,270,896	100,270,896	1,453,410,613

17. Share capital

	KHR'000 (Note 4)	157,950,000
	X L SU2 X L SU2	39,000,000 1
The Bank	KHR'000 U; (Note 4)	238,183,000 36
	0107	59,000,000 23
	KHR'000 US\$ (Note 4)	157,950,000 59,
1.000	KHF KHF (Not	39,000,000 157
The Group) US\$	
0100	ZUI0 KHR'000 (Note 4)	ully paid ares) of 00 238,183,000
	NS\$	Registered, issued and fully paid 59,000 shares (2015: 39,000 shares) of US\$1,000 each 59,000,000
		Registere 59,000 (2 U each

were acknowledged by the Ministry of Commerce on 5 July 2016. The official ownership transfer according to the condition president is on 10 August were approved by the National Bank of Cambodia ("NBC") on 3 June 2016. The amendments of the Articles of Incorporation to reflect these changes On 4 May 2016, the existing shareholders of the Group and the Bank resolved to sell all their shareholding to new shareholders. These transactions 2016.

received the approval from the NBC on 16 November 2016 and updated the registration with the Ministry of commerce ("MOC") on 15 December On 26 September 2016, the Bank requested to the NBC to increase additional share capital of US\$20,000,000 through cash injection. The Bank 2016.



17. Share capital (continued)

The Group and the Bank's shareholders and their respective interest are as follows:

		2016			2015	
	Number	Amount	% of	Number	Amount	% of
	of shares	US\$	shareholding	of shares	US\$	shareholding
Jeonbuk Bank Co., Ltd	29,500	29,500,000	50%			
Apro Financial Co., Ltd	23,600	23,600,000	40%			
JB Woori Capital Co., Ltd	5,900	5,900,000	10%			
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		ı		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				006	900,000	2.31%
	59,000	59,000,000	100%	39,000	39,000,000	100%

18. Other reserves

The Bank has transferred its retained earnings amounting to US\$5,000,000 to other reserves which was approved by the NBC on 23 May 2016. Subsequent to the year end on 26 January 2017, the Bank submitted a request to the NBC to transfer from the reserves account amounting to US\$5,000,000 to share capital and is awaiting the response from the NBC as at the date of this report.



ı								
19. Interest income	come							
		The Group				The Bank		
	0102 \$SU	KHR'000 (Note 4)	c102	KHR'000 (Note 4)	9102 \$SU	KHR'000 (Note 4)	c102 \$SU	KHR'000 (Note 4)
Interest income from	e from							
advances 25,9 Interest income from	25,918,351 e from	104,632,383	20,392,292	82,588,783	25,918,351	104,632,383	20,392,292	82,588,783
Other banks and	51,255 and	206,916	14,573	59,021	51,255	206,916	14,573	59,021
intancial institutions	intarticial institutions 2,591,753	10,462,907	2,512,022	10,173,689	2,604,678	10,515,086	2,512,022	10,173,689
	28,561,359	115,302,206	22,918,887	92,821,493	28,574,284	115,354,385	22,918,887	92,821,493
20. Interest expense	chense							
		The Group				The Bank		
	2016 US\$	KHR'000	2015 US\$		2016 US\$	KHR'000	2015 US\$	KHR'000
Fixed deposits	13,530,424	(INOTE 4) 54,622,322	10,160,108	(INOTE 4) 41,148,437	13,530,424	(Note 4) 54,622,322	10,160,108	(Note 4) 41,148,437
deposits 612 betalmont denocite	612,160 ocite	2,471,290	577,197	2,337,648	612,160	2,471,290	577,197	2,337,648
and other	487,833	1,969,381	483,974	1,960,095	487,833	1,969,381	483,974	1,960,095
	14,630,417	59,062,993	11,221,279	45,446,180	14,630,417	59,062,993	11,221,279	45,446,180
9								

	900	The Group			900	The Bank	ank	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)	sus \$SU	KHR'000 (Note 4)
Trade finance	93,142	376,014	95,771	387,873	93,142	376,014	95,771	387,873
fees 2,	اع 2,751,956	11,109,646	2,359,057	9,554,181	2,751,956	11,109,646	2,359,057	9,554,181
fees	71,219	287,511	58,996	238,934	71,219	287,511	58,996	238,934
Service charges	472,665	1,908,149	408,021	1,652,485	472,665	1,908,149	408,021	1,652,485
Penalties fees Others	610,184 147,328	2,463,313 594,763	671,430 46,143	2,719,292 186,879	610,184 145,573	2,463,313 587,678	671,430 46,143	2,719,292 186,879
	4,146,494	16,739,396	3,639,418	14,739,644	4,144,739	16,732,311	3,639,418	14,739,644
22. Other income	Dme							
		The Group	-			The Bank		
	0102 SU15	KHR'000 (Note 4)	c102 \$SU	KHR'000 (Note 4)	2010 US\$	KHR'000 (Note 4)	cluz \$SU	KHR'000 (Note 4)
Rental income Others	207,662 99,128	838,331 400,180	66,480 22,129	269,244 89,622	207,662 99,128	838,331 400,180	66,480 22,129	269,244 89,622
91	306,790	1,238,511	88,609	358,866	306,790	1,238,511	88,609	358,866

