



ANNUAL REPORT

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13

A NEW DAWN



# **CELEBRATING FIVE YEARS OF INNOVATION AND SERVICE**





For the past five years, RHB Indochina Bank has been bringing innovation and convenience to the community of Cambodia. With 100 years of history and extensive delivery channels across nine countries, RHB Banking Group ensures our range of products and services is always within reach of our valued customers.



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## **Financial Statements**



# RHB's Aspirations



**By 2020**

## To be a Leading Multinational Financial Services Group

◆  
**TOP 3 IN  
MALAYSIA/TOP  
8 IN ASEAN**  
by size and  
performance

◆  
**STRONG  
MARKET  
LEADERSHIP  
IN MALAYSIA**  
across targeted  
products and  
segments

◆  
**REGIONAL  
POWERHOUSE  
IN ASEAN+**  
with 40% revenue  
contribution from  
international  
operations

◆  
**NEXT  
GENERATION  
CUSTOMER  
CENTRIC BANK**  
delivering innovative  
and personalised  
customer offerings

◆  
**PROMINENT  
EMPLOYER OF  
CHOICE**  
within the region

# Group Service Mission Statement

## GROUP SERVICE MISSION STATEMENT

To be our customers' preferred partner for growth through:

Excellent  
Service

Innovative  
Products &  
Services

Comprehensive  
Financial  
Solutions

Global  
Capabilities

Integrity &  
Professionalism

## FOUR PILLARS OF CUSTOMER SERVICE TOUCH POINTS

Physical Outlook /  
Ambience

Activities  
(Product / Transaction / Delivery)

Interaction  
(People / Platform / Channel)

Resolution

# Our Transformation



## PROGRAMME VISION

“Igniting the journey towards our vision, and turning aspirations into impactful outcomes that enrich our organisation, customers, industry, and community”

## PROGRAMME PRINCIPLES

### Innovative in Approach

Pushing boundaries and being innovative in the way we think, operate, execute and go-to-market



### Growth Oriented

Achieving stellar growth that will propel us towards achieving local market leadership, and rapidly scaling our regional footprint in ASEAN+



### Nimble in Action

Building an organisation that is nimble in anticipating market trends, able to stay ahead of the curve, and execute with speed, flexibility and scale



### Impactful in Outcomes

Creating meaningful and lasting impacts on our organisation, customers, industry and community, and making our mark as a force to be reckoned with



### Teamwork to Succeed

Collaborating as a single team united by shared goals, succeeding together as one



### Excellence in Delivery

Building a high performing organisation, focused on delivery and service excellence





## OUR TRANSFORMATION JOURNEY

## 2007 - 2009

## STRATEGIC TRANSFORMATION PROGRAMME

## Focus Areas

- Capital and corporate restructuring for seamless product and service delivery
- Operational standardisation to a universal platform
- Customer centric focus to deepen relationship and share of wallet

## Outcomes

- Increased ROE from 9.3% to 15.2%
- Increased PAT from RM0.44b to RM1.42b
- Reduced credit charge from 1.3% to 0.5%
- Tripled market cap from RM6b to RM18b

## 2010 - 2012

## SCORE 20: STRATEGIC GROWTH PROGRAMME

## Focus Areas

- Build long term competitive advantage
- Refine and develop new earnings sources
- Grow international presence
- Build strong domestic Islamic Bank
- Improve operational platform
- Strengthen and build Group HR

## Outcomes

- Loan growth increased from 10% in 2009 to 16.2% by 2011
- Strengthened regional reach and scale through acquisition of OSK Investment Bank
- Easy by RHB launched, contributing 6.6% of Group's profit
- Launched social media and other mobile/online distribution channels

## 2014 - 2016

## IGNITE 2017 TRANSFORMATION PROGRAMME

## Building a Regional Powerhouse

## Focus Areas

- **2014:** Strengthen value propositions and core capabilities
- **2015:** Launch differentiated and regional capabilities
- **2016:** Scale regional businesses and capabilities

## Target Outcomes:

- 30% overseas revenue contribution, with Singapore's contribution doubled from 5% to 10%
- 30% of Total Group Financing Assets from Shariah-compliant assets
- Revenue growth driven by new segment value propositions, sales and service models and innovative digital offerings
- Transformed core and operational capabilities to enhance customer experience, and derive better insights through big data and analytics
- Transformed talent capabilities and competencies

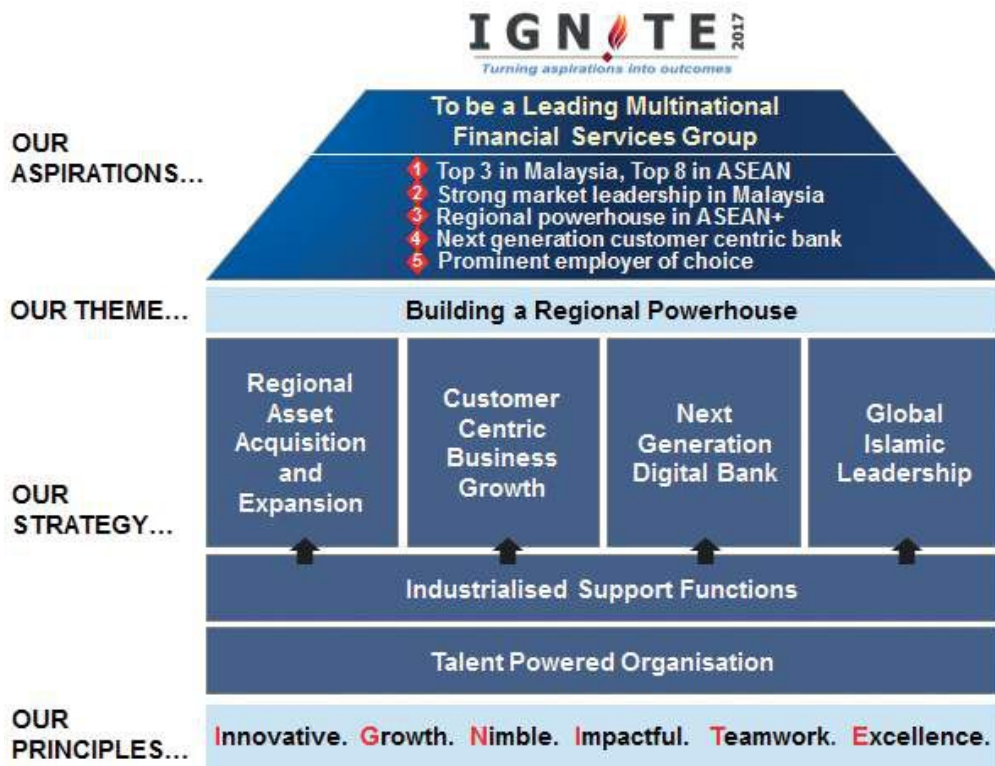


### BUILDING A REGIONAL POWERHOUSE THROUGH IGNITE 2017

RHB is on an expedited journey to build its regional footprint and become a Leading Multinational Financial Services Group by 2020. The Group has ambitious targets to have a market presence in 10 countries in ASEAN+, with offshore franchises constituting 30% of the Group's revenue (up from current 11%) by 2017 and 40% by 2020. In order to achieve these aspirations, we recognise the need to establish a robust regional capability that will enable us to rapidly expand into new markets in a seamless and cost-effective manner.

The IGNITE 2017 Transformation Programme is launched to accelerate RHB towards achieving its 2020 vision.

IGNITE 2017, which means "to set in motion", represents our programme vision to ignite our transformation journey towards the RHB 2020 vision, and turning aspirations into impactful outcomes that enrich our organisation, customers, industry and community.



The IGNITE 2017 Transformation Programme is driven by six strategic levers that serve as the building blocks for RHB's regional transformation.



## CREATING THE MOMENTUM FOR IGNITE 2017

### Regional Expansion

In the past year, RHB has started executing its regional expansion strategy and building momentum towards its longer term 2020 transformation. The Group has made great strides to strengthen its existing regional franchise and explore new markets and opportunities. At present, the Group has expanded from a largely domestic business to operating regionally, with presence in 9 countries in ASEAN+ (including China).

In Thailand, we have expanded our Treasury business and are in the process of setting up our third branch to grow our network. In Singapore, we are optimising our branch distribution network through selective relocation of existing branches so as to strengthen our SME franchise. We are also increasingly leveraging on our regional presence by upgrading our Treasury and Loan Syndication capability to serve our customers regionally. In Brunei, we have been steadily growing in the consumer and SME financing business and have expanded our fee based income to include remittances and trade. Our Cambodian operations have been fully integrated with the Group and are generating financial returns.

On the mergers and acquisition front, we completed the acquisition and integration of OSK Investment Bank in April 2013 and have started realising merger synergies which surpassed our first year targets. The acquisition has provided us with immediate access to key strategic markets in ASEAN and China. RHB has also obtained a license to open a subsidiary in Lao, and has applied for licenses to open a representative office in Myanmar and a foreign bank branch in Vietnam.

All in all, we have made great strides in our aspirations to go regional and are well positioned to increase the momentum towards achieving our regional aspirations.

### Organisation Restructuring

The Group recently completed a restructuring exercise to enable the bank to achieve regional scale, operate more efficiently and go-to-market more effectively. The new Group management structure sees us moving from a siloed, entity based structure to a single Group functional organisation structure. In the new structure, Group International Business will have accountability over the Group's regionalisation strategy and will focus on setting up, driving and managing the Group's regional commercial banking business. Group Corporate and Investment Banking has been reorganised to strengthen our focus and enhance proximity to the markets. This will enable to more closely drive growth and expansion for the group in the region.

## HR AND TALENT MANAGEMENT

Recognising the importance of talent and culture in achieving our ambition of becoming a Leading Multinational Financial Services Group, the Group started its cultural transformation in 2011 with the establishment of PRIDE – Professional, Respect, Integrity, Dynamic and Excellence. PRIDE is a set of customer centric core values that set the tone for how we want to serve customers externally and operate our business internally.

As the Group lays the foundation for its next phase of growth to build RHB into a regional powerhouse in ASEAN+, people and talent will continue to be a critical differentiator to the success of the transformation and beyond. We will build on the PRIDE values and continue to drive our people agenda by leveraging the following key areas which are fundamental to the success of our regional transformation:

- ♦ **The establishment of a strong HR organisation with the right talent management capabilities to build and manage a regional workforce;**

As we move towards a regional model with further potential mergers and acquisitions in the pipeline, the Group will need to be able to effectively integrate distinct organisations and manage an integrated regional workforce. We will focus on building critical capabilities around talent retention, regional mobility programmes, standardised and repeatable HR processes, common technologies and regional learning and talent management capabilities to help the Group expand in an efficient and cost effective manner.



#### ♦ The building of a regional mindset;

A true regional bank is made up of a workforce that thinks and operates in a regional manner. Awareness of regional environments and cultural differences, cross-country teaming and collaboration, openness and flexibility to work across borders and thrive in new environments are among the few critical elements that we will instil in the Group to enable it to operate and compete effectively on a regional scale.

#### ♦ Through inculcation of a culture of change

As we position ourselves for a long term transformation of this scale, we can expect that change will be a constant. To ensure we are able to build and sustain the momentum required to drive the transformation and succeed in today's dynamic environment, we will invest in building a flexible and nimble workforce that is able to adapt to new conditions and challenges, re-skill and re-focus on new areas of work with pace, in line with business needs.

The Group recognises that talent will be a key differentiator in the RHB transformation story.

### DRIVING THE TRANSFORMATION

We have identified three critical components that are essential to drive the successful operationalisation of the transformation programme.

#### ♦ Alignment of transformation initiatives to the overall Group strategy

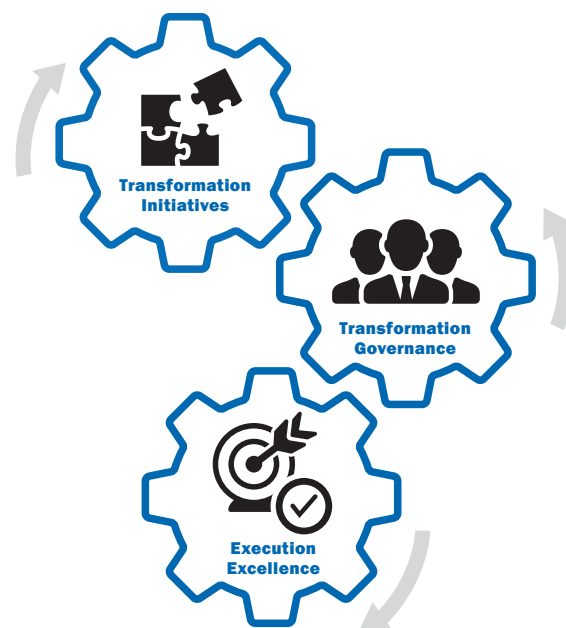
The Group has identified and prioritised a set of transformation initiatives that will position us strongly to achieve our aspiration of becoming a Leading Multinational Financial Services Group. Each of these initiatives has clear objectives, aggressive targets and measurable outcomes that are aligned to our transformation agenda.

#### ♦ Strong transformation governance with senior leadership sponsors

We recognise that strong transformation governance is a key requirement for ensuring that the transformation is executed successfully in alignment with the Group's strategy. We have put in place strong transformation governance with clear and well-defined structures, roles, responsibilities and decision-making authority. This is supported by the appointment of executive sponsors from our senior leadership team that are fully committed and accountable for driving the success of the transformation programme.

#### ♦ High-performing organisation focused on execution excellence

We have put in place the right capabilities and competencies to build a high-performing organisation that is focused on execution excellence. This is pivotal in ensuring the successful delivery of the transformation outcomes.



#### Group Strategy & Transformation

Group Strategy & Transformation has been set up to spearhead the IGNITE 2017 transformation programme, with a mandate to drive the execution of the transformation programme across the Group.

Group Strategy & Transformation will be accountable for:

- Ensuring that the transformation is executed in alignment with the Group's Strategy;
- Establishing and enforcing strong programme governance;
- Setting up a robust programme management capability to drive transformation projects across the Group;
- Pro-actively planning and managing the end-to-end transformation programme to schedule and budget; and
- Managing the programme to deliver the targeted benefits and aspirations of the Group.

# Five-Year Financial Summary

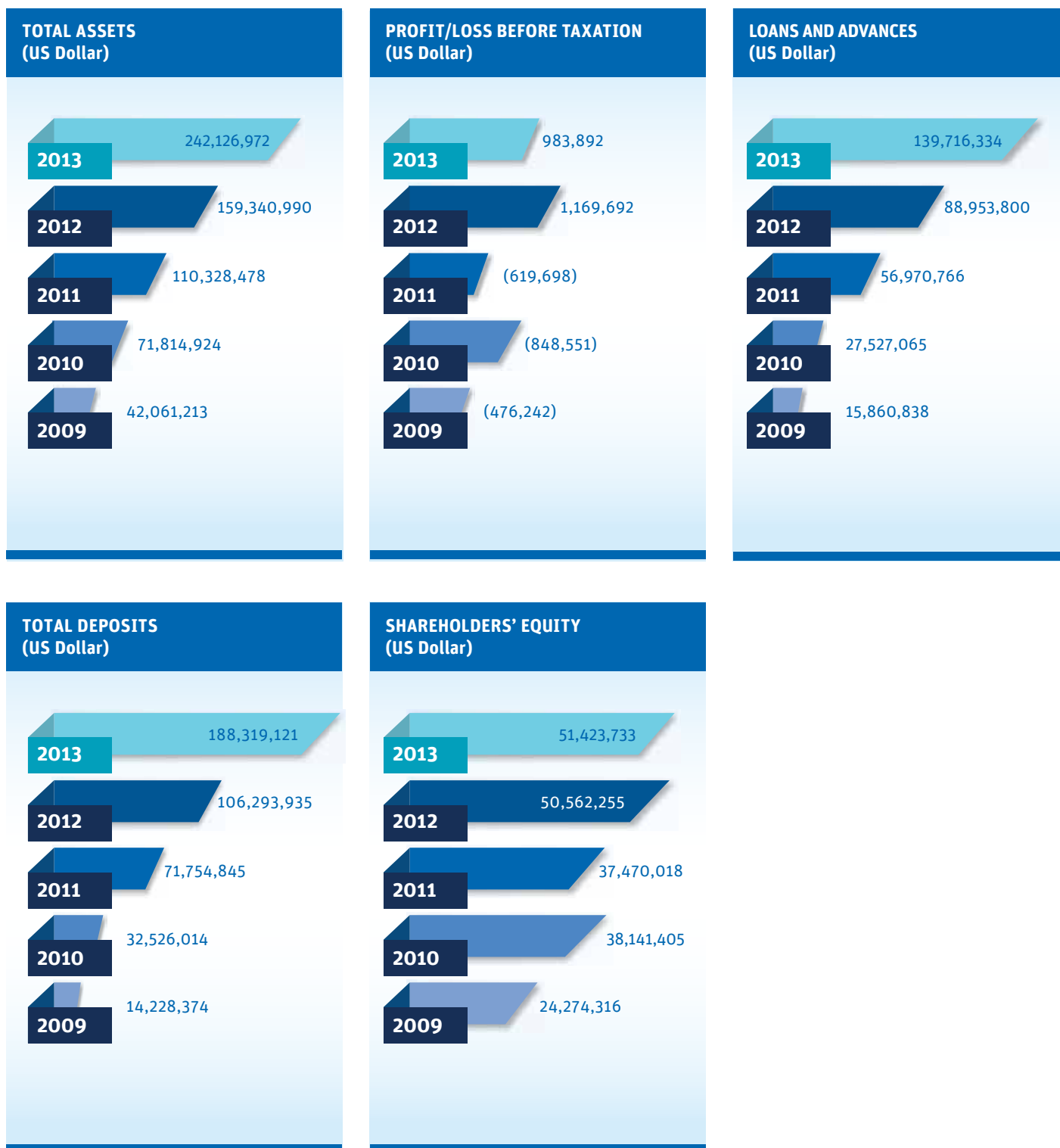
Year Ended 31 December

	2013	2012	2011	2010	2009
<b>OPERATING RESULTS (US DOLLAR)</b>					
Profit/Loss before tax expense	<b>983,892</b>	1,169,692	(619,698)	(848,551)	(476,242)
Profit/Loss after tax expense	<b>861,477</b>	1,092,237	(671,387)	(882,911)	(493,407)
<b>KEY BALANCE SHEET DATA (US DOLLAR)</b>					
Total assets	<b>242,126,972</b>	159,340,990	110,328,478	71,814,924	42,061,213
Loans and advances	<b>139,716,334</b>	88,953,800	56,970,766	27,527,065	15,860,838
Total Liabilities	<b>190,703,239</b>	108,778,735	72,858,460	33,673,519	17,786,897
Deposits from customers	<b>84,550,674</b>	83,509,351	54,223,842	32,398,740	9,228,374
Total Deposit	<b>188,319,121</b>	106,293,935	71,754,845	32,526,014	14,228,374
Paid-up capital	<b>52,000,000</b>	52,000,000	40,000,000	40,000,000	25,250,000
Shareholders' equity	<b>51,423,733</b>	50,562,255	37,470,018	38,141,405	24,274,316
<b>FINANCIAL RATIO (%)</b>					
Non-performing loans to total loans and advances	<b>3.01</b>	-	0.3	0.34	-
Net return on assets	<b>0.36</b>	0.69	(0.74)	(1.23)	(1.17)
Net return on equity	<b>1.68</b>	2.16	(1.79)	(2.31)	(2.03)
Liquidity ratio	<b>63.79</b>	69	70	123.59	245.48
Solvency ratio	<b>19.55</b>	32	35	93.24	71.82
Loans/Customer Deposit Ratio	<b>169.29</b>	107.60	106.28	85.94	173.61
Loans/ Deposits ratio	<b>76.01</b>	84.53	80.65	85.61	112.60
<b>PRODUCTIVITY RATIOS (US DOLLAR)</b>					
Gross Loans per Employee	<b>889,031</b>	623,994	376,678	181,994	180,012
Total Deposit per Employee	<b>1,169,684</b>	738,152	468,986	212,588	159,869
Profit Before Tax per Employee	<b>5,351</b>	7,585	(4,388)	(5,771)	(5,544)



# Summary of Five-Year Financial Highlights

Year Ended 31 December



# Chairman's Statement

## THE BANK

On behalf of the Board of Directors, I am pleased to present the annual report and audited financial statements of RHB Indochina Bank Limited ("The Bank") for the year ended 31 December 2013.

The Bank delivered another year of robust growth for the year ended 2013, continuing its positive momentum from the previous year's performance. This was achieved amidst an intensively competitive financial landscape and challenging operating environment, particularly in the second half of the financial year.

The Bank's Total Assets grew an impressive 52.0% to USD242.1 million, an increase of USD82.8 million, from USD159.3 million recorded in the previous year. This further improved the Total Assets growth of 44.0% recorded in the previous financial period. Our Net Return on Equity and Net Return on Asset stood at 1.68% and 0.36% respectively, primarily driven by higher net interest income attributed to healthy loan growth. Total loans and advances as at 31 December 2013 was at USD139.7 million, while Total Deposits grew to USD188.3 million, an improvement of 57.1% and 77.2% respectively. Meanwhile, operating income achieved a 48.7% growth.

This strong performance was underpinned by the Bank's business strategies and a culture of prudent management, the development of innovative products, with focus on enhancing customer service and delivery channels.

The Board also recognises the inherent risks in the financial industry and has implemented appropriate systems to identify, assess and mitigate these risks as part of the Bank's strategic initiatives. A comprehensive risk management framework which sets risk objectives and ensuring that they are aligned to corporate objectives, risk appetites and culture, has been put in place.

Compliance to the risk management framework will be monitored through the various board and management committees, such as Credit Lending Committee; Risk Management Committee; Audit Committee; New Activities and Products Committee; Remuneration and Nomination Committee; Management Committee as well as Assets and Liabilities Management Committee.

## ECONOMIC OUTLOOK

The Cambodian economy remains vigorous amidst a challenging global economic environment with external headwinds such as the prolonged economic recovery in the Eurozone, the execution of economic reforms and rebalancing in China, and the cautious slowing of Quantitative Easing in the United States. Despite these challenges, Cambodia recorded GDP growth of 7.0% in 2013, driven by a strong performance in the agricultural sector, strong exports, sustained construction activity and a flourishing tourism sector.

For 2014, the country's GDP growth is expected to be maintained at above 7.0%. Agriculture is seen recovering from the floods in 2013 to grow by 4.7%. Crops and livestock are benefitting from an increase in cultivation and further investment in irrigation.

The tourism sector which accounted for 16% of the country's GDP in 2013 continued to record increasing tourist arrivals which rose by 17.5% to 4.2 million, netting an estimated USD2.5 billion in earnings.

## MOVING FORWARD

While the year ahead is expected to be exciting with positive growth prospects, the Bank also sees increased competition amidst an intensified operating environment with the presence of bigger domestic and global players. The more competitive landscape will result in shortening of product lifecycles for products and services as banks accelerate their efforts to meet increasing customer and market demands. Liquidity will also be a challenge and funding costs could rise, contributing to further compression of the net interest margin.

RHB Indochina Bank remains optimistic and positive on the Kingdom's economic growth and progress. Following its successful integration into the RHB Banking Group in 2013, the Bank will be able to leverage on the Group to further scale up its activities to support and cater for companies with regional expansion aspirations.

In an effort to achieve overall improvement in operational efficiency, the Bank will continue to invest in IT and delivery channels by expanding its network of branches, off-site Automated Teller Machines (ATMs) and introduce new products and services.

I am also excited about RHB Banking Group's next phase of its transformational journey dubbed IGNITE 2017, which is set to lead the Group towards becoming a regional powerhouse over the next three years. I am confident that RHB Indochina Bank will play a prominent role to deliver on the Group's value proposition to drive regional expansion and take the Bank to greater heights.

The Bank recognises the importance of human capital as a key enabler to drive our success. We will continue to invest in our existing people and groom them for leadership positions within the organisation. We will continue to organise ourselves to be more efficient and cohesive within the bigger family of the RHB Banking Group.

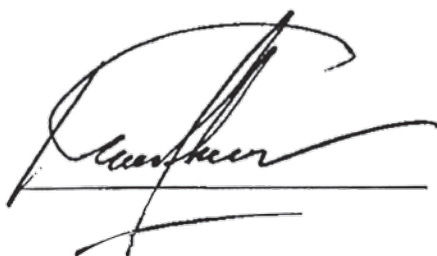
## ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to convey our deepest appreciation to our valued customers and business partners for their steadfast support, confidence and trust in contributing towards our growth and success.

The Board of Directors would also like to thank the National Bank of Cambodia, Securities Exchange Commission of Cambodia and the relevant regulatory authorities for their invaluable guidance, support and cooperation.

I also take this opportunity to thank my esteemed fellow Directors for their constant support and invaluable contributions. To the Management and staff, my heartfelt gratitude for your loyalty, hard work, diligence and commitment towards the continued growth and success of the Bank.

I am confident that the Bank will continue to play a positive role and grow its business. With the dedication and commitment of all staff, we look forward to delivering another successful year ahead.



**Khairuddin Ahmad**  
Chairman



# Managing Director / Country Head's Performance Review

## THE BANK

Since commencement of business in October 2008, RHB Indochina Bank ("The Bank") has grown from strength-to-strength. From a single branch to nine physical branches throughout Cambodia as at 31 December 2013, the Bank has continued to establish its presence by expanding the suite of product and service offerings to serve its customers. The successful integration of the Bank into the RHB Banking Group in 2013 has also seen synergistic leverage on the capabilities and capacities of the bigger banking franchise of the Group to deliver encouraging financial performance for the Bank.

The RHB Banking Group being the fourth largest financial services provider in Malaysia and the largest investment bank in Malaysia in terms of asset size, has presence in key markets across nine countries and offers exciting potential and opportunities to the Bank for synergistic cross referral businesses. Being part of the bigger franchise, RHB Indochina Bank is undoubtedly excited at the many initiatives to drive the aspirations of the Group; key among which is the embarkation of the Group's transformation agenda known as IGNITE 2017, which is focused on building RHB Banking Group as a regional powerhouse.