21. Fees and commission income

23. General and administrative expenses

	0.000	The Group			0100	The Bank	7	
		KHR'000 (Note 4)	sinz \$SU	KHR'000 (Note 4)		KHR'000 (Note 4)	suns \$SU	KHR'000 (Note 4)
Personnel and related costs (*) 5,5	ated 5,517,648	22,274,745	5,353,717	21,682,554	5,517,648	22,274,745	5,353,717	21,682,554
Depreciation and amortisation	1,906,499	7,696,536	1,798,379	7,283,435	2,050,671	8,278,559	1,798,379	7,283,435
kental expenses License fees	1,024,230 277,048	4,134,817 1,118,443	707,418 245,942	2,865,043 996,065	1,024,230 277,048	4,134,817 1,118,443	707,418 245,942	2,865,043 996,065
Marketing and advertising	283,535	1,144,631	300,428	1,216,733	283,535	1,144,631	300,428	1,216,733
expenses	278,740	1,125,273	228,359	924,854	278,740	1,125,273	228,359	924,854
Eusiness meals and entertainment	1d 216,133	872,529	188,119	761,882	216,133	872,529	188,119	761,882
expenses	169,770	685,361	142,495	577,105	169,770	685,361	142,495	577,105
maintenance	425,005	1,715,745	252,325	1,021,916	500,605	2,020,942	252,325	1,021,916
expenses	211,828	855,150	168,672	683,122	211,828	855,150	168,672	683,122
expenses	162,229	654,919	129,444	524,248	162,229	654,918	129,444	524,248
written off Office supplies	- 162,723	- 656,913	8,523 122,288	34,518 495,266	- 162,723	- 656,913	8,523 122,288	34,518 495,266
fees	677,509	2,735,104	134,308	543,947	677,509	2,735,104	134,308	543,947
conventions and conference			42,849	173,538			42,849	173,538
expenses	22,345	90,207	16,371	66,303	22,345	90,207	16,371	66,303
expenses (**)	1,379,585	5,569,385	289,666	1,173,147	1,388,059	5,603,594	289,666	1,173,147
written-off Others	- 440,217	- 1,777,155	39,500 199,306	159,975 807,191	- 360,565	- 1,455,602	39,500 199,306	159,975 807,191
	13,155,044	53,106,913	10,368,109	41,990,842	13,303,638	53,706,788	10,368,109	41,990,842

(*) Include in these costs is special incentive amounting to US\$2,050,000 provided to management and staff during the year (2015: US\$1,760,291).

(**) Included in these expenses are withholding tax on other reserves amounting to US\$700,000 (2015: Nil), stamp and registration expense amounting to US\$133,886 (2015: Nil) and penalty charges for tax reassessment for the years ended 2010, 2011 and 2012 amounting to US\$122,361 (2015: Nil).

24.	Net cash generate	Net cash generated from operating activities	activities					
	0.100	The Group				The Bank		
	2016 US\$	KHR'000 (Note 4)	GIU2 \$SU	KHR'000 (Note 4)	2016 SU	KHR'000 (Note 4)	G102 \$SU	KHR'000 (Note 4)
Profit before income tax Adjustments for:	3,558,828	14,366,988	4,415,489	17,882,731	3,416,304	13,791,618	4,415,489	17,882,731
Depreciation and amortisation Allowance for losses	1,906,499 es	7,696,536	1,798,379	7,283,435	2,050,671	8,278,559	1,798,379	7,283,435
on loans and advances	1,345,249	5,430,770	584,085	2,365,544	1,350,349	5,451,359	584,085	2,365,544
intangible assets written-off	(86,188)	(347,941)	39,500	159,975	(86,188)	(347,942)	39,500	159,975
Changes in:	6,724,388	27,146,353	6,837,453	27,691,685	6,731,136	27,173,594	6,837,453	27,691,685
deposits (6,80) deposits and placements with banks and other	(6,802,000) ements ier	(27,459,674)	(14,585,000)	(59,069,250)	(6,802,000)	(27,459,674)	(14,585,000)	(59,069,250)
interioral institutions	(776,250)	(3,133,721)	(16,658,750)	(67,467,938)	(776,250)	(3,133,721)	(16,658,750)	(67,467,938)
Loans and advances Other assets Deposits from	(84,225,322) (266,392)	(340,017,625) (1,075,425)	(58,058,599) (1,324,196)	(235,137,326) (5,362,994)	(84,225,322) (252,488)	(340,017,625) (1,019,294)	(58,058,599) (1,324,196)	(235,137,326) (5,362,994)
customers and banks Other liabilities	41,081,375 2,614,269	165,845,511 10,553,804	110,978,549 2,423,816	449,463,123 9,816,456	41,526,238 2,626,507	167,641,423 10,603,209	110,978,549 2,423,816	449,463,123 9,816,456
Net cash (used in)/generated from operations (41,649,0	/generated (41,649,932)	(168,140,777)	29,613,273	119,933,756	(41,172,179)	(166,212,088)	29,613,273	119,933,756
paid	(1,545,737)	(6,240,140)	(1,305,940)	(5,289,057)	(1,533,490)	(6,190,699)	(1,305,940)	(5,289,057)
Net cash (used in)/generated from operating activities (43,195	(generated (43,195,669)	(174,380,917)	28,307,333	114,644,699	(42,705,669)	(172,402,787)	28,307,333	114,644,699

25. Cash and cash equivalents

			The Group				The Bank		
	NS\$	91.02	KHR'000 (Note 4)	ciuz \$SU	KHR'000 (Note 4)	2016 US\$	KHR'000 (Note 4)	GIU2 \$SU	KHR'000 (Note 4)
Cash and bank balances (Note 5) Deposits and pl with banks (wi maturities of t	Cash and bank balances (Note 5) 29,524,517 Deposits and placements with banks (with original	l,517 nts nal	119,190,475	62,487,036	253,072,496	29,524,517	119,190,475	62,487,036	253,072,496
months or less) (Note 6) 10	or less) 6) 10,400,000	000'	41,984,800	2,400,000	9,720,000	10,400,000	41,984,800	2,400,000	9,720,000
	39,924,517	1,517	161,175,275	64,887,036	262,792,496	39,924,517	161,175,275	64,887,036	262,792,496
26. Comm	26. Commitments and contingencies	d continç	jencies						
		9100	The Gr	dno			ŭ	The Bank	
	US\$	9102	KHR'000 (Note 4)	US\$ 2013	KHR'000 (Note 4)		o KHR'000 (Note 4)	CIU2 \$SU	KHR'000 (Note 4)
Credit commit Unused portion of overdrafts Letters of credit	Credit commitments Unused portion of overdrafts 8,353,339 Letters of credit 5,801,984	339 984	33,722,430 23,422,609	6,385,121 598,215	25,859,740 2,422,771	8,353,339 5,801,984	33,722,430 23,422,609	6,385,121 598,215	25,859,740 2,422,771
Bank guarantees	es 4,437,432	432	17,913,913	3,996,988	16,187,801	4,437,432	17,913,913	3,996,988	16,187,801
94	18,592,755	,755	75,058,952	10,980,324	44,470,312	18,592,755	75,058,952	10,980,324	44,470,312



26. Commitments and contingencies (continued)

			-			8		-
	KHR'000 (Note 4)		2,736,480	9,250,897	6,503,891	18,491,268		1,414,260
	2015 US\$		675,674	2,284,172	1,605,899	4,565,745		349,200
The Bank	KHR'000 (Note 4)		3,654,692	8,227,027	3,574,933	15,456,652		1,512,559
	2016 US\$		905,299	2,037,906	885,542	3,828,747		374,674
	KHR'000 (Note 4)		2,736,480	9,250,897	6,503,891	18,491,268		1,414,260
dn	2015 US\$		675,674	2,284,172	1,605,899	4,565,745		349,200
The Gro	KHR'000 (Note 4)		3,654,692	8,227,027	3,574,933	15,456,652		1,512,559
	2016 US\$	tments	905,299	o 2,037,906	885,542	3,828,747	itments not yet paid-	374,674
		Lease commitments Within one	year	five years	five years		Capital commitments Contracted but not yet paid-	soltware agreement 374,674

Legal claims

During the year, the Group and the Bank pursued legal claims against the default borrowers. 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.





for the year ended 31 December 2016

27. Related party transactions and balances (continued)

(a) Related party transactions (continued)

	KHR'000 (Note 4)		957,826			ı		19,385	140,612			9,602,919
	2015 US\$		236,500					4,786	34,719			2,371,091
The Bank	6 KHR'000 (Note 4)					2,293,319		14,848	254,102			9,701,545
	2016 US\$					568,075		3,678	62,943			2,403,157
	KHR'000 (Note 4)		957,826			ı		19,385	140,612			9,602,919
	c102 US\$		236,500					4,786	34,719			2,371,091
The Group	KHR'000 (Note 4)		·			234,449		14,848	254,102			9,701,545
	2016 US\$	c urities Plc. y with areholder (*)		Key management personnel compensation	ance	58,075		3,678	62,943	ו (**) other		2,403,157
		SBI Royal Securities Plc. - Related party with a common shareholder (*) Interest	expenses	Key managem compensation	Loan and advance	to customers	Interest	income Interest	expenses	Remuneration (**) (Salaries and other	short term	benefits)

(*) According to the new shareholders structure effective from 10 August 2016, this Company is no longer a related party to the Group and the Bank. (**) Included in the remuneration is the special incentive amounting to US\$1,400,000 (2015: 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.

		The Group				The Bank		
NS\$	2016	KHR'000 (Note 4)	2015 US\$	KHR'000 (Note 4)	2016 US\$	KHR'000 (Note 4)	2015 US\$	KHR'000 (Note 4)
Amount due from related parties: Loan and advance to customers:	elated par customer	s:						
Star & Crane Cam Co., Ltd. Shareholder of Star &		ı	1,000,000	4,050,000		ı	1,000,000	4,050,000
Crane Cam Co., Ltd - Kev			ı		510,000	2,058,870	ı	
management(i) 58,075	75	234,449	64,895	262,825	58,075	234,449	64,895	262,825
58,075 Accrued interest receivables:	75 ivables:	234,449	1,064,895	4,312,825	568,075	2,293,319	1,064,895	4,312,825
Star & Crarie Cam Co., Ltd V.2		ı	1,334	5,403	,	ı	1,334	5,403
ney management 419		1,692	359	1,454	419	1,692	359	1,454
419		1,692	1,693	6,857	419	1,692	1,693	6,857
58,494	94	236,141	1,066,588	4,319,682	568,494	2,295,011	1,066,588	4,319,682

This represent the secured term loan provided to a Senior and Vice President 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 2015: 7%) per annum.

Phnom Penh Commercial Bank Notes to the financial statements (continued) for the year ended 31 December 2016 27. Related party transactions and balances (continued)

(b) Balances with related parties

27. Related party transactions and balances (continued)

(b) Balances with related party (continued)

	KHR'000 (Note 4)			35,848,340	5,174,078	1,825,371	42,847,789
2015	US\$			8,851,442	1,277,550	450,709	10,579,701
The Bank	KHR'000 (Note 4)			ı	5,434,450	1,795,912	7,230,362
2016	US\$			ı	1,346,161	444,863	1,791,024
	KHR'000 (Note 4)			35,848,340	5,174,078	1,825,371	42,847,789
2015	US\$			8,851,442	1,277,550	450,709	10,579,701
The Group	KHR'000 (Note 4)	S:		ı	5,434,450	1,692	5,436,142
2016	202 NO\$	Amount due to related parties:	Deposits from customers: SBI Roval	Securities Plc.(i)- Kev	management(ii)1,346,161 Star & Crane Cam	Co., Ltd.(iii) 419	1,346,580

(ii) This represents the current accounts and saving accounts of the key management maintained with the Bank bearing the interest rate at 1% (2015: 1%) per annum.