IGNITE 2017 is envisaged to accelerate the Group's journey towards achieving its 2020 aspirations of being a Leading Multinational Financial Services Group and deliver on our customer promise of being "Your Partner for Growth", and be viewed as a next generation customer-centric bank that delivers innovative and personalized offerings to our customers.

In alignment with IGNITE 2017, the Bank is reinvigorated in its vision to be a leading financial services provider in Cambodia with the steadfast mission to be the Bank of Choice and be among the top ten banks in Cambodia. We have refreshed our commitment to deliver overall improvement by "Delivering More" with P.R.I.D.E to our various stakeholders and customers, and be the employer of choice in the banking fraternity.

With renewed focus and enthusiasm, we have reviewed our strategies, and business and operational initiatives in order to deliver on our value proposition of cutting-edge banking solutions in a competitive banking landscape in Cambodia. Whilst being cognisant of hi-tech delivery through our various IT investments, we have not lost sight of our customers' expectations of personalised 'hi-touch' service as we continue to invest aggressively in staff training and development.

## PERFORMANCE REVIEW

For the financial year ended 31 December 2013, the Bank recorded strong all-round performance and continued its profit trail by achieving pre-tax profit of USD0.98 million. Profits achieved would have been USD3.22 million if not for a singular lumpy provision of a large account recorded for the year. The Bank is confident of making full recoveries for this account in the coming financial year.

Our balance sheet continued to grow at above-industry growth rate. Total assets increased by USD82.8 million or 52.0% to USD242.1 million, primarily driven by growth in loans and advances and deposits growth. Likewise, shareholders' equity further strengthened to USD51.4 million, from USD50.6 million the previous corresponding period. This follows further improvements in key financial indicators achieved for the year compared to the last financial year.

Loans and advances increased 57.1% to USD139.7 million as at 2013 compared to USD88.9 million in 2012. The growth of loans and advances were attributed to broad sectors of the economy in tandem with the growth of the respective sectors and was achieved amidst an increasingly competitive operating environment and a slower economic backdrop in the second half of 2013 following the national elections. The Bank's deposits similarly posted strong growth of 77.2% to reach USD188.3 million from USD106.3 million as at 2012 year end closing.

The Bank's overall asset quality remained strong notwithstanding the non-performing loan ("NPL") ratio being recorded at 3.3% which primarily is attributed to our stringent provisioning policy of one large account being classified during the year. Excluding this large account, the Bank's NPL ratio is only 0.3%, which is commendable in light of the robust loans growth of 57.1% achieved for the year. The Bank will continue to maintain its prudential credit culture and risk management, and pro-active credit control measures whilst continuing to grow its loan books.

Key financial indicators remained strong with loans to deposit ratio of 76.0%; and liquidity ratio at 63.8% and solvency ratio of 19.5%. The liquidity and solvency ratios are well above the minimum requirement set by the National Bank of Cambodia at 50% and 15% respectively and is reflective of the Management's pro-active management of the balance sheet.

At group level, total assets increased by 54.8% from USD151.0 million in 2012 to USD233.8 million. For the same period, loans and advances grew 57.1% to USD139.7 million and deposits rose 83.4% to USD181.4 million. In tandem with business growth, total operating income for the year increased by 44.3% to USD8.2 million. The consolidated net income dropped by 48.9% to USD0.4 million in comparison to USD0.8 million the previous corresponding period.



## READY TO EXCEL

The Bank is well poised to continue its upward momentum to deliver another strong set of results in the coming financial year. Driven by the burning passion that is enkindled by IGNITE 2017, the Bank will deliver on key imperatives by remaining focused on the following priorities:

- ♦ Building on the Bank's key assets i.e. human capital by investing aggressively in learning and development to build talent to deliver a 'hi-touch' personalised banking experience to delight customers
- ♦ Leveraging on the RHB Banking Group's capacity and capability to achieve synergistic results in business and operational areas
- ♦ Continuous improvements in operational efficiency that results in lowering costs to do business as well as delivery of best-in-class customer service
- ♦ Pursuing new growth segments through regular introduction of new delivery channels, roll out of new products and services, and enlarging share of customer wallet through cross selling and product bundling
- ♦ Organisational transformation by reorganising ourselves to drive sustainable growth and set industry benchmarks for record achievements

## APPRECIATION

I would like to record my highest appreciation to all our loyal customers, business partners, members of the Board of Directors and my dedicated and committed management team and staff for the unwavering support throughout the year.

My sincere gratitude and deep appreciation also goes to the National Bank of Cambodia, Securities Exchange Commission of Cambodia and the regulatory authorities for the invaluable advice and support given to us.



**Lim Loong Seng**  
Managing Director/Country Head



# About RHB Banking Group

The RHB Banking Group is the fourth largest fully integrated financial services group in Malaysia. The Group's core businesses are streamlined into the following key focus areas namely, Group Retail and Commercial Banking, Group Corporate and Investment Banking Business and Group International Business. These businesses are offered through its main subsidiaries - RHB Bank Berhad, RHB Investment Bank Berhad, RHB Islamic Bank Berhad and RHB Insurance Berhad, while its asset management and unit trust businesses are undertaken by RHB Asset Management Sdn Bhd and RHB Islamic International Asset Management Berhad.

The Group's regional presence now spans nine countries including **Malaysia, Singapore, Indonesia, Thailand, Brunei, Cambodia, Hong Kong, Vietnam and Lao PDR**. It is the RHB Banking Group's aspiration to deliver superior customer experience and shareholder value; and to be recognised as a Leading Multinational Financial Services Group.





# About Us







RHB Indochina Bank Limited (“RHBIBL”) is a commercial bank operating under the Cambodian Law on Commercial Enterprises, under the supervision of the National Bank of Cambodia.

The Bank commenced operations on 10 October 2008 with the opening of its first branch in Phnom Penh. The following year saw the bank expanding its footprint with the opening of four more branches located in the city of Phnom Penh. This was followed by a strategic expansion with the opening of another four branches in 2010, one each in the provinces of Kampong Cham, Battambang, Siem Reap and Preah Sihanouk.

The year 2010 marked another milestone with the setting up of RHB Indochina Securities Limited (“RHBISL”), a wholly-owned subsidiary of the bank which offers a wide range of services that include securities underwriting, dealing, stockbroking and corporate finance.

## PRODUCTS & SERVICES

The Bank was established to undertake banking activities, which include mobilising and receiving short, medium and long term deposit funds from various organisations and individuals; lending on a short, medium and long term basis to various organisations and individuals based on the nature of business and repayment ability of the borrowers; conducting foreign currency transactions; providing international trade finance services, providing transaction services between customers; and other banking services as approved by the National Bank of Cambodia (“NBC”), through the Bank’s Head Office and its nine branches in Phnom Penh and in the provinces.

**The Bank offers a full range of retail and commercial banking products and services, including:**

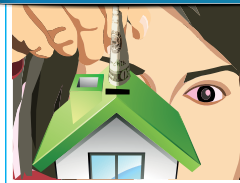
### CURRENT ACCOUNT



**We help you manage your finances with 24-hour banking convenience.**

RHB Current Account is a powerful cash management tool as it can save you trips to the bank to pay those bills and expenses.

### SAVINGS ACCOUNT



**We help you grow your family’s finances with 24-hour banking convenience.**

RHB Savings Account opens the way to save for your dream home, your car, your child’s education or even a computer.

### FIXED DEPOSITS



**We help you build your savings.**

RHB Fixed Deposit Account, with many value-added features, is an effective investment tool.

### REMITTANCE



**We help you transfer and receive your money.**

RHB Remittance helps you move your money around the world with speed and efficiency.

**TRADE FINANCING****Comprehensive range of Import & Export financing facilities.**

RHB Trade Financing facilities help you in your import and export business; take the burden and worry of non-delivery of goods away from you.

**PROPERTY LOAN****We help you own your dream home.**

RHB Home Loans, with many value-added features and flexible options, is key to quickly owning your dream home.

**CAR LOAN****We help you own your dream car.**

RHB Car Loans, with flexible options, can put you in the driving seat.

**BUSINESS LOAN****We help you build your business.**

RHB Business Loans are designed to suit your needs. Start a new business, expand your current business or working capital.

**PERSONAL LOAN****We help you get the things you want.**

RHB Personal Loans help provide you with cash to enjoy life's opportunities. With flexible options, you will have what it takes to get a computer, renovate your home, or make an investment.

## 24-HOUR AUTOMATIC TELLER MACHINE (“ATM”) NETWORK

**RHB Indochina Bank was the first Commercial Bank to install Full-Function ATMs nationwide.**



### FULL FUNCTION ATM:

- ♦ **Cash Deposit**      ♦ **Cheque Deposit**
- ♦ **Cash Withdrawal**   ♦ **Cross-Currency Withdrawal**



### FULL FUNCTION ATMs

#### ♦ IN PHNOM PENH CITY

1. Phnom Penh Main Office
2. City Mall Olympic Branch
3. Stoeung Meanchey Branch
4. Kbal Thnal Branch
5. Pet Lok Song Branch

#### ♦ IN PROVINCES

1. Kampong Cham Branch
2. Battambang Branch
3. Siem Reap Branch
4. Preah Sihanouk Branch

### OFF-SITE ATMs

#### ♦ IN PHNOM PENH CITY

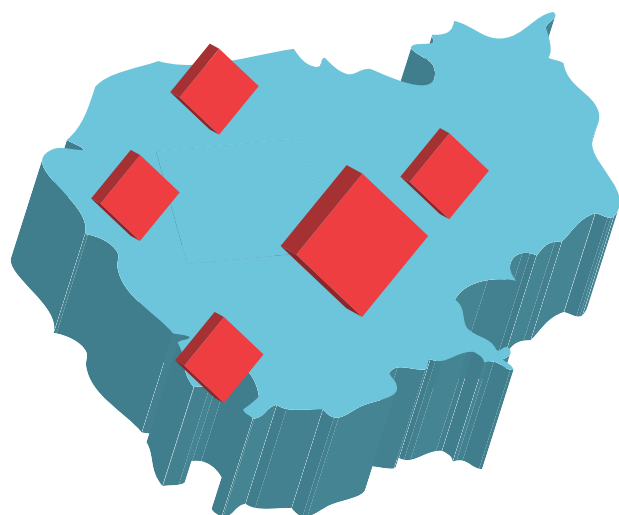
1. Antena Toul Kork (Sokimex Gas Station)
2. Vanda Institute of Accounting (Mao Tse Tong Blvd.)
3. Dream Land (In front of NagaWorld)
4. Pochentong Restaurant (Confederation Russian Blvd.)
5. Street 271 (St. 271 Junction of St. 488)
6. TK Avenue (Toul Kork)
7. Fair Market (St. 63 Junction of Mao Tse Tong Blvd.)

#### ♦ IN PROVINCE

1. Lucky Mall, Siem Reap City, Siem Reap Province



## OUR BRANCH NETWORK



### PHNOM PENH

#### Phnom Penh Main Office

No. 263, Ang Duong Street (St. 110), Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia.

Tel: (855) 23 992 833 Fax: (855) 23 991 822

Email: phnompenhmain@rhbgroupp.com

Email: customerservice@rhbgroupp.com

**SWIFT Code: OSKIKHPP**

#### City Mall Olympic Branch

Lot A3E0, Ground Floor, City Mall Olympic, Monireth Street, Sangkat Veal Vong, Khan 2 Makara, Phnom Penh, Cambodia.

Tel: (855) 23 993 568 Fax: (855) 23 993 565

Email: kh.citymall@rhbgroupp.com

#### Stoeung Meanchey Branch

Monireth Street (Corner of former Chaksomram Road), Sang Kat Stoeung Meanchey, Khan Meanchey, Phnom Penh, Cambodia.

Tel: (855) 23 969 228 Fax: (855) 23 969 231

Email: kh.stoeungmeanchey@rhbgroupp.com

#### Kbal Thnal Branch

No. 530A - 530B, Monivong Blvd. (Junction of Street 271), Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh, Cambodia.

Tel: (855) 23 993 598 Fax: (855) 23 993 593

Email: kh.kbalthnal@rhbgroupp.com

#### Pet Lok Song Branch

No. 1-3, Street 271, Sangkat Toeuk Thla, Khan Sen Sok, Phnom Penh, Cambodia.

Tel: (855) 23 969 368 Fax: (855) 23 969 370

Email: kh.petloksong@rhbgroupp.com

### PROVINCIAL NETWORK

#### Kampong Cham Branch

No. 41, National Road No. 7, Phum 1, Sangkat Veal Vong, Kampong Cham City, Cambodia.

Tel: (855) 42 942 811 Fax: (855) 42 942 899

Email: kh.kampongcham@rhbgroupp.com

#### Battambang Branch

No. 1 - 3 - 5 - 7, Street 3, Kamakor Village, Svay Por Commune, Battambang Province, Cambodia.

Tel: (855) 53 952 811 Fax: (855) 53 952 966

Email: kh.battambang@rhbgroupp.com

#### Siem Reap Branch

No. 12 -14 -16, National Road No. 6, Phum Banteay Chas, Sangkat Slor Kram, Siem Reap Province, Cambodia.