(i) According to the new shareholders structure effective from 10 August 2016, this Company is no longer a related party to the Group and the Bank.

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

28. Financial risk management

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

(a) Operational risk

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

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

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



		at the																	
		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	credit policy	ind procedures						KHR'000 (Note 4)		212,482,950		275,961,938	915,796,858	155,544,300	13,302,413	1,575,768,525	
		e Bank's credit β	diversified. The	ading system, a		Note 26.		¥	2015	US\$		52,464,926		68,138,750	226,122,681	38,406,000	0,940,291	389,078,648	
		are guided by the	lit risks are well o	s own internal gra		is discussed in I	S:	The Bank		KHR'000 (Note 4)		77,979,427		310,505,855	1,247,423,529	182,504,696	10,342,013	1,835,356,126	
		inding activities	strong and crec	uding the Bank's		d contingencies,	nts are as follow		2016	US\$		19,316,182		76,915,000	308,997,654	45,208,000	4,130,034	454,633,670	
		dvances. The le	e loan portfolio is	l processes, incl		commitments an	edit enhanceme			KHR'000 (Note 4)		212,482,950		275,961,938	915,796,858	155,544,300	13,302,413	1,575,768,525 454,633,670	
		n its loans and a	ved; i.e., that the	d credit approva	's guidelines.	et activities, i.e. c	l held or other cr	dr	2015	US\$		52,464,926		68,138,750	226,122,681	38,406,000	o,940,∠91	389,078,648	
t (continued)		sk arises through	ending are achie	ilateral policy an	ce with the NBC	off balance shee	before collateral	The Group		KHR'000 (Note 4)		77,979,427		310,505,855	1,245,385,248	9	10,342,013	1,833,317,845	
28. Financial risk management (continued)	(continued)	osure to credit ri	overall objectives in the area of lending are achieved; i.e., that the loan portfolio is strong and credit risks are well diversified. The credit policy	documents the lending policy, collateral policy and credit approval processes, including the Bank's own internal grading system, and procedures	implemented to ensure compliance with the NBC's guidelines.	The credit exposure arising from off balance sheet activities, i.e. commitments and contingencies, is discussed in Note 26.	Maximum exposure to credit risk before collateral held or other credit enhancements are as follows:		2016	US\$	oalances (,316,182		76,915,000		0	4,130,034	454,128,770	
28. Financial ri	(b) Credit risk (continued)	The primary exp	overall objective	documents the le	implemented to	The credit expos	Maximum expos				Cash and bank balances	(excluding cash on hand) 19,316,182	Deposits and placements	with banks Loans and	advances-net 308,492,754 Statutory		OILIEL ASSEIS		10

28. Financial risk management (continued)

28. Financial risk management (continued)

(b) Credit risk (continued)

Loans and advances:

	KHR'000 (Note 4)	142,495	757	924,936,295	925,079,547	(9,282,689)	915,796,858
	US\$ 2015 K	35,184 1.	187 7	228,379,332 9	228,414,703 9.	(2,292,022) (
The Bank	KHR'000 U (Note 4)	3,221,526 3	6,058,023 1	1,252,439,074 2	1,261,718,623 2	(14,295,094) (1,247,423,529 226,122,681
	2016 US\$ 2016 (798,000	1,500,625 6	310,240,048	312,538,673 1	(3,541,019)	308,997,654 1
	KHR'000 (Note 4)	142,495	757	924,936,295	925,079,547	(9,282,689)	915,796,858
	2015 US\$	35,184	187	228,379,332	228,414,703	(2,292,022)	226,122,681
The Group	KHR'000 (Note 4)	3,221,526	6,058,023	1,250,380,204	1,259,659,753	(14,274,505)	1,245,385,248
	2016 US\$	ances 798,000	1,500,625	sither past due nor impaired 309,730,048	312,028,673 bad and	oubtful loans and advances (3,535,919)	308,492,754
		Loans and advances Individually impaired 798, Past due but	not impaired 1,500,625	Neither past due	312,02 Allowance for bad and	doubtful loans and advances (3,53	



28. Financial risk management (continued)

(b) Credit risk (continued)

Loans and advances: (continued)

Impaired loans and advances

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. Individually impaired loans and advances are loans and advances for which the Group/the Bank determines that there is objective evidence of 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 Group/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.



28. Financial risk management (continued)

(b) Credit risk (continued)

An estimate of the value of collateral held against loans and advances is shown below: Loans and advances: (continued)

		KHR'000	(Note 4)		134,541	214,205			70,875	419,621
	2015									
¥		US\$			33,220	52,890		ı	17,500	103,610
The Bank	(0	KHR'000	(Note 4)		6,485,872			21,121,939		27,607,811
	2016	US\$			1,606,607			5,232,088	ı	6,838,695
		KHR'000	(Note 4)		134,541	214,205			70,875	419,621
	2015									
dr		NS\$			33,220	52,890			17,500	103,610
The Group		KHR'000	(Note 4)		6,485,872	ı		21,121,939	ı	27,607,811
	2016	NS\$		Against individually impaired: Land and	1,606,607	1	not impaired:	5,232,088		6,838,695
				Against indivic Land and	building	Vehicles	Past due but not impaired:	building	Vehicles	

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.

28. Financial risk management (continued)

(b) Credit risk (continued)

Loans and advances: (continued)

Loans with renegotiated terms/restructured loans (continued)

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. Once the loan is restructured it remains in the same category independent of satisfactory performance after restructuring. The classification is not Write-off policy

In compliance with NBC Guidelines, the Group/the Bank shall remove a loan/advance or a portion of a loan from its balance sheet when the Group/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 Group/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 Group/the Bank.

Concentration of risks of financial assets with credit risk exposure

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



The Group and	the Bank monit	tors concentratior	n of credit risk of	counterparty by i	ndustry. An anal	ysis of concentra	ations of the Gro	The Group and the Bank monitors concentration of credit risk of counterparty by industry. An analysis of concentrations of the Group and the Bank's cre
risk as at the b	alance sheet da	risk as at the balance sheet date is shown below:	.:					
Group:								
		2016	0			2015	5	
	Cash and cash Loans and	h Loans and			Cash and cash Loans and	Loans and		
	equivalents* US\$	advances US\$	Others US\$	Total US\$	equivalents* US\$	advances US\$	Others US\$	Total US\$
Financial))))))))))))	- - -))
intermediaries 96,231,182 Manufacturing -	s 96,231,182 -	2,755,000 21,604,478	46,282,120 -	145,268,302 21,604,478	120,603,676 -	3,754,765 13,107,254	39,630,987 -	163,989,428 13,107,254
Real estate - Others community social	- nitv_social	86,061,644		86,061,644		37,898,335		37,898,335
and personal								
activities	ı	201,607,551	3,122,714	204,730,265	ı	173,654,349	2,721,304	176,375,653
96,231,18 Less allowance for losses	96,231,182 e for losses	312,028,673	49,404,834	457,664,689	120,603,676	228,414,703	42,352,291	391,370,670
on loans and advances	ı	(3,535,919)	ı	(3,535,919)	ı	(2,292,022)		(2,292,022)
	96,231,182	308,492,754	49,404,834	454,128,770	120,603,676	226,122,681	42,352,291	389,078,648
Equivalents in KHR'000 (Note 4)	388 485 282	1 245 385 248	199 447 315	1 833 317 844 488 444 888	488 444 888	915 796 858	171 526 779	1 575 768 525

Notes to the financial statements (continued) for the year ended 31 December 2016 **Phnom Penh Commercial Bank**

28. Financial risk management (continued)

(b) Credit risk (continued)

Concentration of risks of financial assets with credit risk exposure

* Excluding cash on hand

		2016	9			2015	`	
	Cash and cash Loans and		1		Cash and cash Loans and		I	
	equivalents*	advances	Others	Total	equivalents*	advances	Others	Total
Financial	¢0 0	¢0 0	¢ 0	¢0 0	¢000	¢0 0	¢00	¢0 0
intermediarie	intermediaries 96,231,182	2,755,000	46,282,120	145,268,302	120,603,676	3,754,765	39,630,987	163,989,428
Manufacturing	- 5	21,604,478		21,604,478	•	13,107,254	•	13,107,254
Real estate		86,061,644	ı	86,061,644		37,898,335		37,898,335
Others community, social and personal	unity, social							
activities	ı	202,117,551	3,122,714	205,240,265		173,654,349	2,721,304	176,375,653
	96,231,182	312,538,673	49,404,834	458,174,689	120,603,676	228,414,703	42,352,291	391,370,670
Less allowand	ess allowance for losses on							
ioans and advances		(3,541,019)		(3,541,019)		(2,292,022)		(2,292,022)
	96,231,182	308,997,654	49,404,834	454,633,670	120,603,676	226,122,681	42,352,291	389,078,648

* Excluding cash on hand

1,575,768,525

171,526,779

915,796,858

1,835,356,126 488,444,888

1,247,423,529 199,447,315

388,485,282

(Note 4)

107

Notes to the financial statements (continued)

Phnom Penh Commercial Bank

for the year ended 31 December 2016

28. Financial risk management (continued)

(b) Credit risk (continued)

28. Financial risk management (continued)

(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 Group/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.

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

The table below summarises the Group and Bank's exposure to foreign currency exchange rate risk at 31 December 2016 and 31 December 2015. Included in the table are the financial instruments at carrying amount by currency in US\$ equivalent.
28. Financial risk management (continued)

(c) Market risk (continued)

(i) Foreign currency exchange risk (continued)

Group:	US\$ equivalent		Total	
2016	US\$	KHR	Others	US\$
Financial assets Cash and bank balances Deposits and placements with banks and other financial institutions Loans and advances Other assets (*)	29,440,252 76,915,000 312,028,673 3,160,474	78,643 - - -	5,622 - - -	29,524,517 76,915,000 312,028,673 3,160,474
Total financial assets	421,544,399	78,643	5,622	421,628,664
Financial liabilities Deposits from customers Deposits by other banks Other liabilities (*)	317,507,103 74,933,739 7,856,770	-	- -	317,507,103 74,933,739 7,856,770
Total financial liabilities	400,297,612	-	-	400,297,612
Net financial asset position	21,246,787	78,643	5,622	21,331,052
Equivalents in KHR'000 (Note 4)	85,773,280	317,482	22,696	86,113,458
2015				
Total financial assets	361,682,744	52,850	92,160	361,827,754
Total financial liabilities	357,338,581	-	-	357,338,581
Net financial asset position	4,344,163	52,850	92,160	4,489,173
Equivalents in KHR'000 (Note 4) 17,593,860	214,043	373,248	18,181,151

(*) Amounts excluded non-financial assets/liabilities.

28. Financial risk management (continued)

(c) Market risk (continued)

(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 Group and 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 Group and the Bank's exposure to interest rate risks. It includes the Group and the Bank's financial instruments at the carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Phnom Penh Commercial Bank Notes to the financial statements (continued) for the year ended 31 December 2016
--

(continued)
sk management
Financial ri
28.