Tel: (855) 63 969 811 Fax: (855) 63 969 816

Email: kh.siemreap@rhbgroupp.com

#### Preah Sihanouk Branch

No. 129, Street 7 Makara, Phum II, Sangkat No. 4, Preah Sihanouk Province, Cambodia.

Tel: (855) 34 934 811 Fax: (855) 34 934 816

Email: kh.sihanoukville@rhbgroupp.com

### WHOLLY - OWNED SUBSIDIARY OFFICE

#### RHB OSK Indochina Securities Limited

No. 1-3, Level 2 & 3, Sangkat Toeuk Thla, Khan Sen Sok, Phnom Penh, Cambodia.

Tel: (855) 23 969 161 Fax: (855) 23 969 171

Email: rhbosk.kh.customerservice@rhbgroupp.com

# Events 2013

## Khmer New Year Staff Dinner Party



More than 100 staff of RHB Indochina Bank Limited were feted to a Staff Dinner held on 30 April 2013 at Lucky Seven Restaurant, Phnom Penh, Cambodia.

The event was celebrated in the spirit of Khmer New Year and in conjunction with the official name change of both OSK Indochina Bank Limited and OSK Indochina Securities Limited to RHB Indochina Bank Limited and RHB OSK Indochina Securities Limited respectively, effective 13 April 2013.

The dinner was attended by all Management and staff at Head Office and branches in Phnom Penh from both RHB Indochina Bank Limited and RHB OSK Indochina Securities Limited.



## 3-Month Remittance Campaign

The Bank launched an exclusive 3-month Western Union Campaign from February to April 2013. The campaign targeted to attract new Western Union users to our Bank while providing incentives for existing customers to continue banking with us.

All customers had three opportunities to win free gifts and prizes during the campaign period. For every Western Union transaction made, customers were given one lucky draw chance on the spot to win the Bank's merchandise and were also given accumulated loyalty points to exchange for the Bank's merchandise. At the end of the campaign, every Western Union transaction was also eligible for the Grand Draw.

The prizes for the Grand Draw were 30 units of Dual SIM Mobile Phone which were claimed by all 30 winners in May 2013.





# Events 2013

## Diamond Sponsorship of CAM-MA SME Exhibition

The Associated Chinese Chambers of Commerce and Industry of Malaysia (“ACCCIM”) and Federation of Association for Small & Medium Enterprises in Cambodia (“FASMEC”) jointly hosted the Cambodia and Malaysia SME Exhibition 2013 held from 28 – 30 June 2013 at Diamond Island Convention and Exhibition Center, Phnom Penh.

The main objective of this exhibition was to provide a platform for the Malaysian business community, especially Small & Medium Enterprises (“SMEs”) to expand their network in Cambodia and be engaged directly with trade partners and consumers to establish and develop business relationship with the local partners. The exhibition was attended by 200 SMEs; with 100 participants each from Cambodia and Malaysia coming from different sectors like Agriculture, Construction, Consumer Products, Footwear, Furniture, Education & Training Service Providers, Health Care & Pharmaceutical Industries, Manufacturing Industries, Industrial Equipment & Machinery, Information, Communication & Technology and Tourism.

RHB Indochina Bank Limited (“RHBIBL”) was a Diamond Sponsor and Exhibitor and had played a part in lending prestige and recognition to the event, which is envisaged to gain traction and grow in size and stature in the years to come.

During the exhibition, RHBIBL offered insights and a deeper understanding of the Cambodian economic climate and its potential to investors, besides providing the added comfort of financial support to investing in Cambodia.



## Participation in inaugural MSOC International Conference and Expo Cambodia



The National ICT Association of Malaysia (“PIKOM”) organised the Mobile Social Commerce (“MSOC”) International Conference and Expo in conjunction with Mobile and PC Fair Cambodia that was held at City Mall Shopping Center, Phnom Penh from 5 to 7 July 2013.

The event, themed “Mobile Social Commerce Outlook” was supported by the Ministry of Science, Technology and Innovation, Malaysia (“MOSTI”), the Malaysian Embassy in Cambodia and the National ICT Development Authority of Cambodia (“NiDA”).

The two-day conference was attended by 120 delegates from Malaysia, Singapore, Cambodia, the United

States, Saudi Arabia and Iran. Topics discussed included mobile social commerce, ASEAN liberalisation, cyber security and the mobile revolution. Along with the conference, more than 30 companies exhibited their IT products, most of which were Malaysian companies.

RHBIBL supported the event as a Networking Cocktail Sponsor and Exhibitor. The Networking Cocktail was held on 5 July 2013 at Eclipse Sky Bar located at the Phnom Penh Tower, and achieved its objective to further develop and explore new business avenues amongst the delegates and learn more about the growing ICT industry in Cambodia.



# Events 2013

## 5th Anniversary Gala Dinner & Dance



### 5<sup>TH</sup> ANNIVERSARY GALA DINNER & DANCE AND TEAM BUILDING

THANSUR BOKOR HIGHLAND RESORT, KAMPOT, CAMBODIA  
9 - 10 NOVEMBER 2013

RHBIBL and RHB OSK Indochina Securities Limited (“RHBISL”) celebrated their 5th Anniversary Gala Dinner & Dance and Team Building at Thansur Bokor Highland, Kampot Province, Cambodia from 9 – 10 November 2013.

In attendance was the combined staff of 140 from both RHBIBL and RHBISL.

The Managing Director/Country Head of RHBIBL, Mr. Lim Loong Seng, started the evening’s celebrations by delivering his welcome speech themed “Celebrating Our 5th Anniversary and Beyond”.

Management also presented Staff Recognition Awards to 24 pioneer staff for their loyalty and commitment to the Bank since commencement of business in 2008.





## Team Building

The celebration continued as staff participated in the “Team Building” event the following morning, on 10 November 2013. This event was timely as staff renewed and reinvigorated themselves in their camaraderie and bond as a united team to end 2013 with a strong performance and to deliver outstanding results in 2014 and beyond.





# In the News

## 56th Merdeka Day “Malaysia National Day”

THE PHNOM PENH POST • AUGUST 30, 2013  
WWW.PHNOMPENHPOST.COM

Malaysia National Day 5

### RHB Indochina Bank continues to scale greater heights

MOEUN NHEAN

**R**H Indochina Bank entered the Cambodian market in October 2008 with a \$13 million capital investment with its first branch office in Phnom Penh. Under a highly experienced management team and committed Cambodian staff, the bank has been successful in establishing a strong foothold and is continuing to scale greater heights in Cambodia.

Since opening, RHBIBL has expanded its presence from a single branch to nine throughout the country, according to Lim Loong Seng, managing director and country head of RHB Indochina Bank Limited (RHBIBL) formerly known as OSK Indochina Bank Limited.

“We began our operations with 23 staff members and a \$13 million capital investment. Now our total assets have reached \$200 million with an operational staff of 160. We’ve grown from one branch to nine branches, five in the capital and the rest in the provinces of Kampong Cham, Battambang, Siem Reap and Sihanoukville. Plans are also afoot to establish



Bank tellers servicing customers at RHB Bank. PHOTO BY HALANA

more branches to serve the needs of customers in various selected key locations,” Lim said.

He said that the bank focuses on lendings to the consumers and the business enterprises, especially the SMEs and serves a wide range of clientele, from local consumers and traders to international investors.

“We provide financing to a cross spectrum of economic

sectors including agriculture and manufacturing industries, tourism, trade and construction,” Lim said.

Mr. Lim added that “the bank has also established 17 self-service terminals such as full-function ATMs that enable depositors to perform cash deposit, cross-currency cash withdrawals and cheque deposits in Phnom Penh and key locations in the provinces across the country.” Account

holders are also able to make payment for their loans either by cash or cheque and transfer from other accounts.

RHBIBL offers a full range of commercial banking services such as savings, current and fixed deposit accounts; personal, automobile, housing and property loans for individuals and companies; on top of business loans for working capital and business



Mr. Lim Loong Seng, Managing Director of RHB Indochina Bank.

expansion as well as trade financing for small and medium-size enterprises. It also provides remittance, Western Union services and money exchange.

The bank also wholly owns RHB OSK Indochina Securities Limited

which offers investment banking services, such as underwriting, dealing, broking and advisory services, which complement the services provided by the commercial bank. The security firm is currently

Continues on page 6

### RHB Indochina Bank continues ...

Continued from page 5

working with several companies in Cambodia to guide them towards eventually listing on the Cambodia Stock Exchange through initial public offerings (IPO).

“RHB Indochina Bank Limited is now part of the larger RHB Banking Group that has a presence in key markets across seven countries in the ASEAN region as well as Hong Kong and China,” Lim said. “The group is one of the largest integrated financial products and services provider in Malaysia with total assets of \$63 billion as of March 2013, with more

than 16,000 employees over 550 offices in eight countries.”

The RHB Banking Group is the fourth largest financial services provider in Malaysia and owns RHB Investment Bank, the largest investment bank in Malaysia in terms of asset size. The Group has a proud history of over 100 years through its commercial banking operations in Malaysia and has won numerous prestigious awards, underlining the industry’s recognition of its commitment to consistently delivering cutting-edge value to its customers. The Group is currently embarking on expanding its reach to other ASEAN countries to satisfy the

needs of its clientele.

“RHBIBL has grown from strength to strength since starting operations about five years ago in Cambodia. For the financial year ended December 31, 2012, the bank continued to record strong all-round performance with further improvements in key financial indicators compared with the previous corresponding period,” Mr. Lim said. “Loans and advances grew by 56 per cent compared with industry growth of 35 percent, notwithstanding the increasingly competitive operating environment. Deposits growth of the Bank was at 48 percent, again

outpacing the industry’s growth of 30 per cent for the year. Correspondingly, total assets grew a commendable 44 per cent in 2012. With prudent credit culture and good risk management, the Bank’s asset quality remained strong with zero non-performing loans, improving from 0.3 per cent recorded in the previous corresponding period.”

With Cambodia’s strong growth trajectory underpinned by a favourable investment climate, business-friendly policies and improving infrastructure, RHBIBL remains optimistic and bullish on the positive and conducive environment



RHB Bank's Phnom Penh headquarters.

to drive economic growth and progress. Leveraging on the Bank’s integration into the bigger banking franchise of the RHB Banking Group, RHBIBL will be able to further scale up its activities to support and cater for

companies with aspirations for regional expansion, without losing sight of the imperative value-added personalised service that builds sustainable long-term relationships with the customers. ■

# Finance and Property Magazine

柬埔寨 星洲日报

財經與產業特刊

## 興業中印銀行登陸5年

展望來年業績增長六成

2014年4月，馬來西亞興業集團完成收購  
 侨丰投资银行后，侨丰中印  
 银行（OSK Indochina Bank）  
 正式易名为兴业中印银行（RHB  
 Indochina Bank），在母公司  
 雄厚财力和区域网络支持下  
 ，该银行今年取得自创办  
 以来最骄人业绩。

兴业中印银  
 行董事兼总裁  
 林良成。

兴业中印银行（RHB Indochina Bank）原为侨丰中印银行（OSK Indochina Bank），今年4月并购后更名。

截至2013年9月，兴业中印银行总资产达2亿千939万美元，较2012年12月的1亿5千300万美元，激增了63%；总贷款则达1亿2千600万美元，较2012年12月的9千万美元，上升了40%；存款则为1亿9千700万美元，较2012年12月的1亿零600万美元，激增了85%。

兴业中印银行董事兼总裁林良成表示，虽然该银行是在5年前登陆，在柬埔寨银行业属于“新丁”，但凭着5年来的稳扎稳打，建立明确的经营方向，制定正确的商业策略，使银行的业务规模和分行数目不断扩大，在某些领域已名列“柬埔寨十大”。他指出，目前柬埔寨有超过30家商业银行，其中大部分为外资银行，对国内生产总值（GDP）只有约120亿美元的国家来说，银行数目实在太多了，银行业无可避免出现激烈竞争。然而，他说，虽然面对竞争，加上今年遇上柬埔寨大选，但该银行今年贷款增长率估计仍高于去年水平，即不少于56%，这非常不容易。

## 強化企業新品牌

林氏透露，管理层将通过多项策略，进一步巩固兴业中印银行的市场地位和业务扩张，如致力打造和强化企业新品牌，让本地市场和民众对马国兴业集团（RHB）拥有更深的了解。

“兴业集团是马国第四大上市金融集团，在东南亚7个国家建立银行业务，同时在香港拥有证券公司，在中国深圳拥有代表办事处。”

此外，银行也将继续专注和开发零售市场（消费者和中小型企业）和中大型企业，同时也扩大银行业务触及范围，如开设更多分行（目前共有9间）、增加自动提款机、推出网上和手机银行服务等。

虽然柬埔寨大选后出现政治僵局，导致部分银行出现存款萎缩或坏帐上升的现象，惟对兴业中印银行几乎毫无影响。

“我们通过和客户积极沟通方式，安抚客户的紧张和不安情绪，令客户放心继续把钱存放在银行。”