- (c) Market risk (continued)
- (ii) Interest rate risk (continued)

<i>Group:</i> 2016 Financial assets	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\$
Cash and bank balances 19,31 Deposits and placements with banks and other	19,316,182 ments ther	·	·	ı	·	·	10,208,335	29,524,517
financial institutions	I	10,400,000	9,500,000	54,015,000	3,000,000	,		76,915,000
cuarls and advances Other assets	17,596,636 -	56,539,657 -	57,345,792 -	116,373,463 -	55,285,767 -	8,887,358 -	- 3,160,474	312,028,673 3,160,474
Total financial assets	36,912,818	66,939,657	66,845,792	170,388,463	58,285,767	8,887,358	13,368,809	421,628,664
Financial liabilities Deposits from customers	s 119,064,022	51,408,256	47,641,932	69,665,080	29,722,713	5,100		317,507,103
other banks Other liabilities	23,257,635 -	21,638,729 -	11,199,490 -	17,837,885 -	1,000,000 -		- 7,856,770	74,933,739 7,856,770
Total financial liabilities	142,321,657	73,046,985	58,841,422	87,502,965	30,722,713	5,100	7,856,770	400,297,612
Total interest rate repricing gap	(105,408,839)	(6,107,328)	8,004,370	82,885,498	27,563,054	8,882,258	5,512,039	21,331,052
Equivalents in KHR'000 (Note 4)	(425,535,483)	(24,655,283)	32,313,642	334,608,755	111,272,049	35,857,676	22,252,102	86,113,458

28. Financial risk	Financial risk management (continued)	ntinued)						
(c) Market risk (continued)	:ontinued)							
(ii) Interest rate	Interest rate risk (continued)							
Group:	In to 1	, 1 1 2 3	13 40 6	C 6 to 10	1 to 5	Over 5	Non-interest	
2015	us\$ US\$	N - 10 5 months US\$	US\$	vo uo 12 months US\$	years US\$	years US\$	bearing US\$	Total US\$
Financial assets Cash and bank								
balances 52,4c Deposits and placements with banks and other	52,404,920 ments ther	1					10,022,1110	62,487,U36
financial institutions	7,100,000	1,750,000	16,180,000	40,108,750	3,000,000			68,138,750
Loans and advances Other assets	11,704,086 -	34,224,126 -	40,426,935 -	72,026,818 -	66,171,352 -	3,861,386 -	- 3,363,907	228,414,703 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	s 118,066,880	42,309,114	29,267,260	62,806,340	23,590,549			276,040,143
Deposits by other banks Other liabilities	23,480,048 -	20,357,126 -	10,502,000 -	20,980,150 -			- 5,979,114	75,319,324 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
Equivalents 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

(c) Market risk (continued) (ii) Interest rate risk (cont	Market risk (continued) Interest rate risk (continued)							
Bank: 2016	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 19,31 Deposits and placements with banks and other	19,316,182 sements her						10,208,335	29,524,517
institutions		10,400,000	9,500,000	54,015,000	3,000,000			76,915,000
Loans and advances Other assets	17,596,636 -	56,539,657 -	57,345,792 -	116,373,463 -	55,285,767 -	9,397,358 -	- 3,653,282	312,538,673 3,653,282
Total financial assets	36,912,818	66,939,657	66,845,792	170,388,463	58,285,767	9,397,358	13,861,617	422,631,472
Financial liabilities Deposits from customers	es 119,508,885	51,408,256	47,641,932	69,665,080	29,722,713	5,100		317,951,966
other liabilities	23,257,635 -	21,638,729 -	11,199,490 -	17,837,885 -	1,000,000 -		- 7,856,770	74,933,739 7,856,770
Total financial liabilities	142,766,520	73,046,985	58,841,422	87,502,965	30,722,713	5,100	7,856,770	400,742,475
Total interest rate repricing gap	(105,853,702)	(6,107,328)	8,004,370	82,885,498	27,563,054	9,392,258	6,004,847	21,888,997
Equivalents in KHR'000 (Note 4)	(427,331,395)	(24,655,283)	32,313,642	334,608,755	111,272,049	37,916,546	24,241,568	88,365,882

28. Financial risk management (continued)

(c) Market risk (continued)	ontinued)							
(ii) Interest rate	Interest rate risk (continued)							
Bank:	Up to 1	> 1 to 3	>3 to 6	> 6 to 12	> 1 to 5	10	erest	
6102 	montn US\$	montns US\$	months US\$	montns US\$	years US\$	years US\$	bearing US\$	l otal US\$
Financial assets Cash and bank balances 52,46 Demosits and placements	52,464,926 mants						10,022,110	62,487,036
with banks and other financial institutions	ər 7,100,000	1,750,000	16,180,000	40,108,750	3,000,000			68,138,750
Loans and advances Other assets	11,704,086 -	34,224,126 -	40,426,935 -	72,026,818 -	66,171,352 -	3,861,386 -	- 3,363,907	228,414,703 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	s 118,066,880	42,309,114	29,267,260	62,806,340	23,590,549			276,040,143
Deposits by other banks Other liabilities	23,480,048 -	20,357,126 -	10,502,000 -	20,980,150 -			- 5,979,114	75,319,324 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
Equivalents 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

28. Financial risk management (continued)

28. Financial risk management (continued)

(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.

maturity gaps through periodical reporting. Movements in loans and customers' deposits are monitored and liquidity requirements adjusted to ensure In addition to full compliance with all liquidity requirements, the management of the Group/the Bank closely monitors all inflows and outflows and the 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 Group and the Bankas of 31 December 2016 and 31 December 2015.

Financial assets

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 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 the assets will be realised.

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 Group and the Bank can be required to pay.



(d) Liquidity risk (continued)	(continued)							
Group: 2016	Up to 1 month	> 1 to 3 months	>3 to 6 months	> 6 to 12 months	> 1 to 5 years	Over 5 years	No fixed maturity date	Total
Financial accete	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Cash and bank balances Deposits and placements	29,524,517 30,524,517 30,524,517	ı	ı	·	·	·	·	29,524,517
Mutri bariks and outer financial institutions -	<u>-</u>	10,400,000	9,500,000	54,015,000	3,000,000	,		76,915,000
other assets	17,596,636 633,441	56,539,657 298,272	57,345,792 396,624	116,373,463 1,321,275	55,285,767 449,026	8,887,358 61,836		312,028,673 3,160,474
Total financial assets	47,754,594	67,237,929	67,242,416	171,709,738	58,734,793	8,949,194		421,628,664
Financial liabilities Deposits from customers	:s 29,583,033	51,408,256	47,641,932	69,883,080	29,722,713	5,100	89,262,989	317,507,103
Deposits by other banks Other liabilities	18,364,906 1,222,786	21,638,729 1,671,718	11,199,490 1,843,011	17,837,885 1,565,880	1,000,000 1,553,373	- N	4,892,729 -	74,933,739 7,856,770
Total financial liabilities	49,170,725	74,718,703	60,684,433	89,286,845	32,276,086	5,102	94,155,718	400,297,612
Net liquidity surplus (gap)	(1,416,131)	(7,480,774)	6,557,983	82,422,893	26,458,707	8,944,092	(94,155,718)	21,331,052
Equivalents in KHR'000 (Note 4)	(5,716,920)	(30,199,886)	26,474,579	332,741,218	106,813,801	36,107,299	(380,106,634)	86,113,457

28. Financial risk management (continued)

 \wedge

(d) Liquidity risk (continued)	k (continued)							
Group:								
2015	Up to 1 month LIS\$	> 1 to 3 months US\$	>3 to 6 months LIS\$	> 6 to 12 months LIS\$	> 1 to 5 years US\$	Over 5 years LIS\$	No fixed maturity date	Total US\$
Financial assets Cash and bank))))))))))))))))))
balances 62,48 Deposits and placements with banks and other	62,487,036 ements her		·				·	62,487,036
institutions	7,100,000	1,750,000	16,180,000	40,108,750	3,000,000	ı		68,138,750
cuaris ariu advances Other assets	11,704,086 248,598	34,224,126 171,105	40,426,935 527,393	72,026,818 1,032,065	66,171,352 316,385	3,861,386 25,894	- 1,042,467	228,414,703 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	900 990 PC	K 11 000 CV	00 767 760	010 500 53	22 EOO E40		02 700 512	01101020
Customers Denosits bv	34,300,338	42,309,114	29,201,200	62,8U6,34U	23,290,249		83,700,542	Z/b,U4U,143
other banks Other liabilities	18,761,744 1,134,045	20,357,126 1,291,613	10,502,000 997,671	20,980,150 1,388,088	- 1,167,697		4,718,304 -	75,319,324 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
Equivalents 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

28. Financial risk management (continued)

(d) Liquidity risk (continued)

117

(d) Liquidity risk (continued)	k (continued)							
Bank: 2016	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 29,52 Deposits and placements with banks and other	29,524,517 ements ner							29,524,517
institutions		10,400,000	9,500,000	54,015,000	3,000,000			76,915,000
Loans and advances Other assets	17,596,636 636,249	56,539,657 298,272	57,345,792 396,624	116,373,463 1,321,275	55,285,767 449,026	9,397,358 551,836		312,538,673 3,653,282
Total financial assets	47,757,402	67,237,929	67,242,416	171,709,738	58,734,793	9,949,194		422,631,472
Financial liabilities Deposits from customers	ss 29,583,033	51,408,256	47,641,932	69,883,080	29,722,713	5,100	89,707,852	317,951,966
Deposits by other banks Other liabilities	18,364,906 1,222,786	21,638,729 1,671,718	11,199,490 1,843,011	17,837,885 1,565,880	1,000,000 1,553,373	- N	4,892,729 -	74,933,739 7,856,770
Total financial liabilities	49,170,725	74,718,703	60,684,433	89,286,845	32,276,086	5,102	94,600,581	400,742,475
Net liquidity surplus (gap)	(1,413,323)	(7,480,774)	6,557,983	82,422,893	26,458,707	9,944,092	(94,600,581)	21,888,997
Equivalents in KHR'000 (Note 4)	(5,705,584)	(30,199,886)	26,474,579	332,741,218	106,813,801	40,144,299	(381,902,545)	88,365,882

118

Notes to the financial statements (continued)

Phnom Penh Commercial Bank

for the year ended 31 December 2016

28. Financial risk management (continued)

(d) Liquidity risk (continued)	k (continued)							
Bank:								
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	Total US\$
Financial assets Cash and bank)))))))))))))))))))
balances 62,48 Deposits and placements with banks and other	62,487,036 ements ner							62,487,036
institutions	7,100,000	1,750,000	16,180,000	40,108,750	3,000,000			68,138,750
coans and advances Other assets	11,704,086 248,598	34,224,126 171,105	40,426,935 527,393	72,026,818 1,032,065	66,171,352 316,385	3,861,386 25,894	- 1,042,467	228,414,703 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	S							
customers Denosits hv	34,366,338	42,309,114	29,267,260	62,806,340	23,590,549		83,700,542	276,040,143
other liabilities	18,761,744 1,134,045	20,357,126 1,291,613	10,502,000 997,671	20,980,150 1,388,088	- 1,167,697		4,718,304 -	75,319,324 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
Equivalents 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

28. Financial risk management (continued)

(d) Liquidity risk (continued)

119

28. Financial risk management (continued)

(e) Capital management

(i) Regulatory capital

The Group/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 Group/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.