无论如何，他透露，为了谨慎起见，马来西亚总部汇了数千万美元存入该银行，以防万一。这也是为何该银行存款比贷款（截至今年9月）高出许多的原因。

提到2014年的展望，林良成满怀信心的说，银行将继续取得飞速的成长，比柬埔寨国内生产总值可能高出10倍。

“如果柬埔寨GDP是7%，我有信心，我们的成长会高出6倍、8倍，甚至10倍。”

他强调，在柬埔寨政府不断深化行政和司法制度改革下，一旦政治局势恢复稳定，柬埔寨将能吸引大量外资，进一步推动经济发展。



# STAFF LEARNING AND DEVELOPMENT

- ✓ AML / CTF Training
- ✓ Internal Audit Workshop
- ✓ Effective Negotiation Skill
- ✓ Developing Supervisory Skills
- ✓ Practical Report Writing Skills
- ✓ Advanced Selling Skills
- ✓ Trade Finance Workshop
- ✓ Problem Solving and Decision Making
- ✓ Advanced Financial Analysis for Loan Officer
- ✓ Structured Financing for Specialised Industries
- ✓ Managing Time and Increasing Work Efficiency
- ✓ Delivering a High Impact Business Presentation
- ✓ Practical Marketing Plan and Strategies for Marketing Personnel



$$2a + b = x^{2x}$$

$$\pi = 3.141592654$$

$$\sin(a) = \frac{1}{2}gt$$

$$\frac{(1-e^2)}{(1+e)^2}$$

$$Ra + 40a + 40 \times 2a = 0$$

$$y_t = ut \sin(a) - \frac{1}{2}gt$$

$$vb' = \frac{1}{4}u(1-e^2)$$

$$vc' = \frac{1}{4}u(1+e)^2$$

$$-3.141592654$$







$$2a+b=x^{2x}$$

$$\pi=3.141592654$$

$$v=ut \cos(a)$$

$$v=ut \sin(a)$$



$$40 \times 2a = 0$$

$$1/2 \, q t$$

$$v = 1/4u(1-e^2)$$

$$v' = 1/4u(1+e)^2$$

$$-3.141592654$$



x



$$v = 1/2u(1+e)$$

$$v' = -1/2eu(1+e)$$

$$vb' = 1/4u(1-e^2)$$

$$vc' = 1/4u(1+e)^2$$

$$Ra + 40a + 40 \times 2a = 0$$



# Coporate Information

## BACKGROUND INFORMATION

RHB Indochina Bank Limited (“the Bank”), established on 9 July 2008, is duly registered with the Ministry of Commerce and was granted a banking license by the National Bank of Cambodia (“NBC”) on 3 October 2008. The Bank is a wholly-owned subsidiary of RHB Bank Berhad, a public limited liability company incorporated in Malaysia.

The Bank established to conduct banking activities, which include mobilising and receiving short, medium and long term deposit funds from various organisations and individuals; lending on a short, medium and long term basis to various organisations and individuals based on the nature and ability of the Bank’s capital resources; conducting foreign currency transactions; providing international trade finance services, discounting of commercial notes, bonds and valued documents; providing transaction services between customers; and other banking services as approved by the NBC.

RHB OSK Indochina Securities Limited is a wholly-owned subsidiary of the Bank and was established in accordance with License No O352E/2010 issued by the Ministry of Commerce of the Kingdom of Cambodia on 16 February 2010. The principal activities of the subsidiary include securities underwriting, dealing, and providing brokerage and investment advisory services.

The total paid-up capital of the Bank as at 31 December 2013 was US\$52.0 million (2012: US\$52.0 million).

The registered Head Office of the Bank is No. 263, Preah Ang Duong Street, Phnom Penh, the Kingdom of Cambodia. The Bank also has nine branches in Phnom Penh and the provinces. The Phnom Penh branches are located in Phnom Penh Main Branch, City Mall Olympic, Stoeung Meanchey, Kbal Thnal and Pet Lok Song and the provincial branches are in Battambang, Kampong Cham, Siem Reap and Preah Sihanouk.

As at 31 December 2013, the Group has 180 employees (2012: 154 employees).





# BRINGING MORE TO CAMBODIA

When it comes to your business, we deliver a wide range of financial products and services, including deposits & loans, smart ATMs, equities trading, investment banking solutions and more. We are part of the RHB Banking Group, one of Malaysia's largest banking groups, with 100 years of experience in bringing innovation to you.

# Board & Management Committees

	Member	
	2012	2013
<b>Board Committee</b>		
<b>Board of Directors</b>	<ol style="list-style-type: none"> <li>1. Tan Sri Ong Leong Huat, Non-Independent Non-Executive Chairman</li> <li>2. Dato' Nik Mohamed Din bin Datuk Nik Yusoff, Non-Independent Non-Executive Director</li> <li>3. Dato' Abdul Majit bin Ahmad Khan, Independent Non-Executive Director</li> <li>4. Mr. Foo San Kan, Independent Non-Executive Director</li> <li>5. Mr. Leong Yeng Kit, Independent Non-Executive Director</li> <li>6. Mr. Wong Chong Kim, Non-Independent Non-Executive Director</li> <li>7. Mr. Ong Ju Yan, Non-Independent Non-Executive Director</li> <li>8. Mr. U Chen Hock, Non-Independent Non-Executive Director</li> </ol>	<ol style="list-style-type: none"> <li>1. Tuan Haji Khairuddin Ahmad, Independent Non-Executive Chairman</li> <li>2. Mr. Choong Tuck Oon, Independent Non-executive Director</li> <li>3. Mr. Foo San Kan, independent Non-executive Director</li> <li>4. Mr. Leong Yeng Kit, Independent Non-executive Director</li> <li>5. Mr. U Chen Hock, Non-independent Non-executive Director</li> <li>6. Mr. Lim Loong Seng, Managing Director</li> </ol>
<b>Audit Committee</b>	<ol style="list-style-type: none"> <li>1. Mr. Foo San Kan, Chairman</li> <li>2. Mr. Leong Yeng Kit</li> <li>3. Mr. Wong Chong Kim</li> </ol>	<ol style="list-style-type: none"> <li>1. Mr. Foo San Kan, Chairman</li> <li>2. Mr. Leong Yeng Kit</li> <li>3. Mr. Choong Tuck Oon</li> </ol>
<b>Risk Management Committee</b>	<ol style="list-style-type: none"> <li>1. Dato' Abdul Majit bin Ahmad Khan, Chairman</li> <li>2. Mr. Foo San Kan</li> <li>3. Mr. Ong Ju Yan</li> </ol>	<ol style="list-style-type: none"> <li>1. Tuan Haji Khairuddin Ahmad, Chairman</li> <li>2. Mr. Foo San Kan</li> <li>3. Mr. Choong Tuck Oon</li> </ol>
<b>Remuneration &amp; Nomination Committee</b>	<ol style="list-style-type: none"> <li>1. Mr. Leong Yeng Kit, Chairman</li> <li>2. Dato' Nik Mohamed Din bin Datuk Nik Yusoff</li> <li>3. Mr. Wong Chong Kim</li> </ol>	<ol style="list-style-type: none"> <li>1. Mr. Choong Tuck Oon, Chairman</li> <li>2. Tuan Haji Khairuddin Ahmad</li> <li>3. Mr. Leong Yeng Kit</li> </ol>
<b>New Activities &amp; Products</b>	<ol style="list-style-type: none"> <li>1. Mr. Foo San Kan, Chairman</li> <li>2. Mr. Leong Yeng Kit</li> <li>3. Mr. U Chen Hock</li> <li>4. Mr. Wong Chong Kim</li> <li>5. Mr. Ong Ju Yan</li> </ol>	<ol style="list-style-type: none"> <li>1. Tuan Haji Khairuddin Ahmad, Chairman</li> <li>2. Mr. Choong Tuck Oon</li> <li>3. Mr. Leong Yeng Kit</li> <li>4. Mr. Foo San Kan</li> <li>5. Mr. U Chen Hock</li> </ol>
<b>Management Committee</b>		
<b>Management Committee</b>	<ol style="list-style-type: none"> <li>1. Mr. U Chen Hock, Chairman</li> <li>2. Mr. Wong Chong Kim</li> <li>3. Mr. Lim Loong Seng</li> <li>4. Mr. Cheong Kim Soon, Simon</li> <li>5. Mr. Yong Ching San</li> <li>6. Mr. Om Visal</li> </ol>	<ol style="list-style-type: none"> <li>1. Mr. U Chen Hock, Chairman</li> <li>2. Mr. Lim Loong Seng</li> <li>3. Mr. Wong Kee Poh</li> <li>4. Mr. Cheong Kim Soon, Simon</li> <li>5. Mr. Yong Ching San</li> <li>6. Mr. Om Visal</li> </ol>
<b>Credit Lending Committee</b>	<ol style="list-style-type: none"> <li>1. Mr. U Chen Hock, Chairman</li> <li>2. Mr. Lim Loong Seng</li> <li>3. Mr. Cheong Kim Soon, Simon</li> <li>4. Mr. Om Visal</li> </ol>	<ol style="list-style-type: none"> <li>1. Mr. U Chen Hock, Chairman</li> <li>2. Mr. Lim Loong Seng</li> <li>3. Mr. Wong Kee Poh</li> <li>4. Mr. Cheong Kim Soon, Simon</li> <li>5. Mr. Om Visal</li> </ol>
<b>Assets &amp; Liabilities Management Committee</b>	<ol style="list-style-type: none"> <li>1. Mr. U Chen Hock, Chairman</li> <li>2. Mr. Lim Loong Seng</li> <li>3. Mr. Cheong Kim Soon, Simon</li> <li>4. Mr. Yong Ching San</li> <li>5. Mr. Om Visal</li> </ol>	<ol style="list-style-type: none"> <li>1. Mr. U Chen Hock, Chairman</li> <li>2. Mr. Lim Loong Seng</li> <li>3. Mr. Wong Kee Poh</li> <li>4. Mr. Cheong Kim Soon, Simon</li> <li>5. Mr. Yong Ching San</li> <li>6. Mr. Om Visal</li> </ol>
<b>Management Audit Committee</b>	Not Applicable	<ol style="list-style-type: none"> <li>1. Mr. U Chen Hock, Chairman</li> <li>2. Mr. Lim Loong Seng</li> <li>3. Mr. Wong Kee Poh</li> <li>4. Mr. Alan Chang Kong Chong</li> <li>5. Mr. Adrien Lim Tian Eu</li> <li>6. Mr. Cheong Kim Soon, Simon</li> <li>7. Mr. Yong Ching San</li> <li>8. Mr. Om Visal</li> <li>9. Mr. Meung Samnang</li> <li>10. Mr. Chhim Sareth</li> </ol>





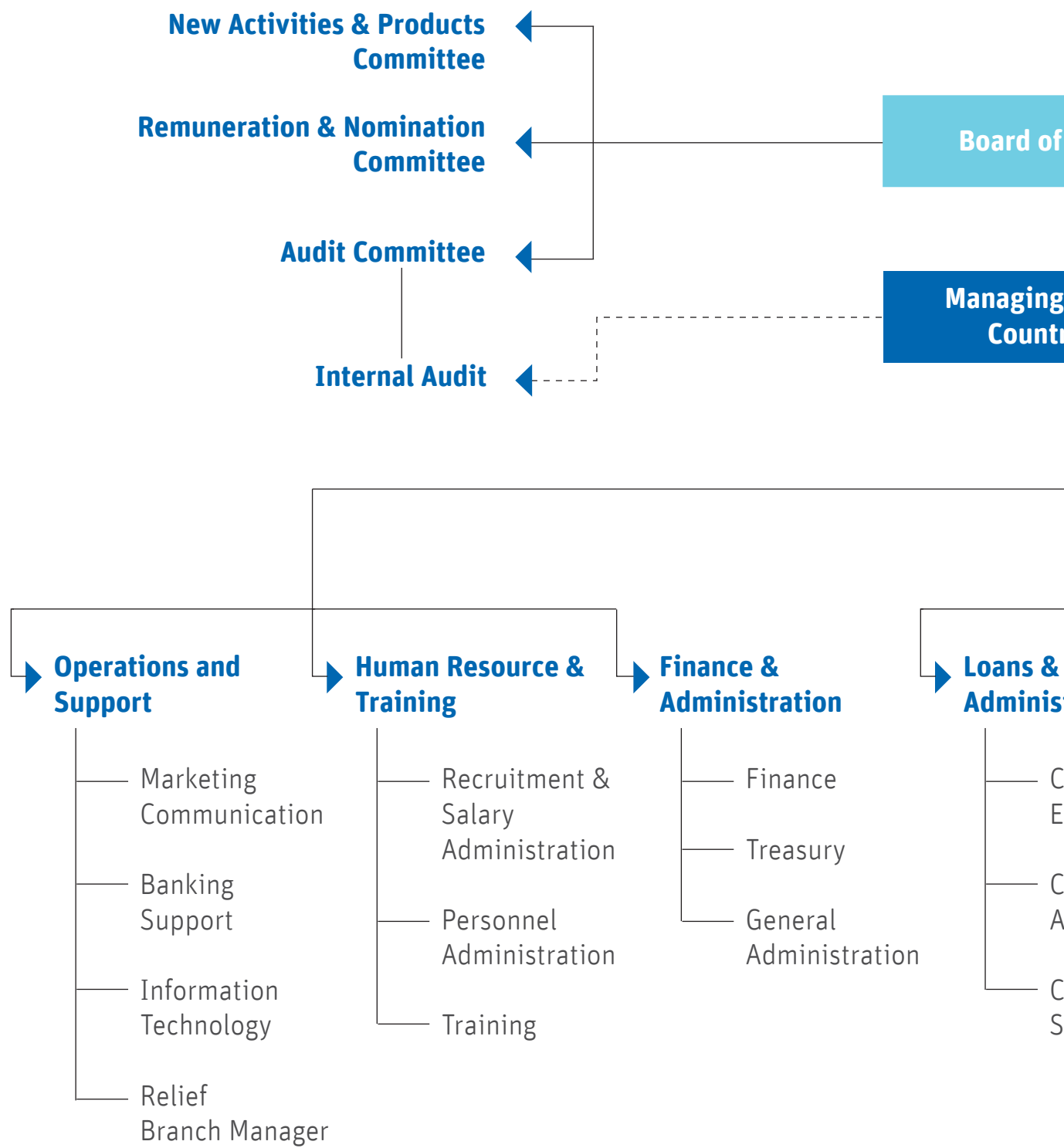
# ONE TEAM ONE BRAND ONE VALUE

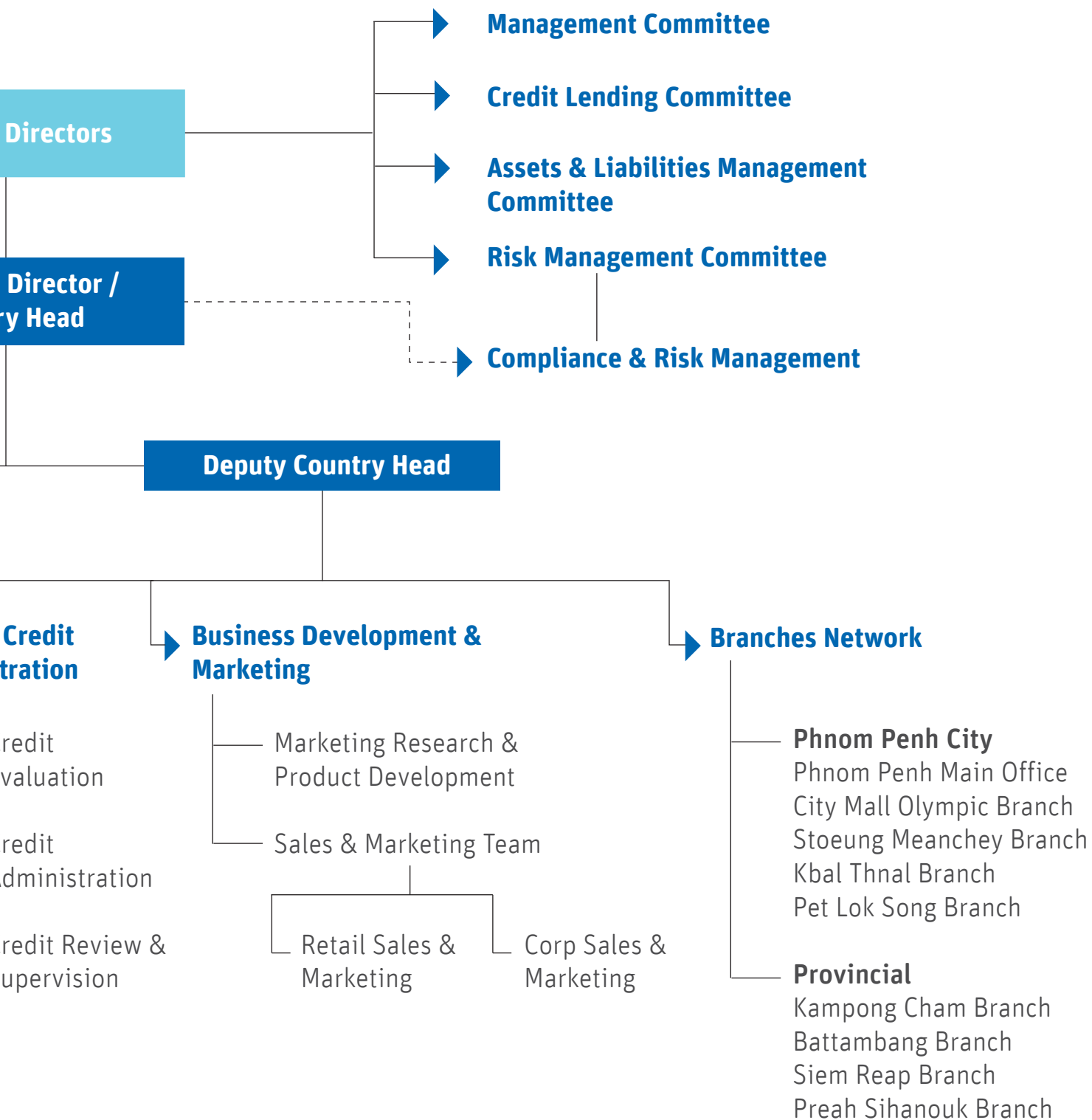


We are a team of dedicated professionals with RHB Bank's 100 years of experience behind us. And now, with the combined expertise of RHB Indochina Bank, we are in an even better position to help you achieve what really matters to you.



# Organisation Chart





## Board of Directors







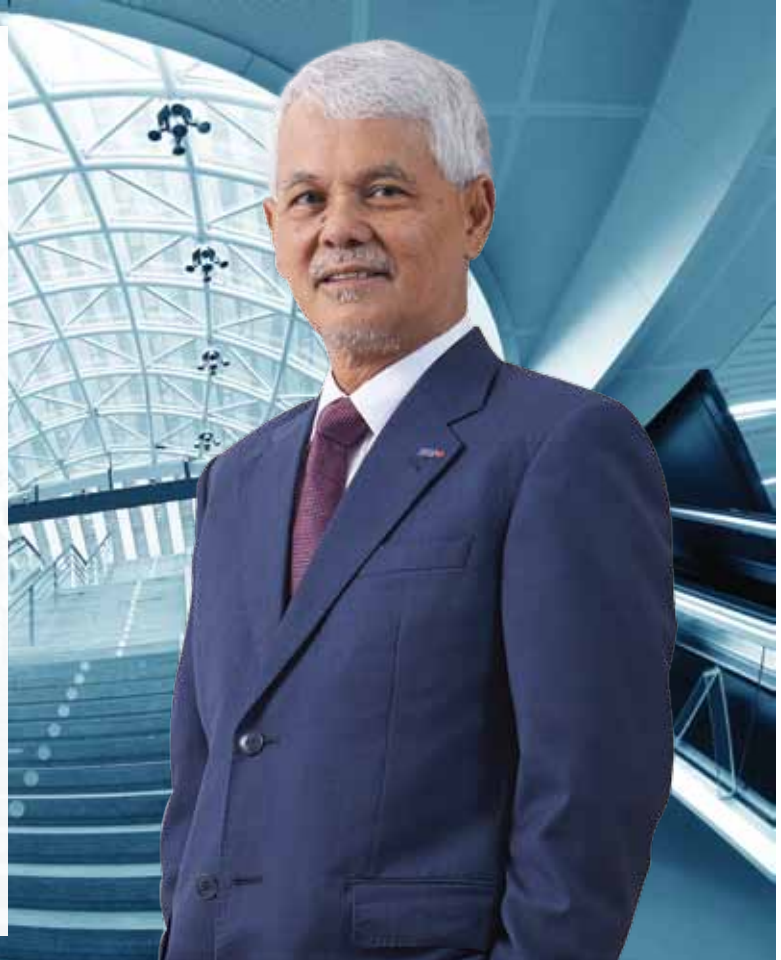
# Profiles of the Board of Directors

## **Tuan Haji Khairuddin Ahmad**

(71 years of age)

Independent Non-Executive Chairman

Tuan Haji Khairuddin Ahmad (“Haji Khairuddin”) was appointed as an Independent Non-Executive Chairman of RHB Indochina Bank on 6 June 2013. He is also Chairman of the Risk Management Committee and New Activities & Products Committee as well as a Member of Remuneration & Nomination Committee.



Haji Khairuddin began his career in the banking industry and was previously with Citibank N.A., Southern Bank Berhad, Bank of Commerce Berhad and Arab Malaysian Finance Berhad. He attended the Advance Management Course at Columbia Business School in New York, USA.

Haji Khairuddin's other directorships include RHB Bank Berhad, RHB OSK Indochina Securities Limited and RHB Asset Management Sdn Bhd (formerly known as RHB Investment Management Sdn Bhd).

### CHOONG TUCK OON

(55 years of age)

Independent Non-Executive Director

Mr. Choong Tuck Oon (“Mr. Choong”) was appointed as an Independent Non-Executive Director of RHB Indochina Bank on 6 June 2013. He is also Chairman of Remuneration & Nomination Committee and a Member of Risk Management Committee, Audit Committee as well as New Activities & Products Committee.



Mr. Choong holds a Bachelor of Science (First Class) from University of Malaya, a Masters of Science from the Asian Institute of Technology and an Executive Diploma in Directorship from Singapore Institute of Directors and Singapore Management University.

Mr. Choong was with Accenture for 23 years until his retirement in 2010 as Senior Partner in the Financial Services Asia-Pacific practice. He has extensive experience in leading business and IT transformation, mergers and acquisitions and risk management for more than 20 large domestic, regional/global financial institutions across ASEAN and North Asia; including various national multi-bank collaborative initiatives. He also has experience in the Oil & Gas, Telecommunications and Utilities industries. He was also involved in

voluntary non-governmental organisation (NGO) activities, such as launching a bank-of-banks for micro-finance institutions across Indonesia for a consortium of international aid agencies and developing a new growth strategy across eleven countries in Asia Pacific for an international conservation fund. Prior to Accenture, he was with Petronas for seven years in various upstream and downstream functions.

Mr. Choong’s other directorships include RHB Bank Berhad, RHB Islamic Bank Berhad, RHB OSK Indochina Securities Limited and RHB Private Equity Holdings Sdn Bhd. He is also a Non-Executive Director in NTUC Income Insurance Cooperative Singapore.

**FOO SAN KAN**

(65 years of age)

Independent Non-Executive Director

Mr. Foo San Kan (“Mr. Foo”) was appointed as an Independent Non-Executive Director of RHB Indochina Bank on 18 July 2008. He is also Chairman of Audit Committee and a Member of Risk Management Committee as well as New Activities & Products Committee.



Mr. Foo was the Country Managing Partner of Ernst & Young Malaysia from 1997 to 2002 before he retired as a practicing accountant. He has 34 years of experience in the accounting profession, the first four years in the UK and the other 30 were spent in various positions in Ernst & Young offices in East and West Malaysia. He is a Chartered Accountant of the Malaysian Institute of Accountants.

Mr. Foo is also a member of the Malaysian Institute of Certified Public Accountants, a Fellow of the Institute of Chartered Accountants in England and Wales as well as the Chartered Tax Institute of Malaysia.

Mr. Foo's other directorships in public companies include RHB OSK Indochina Securities Limited, RHB Trustees Berhad, Malaysia Trustee Berhad, OSK Holdings Berhad, OSK Property Holdings Berhad, Symphony House Berhad, PJ Development Holdings Berhad, Allianz Malaysia Berhad, Allianz General Insurance Company (Malaysia) Berhad and Allianz Life Insurance Berhad.



**LEONG YENG KIT**

(40 years of age)

Independent Non-Executive Director

Mr. Leong Yeng Kit (“Mr. Leong”) is an Independent Non-Executive Director of the Bank. He was appointed to the Board of the Bank on 18 July 2008. He is also a Member of the Remuneration & Nomination Committee, New Activities & Products Committee and the Audit Committee.



Mr. Leong graduated from the University of Buckingham, England with an LL.B degree in 1995. He was called to the Malaysian Bar in 1998 and is practicing in partnership in the legal firm of Leong Yeng Kit & Co in Malaysia and in partnership in the Accounting, Audit & Corporate Finance Firm of Baker Tilly MH Audit Ltd in Cambodia.

His area of practice involves Corporate, Conveyance, Corporate Banking, Retail Banking Documentation, Commercial Law including Joint-Ventures, Mergers and Take-Overs, Corporate Restructuring, Corporate Negotiations and Advice, Franchising, International Trade, Property Development, Agency and Distributorship, Telecommunications, ICT and E-Commerce and Construction law. Mr. Leong provides advice on Trade Marks and Industrial Designs and applications to the Registrar of Patents, Trade Marks, Industrial Designs in Malaysia and in other jurisdictions, Landlord and Tenant, Licensing, trusts and wills.

In litigation matters, he has extensive experience in Civil and Commercial Litigation with emphasis on Asset and Debt Recovery, Specialised Banking and Telecommunications Revenue Assurance, Insolvency (Bankruptcy, Receivership and Liquidation), Banking and Finance and Fraud Investigations.

Mr. Leong is also serving on the Board of Directors of six companies both in Malaysia and Cambodia, and on three societies advising on corporate and legal matters. He is also trustee of several registered charitable trust bodies and serving as a member of the Board of Directors for the Rotary Club of Petaling Jaya, the Kiwanis Club of Bukit Kiara and the National Kidney Foundation of Malaysia.