(ii) Capital allocation

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

29. Fair values

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arms-length basis. As verifiable market prices are not available, market prices are not available for a significant proportion of the Group and the Bank's financial assets and liabilities. Fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the management, the carrying amounts of the financial assets and liabilities included in the balance sheet are a reasonable estimation of their fair values.



PPCBank Branches

1. Head Office	8. PHNOM PENH TOWER BRANCH
NO 217, Norodom blvd, Sangkat Tonle Bassac, Chamkarmon, Phnom Penh, Cambodia Tel: (855) 23 999 500 Fax: (855) 23 999 540	(2 nd Floor), Phnom Penh Tower, #445 Monivong Blvd, Boeung Prolet, 7 Makara, Phnom Penh, Cambodia Tel: (855) 23 999 037 Fax: (855) 23 964 039
2. BS BRANCH	9. CHBAR AMPOV BRANCH
BS Department Store, Monivong Blvd, Monorom Quarter , 7 Makara District, Phnom Penh, Cambodia Tel: (855) 23 999 600 Fax: (855) 23 999 400	#612 AB, National Road 1, Group 10, Russey Sros Village, Niroth Mean Chey, Phnom Penh, Cambodia Tel: (855) 23 900 501 Fax: (855) 23 900 506
3. PHSAR DEUM KOR BRANCH	10. STEUNG MEANCHEY BRANCH
#78, Moniroth Blvd, Toul Svay Prey II, Chamkarmon, Phnom Penh, Cambodia Tel: (855) 23 999 700 Fax: (855) 23 999 701	#1C & 2P, Monireth Blvd, Damnak Thom 2 Village, Steung Meanchey, Phnom Penh, Cambodia Tel: (855) 23 985 430 Fax: (855) 23 985 435
4. TOUL KORK BRANCH	11. BEOUNG TRABEK BRANCH
#24, Street 273, Toul Sangke, Russey Keo, Phnom Penh, Cambodia Tel: (855) 23 999 050 Fax: (855) 23 999 151	#767-769, Preah Monivong Blvd, Beoung Trabek, Chamkarmon, Phnom Penh, Cambodia Tel: (855) 23 999 701 Fax: (855) 23 999 540
5. SIEM REAP BRANCH	12. BAK TOUK BRANCH
#423, Wat Bo Village, Sangkat Sala Samreuk, Siem Reap, Cambodia Tel: (855) 63 967 500 Fax: (855) 63 967 600	#36, Street 169 (Opposite of Bak Touk High School), Phnom Penh, Cambodia Tel: (855) 23 999 800
6 TUEK THLA BRANCH	13. PREAH SIHANOUK PROVICIAL BRANCH
#B9-B11, St. NorthBridge, Sangkat Tuek Thla, Khan Sen Sok, Phnom Penh, Cambodia Tel: (855) 23 999 650 Fax:(855) 23 999 651	#59, St.7 Makara (Corner St. 209), Phum 1, Sangkat 2, Preah Sihanoukville, Cambodia Tel: (855) 34 935 800
7. BATTAMABANG BRANCH	14. KAMPONG CHAM PROVINCIAL BRANCH
#C031, C033, C033, Street 1, Prekmohatep Village, Sangkat Svaypor, Battambang, Cambodia Tel: (855) 53 953 420 Fax: (855) 53 953 430	Phum 6, St. Thmey (7A), Sangkat Veal Vong , Krong Kampong Cham, Kampong Cham, Cambodia Tel: (855) 42 943 801



PPCBank Branches and ATMs (Cont')

PPCBank ATMs

Onsite	Address	Offsite	Address
BS Branch	BS Building, Monivong Blvd (Beside Central Market)	PGCT	Near Phnom Penh Center
Toul Kork Branch	No. 24, Corner St. 273 (Between TVK Antenna and JP Bridge	Pizza Hand	Battambang
Teuk Thla Branch	No. B9-B11, St. NorthBridge	Coffee Bean & Tea Leaf	Boeung Keng Kong
Phnom Penh Tower Branch	Phnom Penh Tower Building (2 nd Floor), #445 Monivong Blvd	Airport	In front of Phnom Penh Airport
Steung Meanchey Branch	#1 C & 2P, Monireth Blvd	Aeon Mall	Inside Aeon Mall
Beoung Trabek Branch	#767-769, Monivong Blvd (Opposite Vietnam Embassy)	Coffee Bean	Toul Kork
Bak Touk Branch	#36, Street 169 (Opposite Bak Touk High School)	Lucky Mall	Siem Reap
Phsar Deum Kor Branch	No. 78,Monireth Blvd (Between Intercon and City Mall)		
Siem Reap Branch	No. 423, Corner Kohke Traffic Light		
Battambang Branch	No. C031-C033, St.1 (Near Spean Thmor Thmey)		
Chbar Ampov Branch	#612 AB, National Road #1 (Near Nirouth Pagoda)		
Preah Sihanouk Provincial Branch	#59. St. 23 Tola, Phum 1, Sangkat 2, Preah Sihanouk City		
Kompong Cham Branch	St. 7A, Sangkat Vea Vong, Kompong Cham City		
Head Office	No. 217, Norodom Blvd (Opposite Malaysia Embassy)		



Phnom Penh Commercial Bank