**U CHEN HOCK**

(57 years of age)

Non-Independent Non-Executive Director

Mr. U Chen Hock (“Mr. U”) was appointed as a Non-Independent Non-Executive Director of RHB Indochina Bank on 5 January 2012. He is also a Member of the New Activities & Products Committee.



Mr. U is currently the Executive Director of Group International Business, RHB Bank Berhad. He served as the Chief Executive Officer (“CEO”)/ Executive Director of OSK Investment Bank Berhad (“OSKIB”) from 18 January 2011 till April 2013.

Prior to his appointment as CEO, Mr. U was a member of the Senior Management team of OSKIB, holding the position of Director of Banking. He joined OSKIB in August 2010 after an illustrious career with HSBC Bank (“HSBC”) in Malaysia, Taiwan and Hong Kong. He started his career in banking in 1980 when he joined HSBC as a Management Trainee.

In the 30 years that followed, he had assumed numerous positions and responsibilities in the region and acquired a broad base experience in the areas of corporate, commercial and consumer banking.

Mr. U graduated from the National University of Malaysia (UKM) with a Bachelor of Economics (Honours) degree in 1980.

Mr. U’s other directorships include OSKIB Sdn Bhd (formerly known as OSK Investment Bank Berhad).

**LIM LOONG SENG**

(59 years of age)

Managing Director/Country Head

Mr. Lim Loong Seng (“Mr. Lim”) was appointed as Managing Director of RHB Indochina Bank Limited on 6 June 2013. He is also a Non-Independent, Non-Executive Director of RHB OSK Indochina Securities Limited.



Mr. Lim has more than 33 years working experience including more than 30 years in financial services industry. He has wide ranging exposure and experience in corporate, business and consumer banking having served at both branch and head office levels in Banking Operations, Credit Operations and Policies, Credit Risk Evaluation, Sales & Marketing, Business & Product Development as well as at top management level at a leading financial institution in Malaysia. His last position there was as Director of Banking Operations Division responsible for the Bank's entire banking operations and branch network.

Mr. Lim joined RHB Indochina Bank Limited, Cambodia (previously known as OSK Indochina Bank Limited) as its Country Head in 2008. He pioneered the establishment of RHB Indochina Bank in October 2008 and its impressive expansion with the opening of 8 new branches between 2009 and 2010. The Bank now has a network of 9 branches throughout Cambodia.

He was appointed to the Board of Directors of RHB Indochina Bank and as Managing Director/Country Head on 6 June 2013. His other directorship includes RHB OSK Indochina Securities Limited and RHB Bank Laos Ltd which shall commence business in June 2014.

Mr. Lim holds a Diploma in Agriculture and a Bachelor of Science in Agribusiness from University Putra Malaysia. He was awarded the SEARCA Gold Medal as well as Harvard Business Alumni Club Malaysia Gold Medal award when he graduated in 1986. He also has a MBA in International Business awarded by University of Sunderland, United Kingdom. He is a member of the Institute of Bank Malaysia and also a Licensed Dealer certified and approved by the Securities Exchange Commission of Cambodia.

## Our Management Team



**Mr. Lim Loong Seng**  
Managing Director / Country Head



**Mr. Wong Kee Poh**  
Deputy Country Head



**Mr. Om Visal**  
Senior Vice President / Head of Business Development & Marketing



**Mr. Cheong Kim Soon, Simon**  
Associate Director/Head of Operations & Support







# Profiles of the Management Team



**Mr. Wong Kee Poh**  
Deputy Country Head

Mr. Wong joined RHBIBL as Deputy Country Head in January 2013. He has more than 27 years of wide banking experience encompassing branch, regional and Head Office exposures in various supervisory capacities including business development, sales & marketing, trade finance, banking operations, product development and loans & credit. He has held key management positions and was a member of key committees including Management Committee, Assets & Liabilities Committee and Credit Lending Committee in the various banks served. Mr. Wong is a holder of a Master's degree in Business Administration from Canada, and was recipient of the Chairman's Award for graduating summa cum laude.



**Mr. Cheong Kim Soon, Simon**  
Associate Director/Head of Operations & Support

Mr. Simon joined RHB Indochina Bank Limited since its inception in September 2008 and he is currently the Head of Operations and Support. He was with a top financial institution in Malaysia for over 25 years where he rose through the ranks, and gained wide ranging exposure in Banking Operations and Support. He has spearheaded business and technical banking process improvement initiatives as well as research and development. His last position held was Head of Project Implementation & Process Improvement, Business Processes & Procedures. Mr. Simon graduated with an Ontario Secondary School Honors Graduation Diploma in 1981 and went on to attend York University in Ontario, Canada.



**Mr. Om Visal**  
Senior Vice President / Head of Business Development & Marketing

Mr. Visal joined RHB Indochina Bank Limited since its inception in August 2008 and he is currently the Head of Business Development and Marketing. He has 18 years of experience in the banking industry with wide ranging exposure in Credit, Sales & Marketing, Business & Product Development and Banking Operations. Mr. Visal also has experience in micro financing having served for seven years in various microfinance institutions. He graduated from the National Institute of Management with a degree in Bachelor of Business Administration majoring in Marketing in 1999.



**Mr. Yong Ching San**  
**Senior Vice President / Head of Loans & Credit Administration**

Mr. Yong joined RHB Indochina Bank Limited since November 2010 and he is currently the Head of Loans and Credit Administration. He has a total of 28 years of experience in banking and 2 years in Administration and as Training Consultant. He has a wide range of exposure and experience in commercial banking having served at both branch and head office levels in Credit, Operations, Regional Recovery, Business Development and Training. He graduated from Greenwich University, USA with a Masters of Business Administration in 2002. He also achieved Certified Financial Planner from Financial Planner Association of Malaysia (FPAM) in 2006.



**Mr. Chia Nam Ann**  
**Vice President / Human Resource & Training**

Mr. Chia is the Vice President of Human Resource Department since July 2012. He has 13 years of experience in the full spectrum of Human Resources Management that covers Recruitment, Payroll Management, HR Operations, Compensation & Benefits Administration, HR Policy and Procedures, Performance Management and Employee Relation. Mr. Chia graduated from University Putra Malaysia with a degree in Bachelor of Science (Hons) Human Development in 2001.



**Mr. Meung Samnang**  
**Vice President / Compliance & Risk Management**

Mr. Samnang is the Vice President of Compliance and Risk Management since January 2010. He has 10 years of experience in Consultant and Audit. He has wide ranging exposure in Audit and Compliance at KPMG Cambodia and at Internal Audit Department of Ministry of Economy and Finance where his last held position was as a Consultant. He graduated from Maharishi Vedic University, with a degree in Bachelor of Business Administration in 2004. He also achieved Certificate of Certified Accounting Technician (CAT) from the United Kingdom in 2007 and is currently pursuing certificate in Financial Risk Manager from the Global Association of Risk Professional in the United States of America.





### **Mr. Chhim Sareth**

#### **Vice President / Internal Audit**

Mr. Sareth is the Vice President of Internal Audit. He joined the Bank in July 2009. He has 11 years of working experience with 2 years as accounting teacher and 4 years as external auditor. He has experience in Compliance and Advisory Audit on various industries such as Banking, Microfinance Institution, Insurance, Garment Factories, Restaurant and Service Companies during his time in KPMG Cambodia. Mr. Sareth holds a Master of Commerce in Finance from International Institute of Cambodia in 2006. He also holds a Certificate of Certified Accounting Technician (CAT) in 2008 and is currently pursuing an Association of Chartered Certified Accountants (ACCA) from the United Kingdom.



### **Mr. Yim Tithya**

#### **Assistant Vice President / Information Technology**

Mr. Tithya is currently the Assistant Vice President of Information Technology Department since joining the Bank in January 2013. He has 10 years of experience in Information Communication and Technology with wide ranging exposure in IT System. He manages the IT Operations and oversees the IT infrastructure to support roll out of the Bank's delivery channels and products and services for the business units. He graduated from University Teknologi Petronas in Malaysia with a degree in Bachelor of Technology in 2007.



### **Ms. Siv Chandara**

#### **Assistant Vice President / Finance & Administration**

Ms. Dara is the Assistant Vice President of Finance and Administration Department and is one of the pioneers of the Bank having joined since 2008. She has 10 years of experience and oversees the Accounting System, Financial Control, Budgeting, Taxation and Regulatory Reporting. Ms. Dara graduated from National Institute of Management with a degree in Bachelor of Accounting in 2004.

# DIRECTORS' REPORT

The Board of Directors ("the Directors") is pleased to submit its report together with the consolidated financial statements of RHB Indochina Bank Limited ("the Bank") and RHB OSK Indochina Securities Limited ("the Subsidiary") collectively referred to as ("the Group") and the separate financial statements of the Bank for the year ended 31 December 2013.

## THE BANK

The Bank was incorporated on 9 July 2008 and is a wholly-owned subsidiary of RHB Bank Berhad, a public limited liability company incorporated in Malaysia.

The Bank is a commercial bank operating under the Cambodian Law on Commercial Enterprises and the regulations of the National Bank of Cambodia ("the Central Bank").

## PRINCIPAL ACTIVITIES

The Bank is principally engaged in a broad range of commercial banking activities in Cambodia. The Subsidiary's principal activities include securities underwriting, dealing, and providing brokerage and investment advisory services.

## FINANCIAL PERFORMANCE

The financial performance of the Group and of the Bank for the year ended 31 December 2013 are set out in the consolidated income statement and income statement on pages 67 and 71 respectively.

## STATUTORY CAPITAL

As at 31 December 2013, the paid-up statutory capital of the Bank is US\$52,000,000 (US\$1 par value per share). There was no issue of shares in the Bank during 2013.

## RESERVES AND PROVISIONS

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

## BAD AND DOUBTFUL LOANS AND ADVANCES

Before the financial statements of the Group and of the Bank were drawn up, the Directors took reasonable steps to ascertain that action

had been taken in relation to the writing off of bad loans and advances or making of provisions for doubtful loans and advances, and satisfied themselves that all known bad loans and advances had been written off and that adequate provision has been made for bad and doubtful loans and advances.

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances which would render the amount written off for bad loans and advances or the amount of the provision for bad and doubtful loans and advances in the financial statements of the Group and of the Bank inadequate to any material extent.

## ASSETS

Before the financial statements of the Group and of the Bank were drawn up, the Directors took reasonable steps to ensure that all assets, other than debts which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Group and of the Bank, have been written down to an amount which they might be expected to realise.

At the date of this report and based on the best of knowledge, 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 in any material respect.

## CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- (a) no charge on the assets of the Group and of the Bank which has arisen since the end of the year which secures the liabilities of any other person, and
- (b) no contingent liability in respect of the Group and of the Bank that has arisen since the end of the year other than in the ordinary course of the 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 year which, in the opinion of the Directors, will or may have a material effect on the ability of the Bank and its subsidiary to meet its obligations as and when they become 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 in any material respect.

## ITEMS OF AN UNUSUAL NATURE

The results of the performance of the Group and of the Bank for the year were not, in the opinion of the Directors, materially 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 year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to substantially affect the results of the operations of the Group and of the Bank for the current financial year in which this report is made.

## THE BOARD OF DIRECTORS

The members of the Board of Directors holding office during the year and at the date of this report are:

<b>Tuan Haji Khairuddin bin Ahmad</b>	Independent, Non-Executive Chairman
<b>Mr. Choong Tuck Onn</b>	Independent, Non-Executive Director
<b>Mr. Foo San Kan</b>	Independent, Non-Executive Director
<b>Mr. Leong Yeng Kit</b>	Independent, Non-Executive Director
<b>Mr. U Chen Hock</b>	Non-Independent, Non-Executive Director
<b>Mr. Lim Loong Seng</b>	Non-Independent, Executive Director

## THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Bank as at 31 December 2013 and the financial performance and cash flows of the Group and of the Bank for the year then ended. In preparing these financial statements, the Directors are required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- ii) comply with the disclosure requirements and the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards or, if there have been any departures in the interests of no fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Group and the Bank will continue operations in the foreseeable future; and
- v) effectively control and direct 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 the Group and the Bank have complied with the above requirements in preparing the financial statements.

## APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements, together with the notes thereto, which present fairly, in all material respects, the financial position of the Group and of the Bank as at 31 December 2013, and the financial performance and cash flows of the Group and of the Bank for the year then ended in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards, were approved by the Board of Directors.

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



**Khairuddin Ahmad**  
Chairman

25 March 2014

# Independent Auditor's Report

To the Shareholder of RHB Indochina Bank Limited

We have audited the accompanying consolidated financial statements of RHB Indochina Bank Limited (“the Bank”) and its subsidiary, RHB OSK Indochina Securities Limited (collectively referred to as “the Group”) and the separate financial statements of the Bank, which comprise the balance sheets as at 31 December 2013 of the Group and of the Bank and their income statements, statements of changes in equity and cash flow statements for the year ended 31 December 2013 and a summary of significant accounting policies and other explanatory notes.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards, 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.

## AUDITOR'S RESPONSIBILITY

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

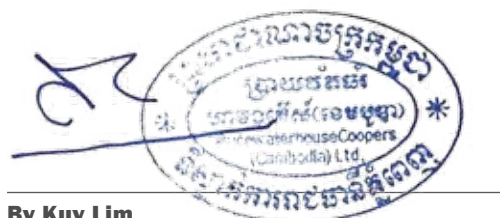
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and of the Bank as at 31 December 2013, and their financial performance and cash flows for the year then ended in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards.

For PricewaterhouseCoopers (Cambodia) Ltd.



By Kuy Lim  
Partner

Phnom Penh, Kingdom of Cambodia  
25 March 2014

# Statement on Risk Management & Internal Control

## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The Board of Directors (“Board”) recognises the importance of maintaining a sound risk management framework and internal control system to safeguard shareholders’ investments and the RHB Indochina Bank Limited’s (the “Bank”) assets. The risk management and internal control system that we have in place facilitates our business operations and enables us to manage our Bank in an effective and efficient manner with sound financial reporting as well as compliance with the relevant laws, regulations and internal procedures.

Set out below is the Board’s Statement on Internal Control, which has been prepared in accordance with the “Prakas on the Internal Control of Bank and Financial Institutions”.

## RESPONSIBILITY

The Board is responsible for the adequacy and effectiveness of the Bank’s risk management and internal control system. The responsibilities of the Board for the governance of risk and controls include reviewing the risk management framework and processes, and assessing whether they provide reasonable assurance that risks are managed within the Bank’s defined risk appetite and tolerance level.

The risk management and control framework established by the Bank to manage risks includes an ongoing process for identifying, evaluating, managing and reporting significant risks that may affect the achievement of the Bank’s business objectives and strategies.

Whilst total elimination of risks is not possible, the risk management and internal control system that is in place is designed to manage risks in meeting the Bank’s business objectives. The system can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

Management assists the Board in implementing Board policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operations and monitoring of appropriate internal controls to mitigate these risks. In this regard, the Board acknowledges that it has received assurances from the Executive Director of Group International Business RHB Group, Managing Director and Risk Management that the Bank’s risk management and internal control system is operating adequately and effectively.

Reviewing the effectiveness of the risk management and internal control system is an essential part of the Board’s responsibility. The Board has, through its Risk Management Committee and Audit Committee, assessed the adequacy and effectiveness of the Bank’s risk management and internal control system. Based on these reviews as well as the assurance it has received from Management, the Board

is of the view that the Bank’s risk management and internal control system is operating adequately and effectively for the financial year under review and up to the date of approval of this report.

## KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

A sound framework of risk management and internal control is fundamental to good corporate governance. The key processes established by the Board for maintaining a sound system of risk management and internal control include the following:

### Risk Management Framework

The risk management process seeks to identify, measure, monitor and control risk. It also seeks to ensure that risk exposures are adequately managed and that the expected returns compensate the risks taken, given that the risks within the industry we operate in are continuously changing and evolving. This process is regularly reviewed by the Board through its Risk Management Committee (“RMC”) which ensures the proper management of risks and that the appropriate measures are taken to mitigate any identified weaknesses in the control environment.

The Board, through the RMC, maintains overall responsibility for risk oversight in the Bank. In discharging its overall duties and responsibilities, the RMC is supported by the Risk Management function which monitors and evaluates the effectiveness of the Bank’s risk management system and operations on an ongoing basis.

Amongst the other committees set up in the Bank to manage specific areas of risk are the Asset & Liability Management Committee, Credit Lending Committee and New Activities & Products Committee.

In line with regulatory requirements and industry best practices, the Bank subscribes to the principle that risk management is a core responsibility of the respective businesses and operating departments. This has been articulated and documented in the risk management framework of the Bank.

To support and promote accountability and ownership of risk management, a Risk and Control Self-Assessment framework has been implemented at all key operating departments in the Bank as part of the risk management process. These departments are required to identify and document the controls and processes for managing the risks arising from their business activities, as well as to assess the effectiveness thereof.

### Internal Audit Function

Internal Audit (“IA”) performs regular reviews on the adequacy and effectiveness of the Bank’s risk management, control and governance



in determining the auditable units and frequency of audits. Annual audit plans are reviewed and approved by the Audit Committee (“AC”) of the Bank.

The results of the audits, follow-up action and the review of the status of action taken as per the auditors’ recommendation conducted by IA are submitted to Group Internal Audit (“GIA”) for concurrence and reported to the AC.

The AC holds regular meetings to deliberate on the findings and recommendations for improvement highlighted by both the internal and external auditors as well as the regulatory authorities on the state of the Bank’s internal control system. The minutes of the meetings of the AC are subsequently tabled to the Board for notation.

Further details of the activities undertaken by the AC are set out in the AC Report.

### **Compliance Framework**

Compliance risk in the Bank is defined as the risk of impairment to the Bank’s business model, reputation and financial condition from failure to meet laws and regulations, internal policies and procedures.

Compliance risk management is the collective responsibility of the Board, senior management and every employee of the Bank. It is expected that each individual promotes self-regulation and be accountable for his/her own activities as well as maintains ethical principles and behaviour in everything that he/she does.

The Bank’s state of compliance with laws, regulations and internal policies and procedures are reported to the RMC and Board on a monthly basis. In addition, the Bank has in place an incident escalation and reporting process wherein any incident affecting the reputation of the Bank is escalated to the Senior Management and Boards. This escalation process ensures oversight and guidance is provided by the Board in managing reputational risk.

The Compliance Department in collaboration with the business and operating departments, continuously assesses and recommends improvements to compliance by carrying out root cause analysis on incidences of non-compliance, negligence or fraud (all of which are reported as and when occurred).

To enable business and operating departments to comply with various laws and regulations, the Compliance Department also conducts off-site surveillance and reviews on a regular basis. Weaknesses noted are conveyed to the respective business and operating units so that immediate corrective actions can be taken.

To mitigate non-compliance risk, briefings as well as various awareness and learning initiatives were conducted throughout the year to heighten awareness of compliance and to embed a compliance culture within the Bank.

### **Board Committees**

Specific responsibilities have been delegated to the relevant Board committees, all of which have written terms of references. These committees have oversight authority to examine and/or consider all matters within their scope of responsibility and make recommendations to the Board for approval, if such is required.

The followings are the Board Committees that reside at the Bank:

- **Risk Management Committee**
- **Audit Committee;**
- **Remuneration and Nominating Committee; and**
- **New Activities and Products Committee.**

### **Management Committee**

The Management Committee (“MC”) comprises key management personnel of the Bank and is chaired by the Executive Director of Group International Business RHB Group. The MC provides a forum for the Bank’s Senior Management to discuss and deliberate on strategic matters that impact the Bank’s vision, strategic directions, business synergies and brand value as well as to chart its strategic roadmap. The MC meets on monthly basis and special meetings are convened to discuss urgent issues.

### **Authority Limits**

Delegation of authority including authorisation limits at various levels of Management in the Bank are documented and designed to ensure accountability and responsibility.

### **Internal Policies and Procedures**

Policies, procedures and processes governing the Bank’s businesses and operations are documented and are made available to employees across the Bank through the Bank’s share drive in the server. These policies, procedures and processes are reviewed and updated by the business and functional units through a structured process of review to cater to changes in laws and regulations as well as changes to the business and operational environment. Furthermore, reviews of the policies, procedures and processes are also carried out to ensure that appropriate controls are in place to manage operational risks.

### **Budgeting Process**

A detailed budgeting process is established requiring all key operating departments in the Bank to prepare budgets and business plans annually for approval by the Boards. The Bank’s budget and business plans as well as strategic initiatives, taking into account the risk appetite, are discussed by the Bank’s senior management and the Board at an annual business planning and budgetary session.

A reporting system on actual performance against approved budgets is in place and the reasons for significant variances as well as action plans by Management are reported to the Board.

**Performance Review**

Regular and comprehensive information is shared by Management to monitor their performance against the strategic business plan approved by the Board. This information covers all key financial and operational indicators as well as key strategic initiatives undertaken by the Bank during the year.

The Management Committee and the Board receive and review the financial performance against set targets and measures that are being put in place to meet such targets.

**Human Capital Management**

The Bank acknowledges that one of the key constituents of any internal control system is its people and that our system of risk management and internal control is dependent on the responsibility, integrity and judgement that people apply to their work.

Hence, the Bank has in place policies and procedures that govern recruitment, appointment, performance management, talent management, succession planning, compensation and reward, learning and human capital development, as well as policies and procedures that govern discipline, termination and dismissal.

The Bank places emphasis on human capital development and talent management with the objective of ensuring that staff at every level are adequately trained from a technical perspective as well as equipped with management and leadership capabilities.

**Code of Ethics and Conduct**

The Bank Code of Ethics and Conduct ("the Code") sets out the standards of good and ethical banking practices, as well as aims to maintain confidence in the security and integrity of the Bank's business practices.

It is a requirement that all employees of the Bank understand and observe the Code. New recruits are briefed on the Code and are required to sign the Employee Declaration of Compliance Form upon joining the Bank.

**Whistle Blower Policy**

There is an established process for reporting anyone found to be abusing or circumventing processes and controls of the Bank. All staff are accorded the opportunity to report via the Whistle Blowing mechanism with the assurance that it shall be dealt with confidentiality and that the reporter's identity is protected.

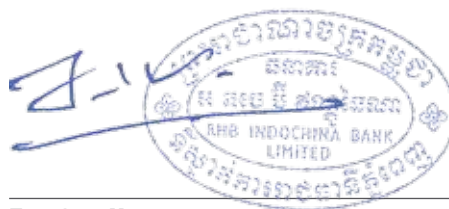
**Anti-Money Laundering / Combating the Financing of Terrorism ("AML/CFT")**

The AML/CFT Programme is continuously reviewed and updated to meet the regulatory requirements as well as to combat money laundering and financing of terrorism activities. All employees are expected to carry out their functions with the highest ethical and professional standards in accordance with the AML/CFT Programme and to be continuously vigilant against the Bank being exposed or used to launder money or finance illegal activities including terrorist financing.

**Incident Management Framework**

To complement the Bank's system of internal control, a comprehensive incident reporting and incident management framework has been implemented to ensure proper escalation and management of incidents. The framework also ensures that necessary steps are taken to mitigate any potential risks that may arise. This enables decision makers to undertake informed decision making and be kept up to date on situations as well as manage risks effectively.

Issued by the independent directors of RHB Indochina Bank Limited:


**Foo San Kan****Chairman, Independent Non-Executive Director**

25 March 2014

# Audit Committee Report

## ACTIVITIES OF THE AUDIT COMMITTEE AND THE INTERNAL AUDIT FUNCTION DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2013.

### ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2013 ("year"), a total of four (4) Audit Committee ("AC") meetings were held. The AC comprises the following members and the details of attendance of each member at the AC meetings held during the year are as follows:

Composition of the AC	Attendance at Meetings
1. <b>Mr. Foo San Kan</b> Chairman/ Independent Non-Executive Director	3/4 (75%)
2. <b>Mr. Leong Yeng Kit</b> Member/ Independent Non-Executive Director	4/4 (100%)
3. <b>Mr. Choong Tuck Oon</b> Member/ Independent Non-Executive Director (Appointed on 30 July 2013)	2/2 (100%)
4. <b>Mr. Wong Chong Kim</b> Member/Non-Independent Non-Executive Director (Resigned on 31 October 2013)	2/2 (100%)

On 30 July 2013, Mr. Choong Tuck Oon, an Independent Non-Executive Director was appointed as a Member of the AC in place of Mr Wong Chong Kim, a Non-Independent Non-Executive Director who has resigned as a Member of the AC.

### NOTE

The main activities undertaken by the AC during the year are summarised as follows:

- Reviewed the quarterly unaudited financial results and the annual audited financial statements of RHB Indochina Bank Limited ("the Bank") prior to the approval by the Board;

- Reviewed the audit plan of the external auditors, the audit strategy, risk assessment and areas of audit emphasis for the year;
- Reviewed with the external auditors, the results of their annual audit and audit committee report together with the Management's response to their findings and recommendations;
- Reviewed the non-audit services rendered by the external auditors and the related fees taking into consideration the fees threshold established under the Bank policy;
- Evaluated the performance of the external auditors and made the necessary recommendations to the Board for consideration in relation to their appointment and audit fees;
- Reviewed and approved the annual internal audit plan to ensure adequacy of scope and coverage of the identified auditable areas including staffing requirements;
- Reviewed the internal audit reports, audit recommendations and Management's responses to these recommendations as well as actions taken to improve the system of internal controls and procedures, and completion of the internal audit plan;
- Reviewed the related party transactions entered into by the Bank;
- Reviewed the inspection and examination reports issued by the regulatory authorities and the appropriate remedial actions taken in respect of any findings to satisfy itself that all matters highlighted in these reports have been adequately and promptly addressed by management; and
- Tabled the minutes of each AC meeting to the Board for notation, and for further direction by the Board, where necessary.

During the year, the Members of the AC attended the following training programmes, conferences and seminars:

#### (a) Banking and Finance

- Training Session No. 4 of Internal Capital Adequacy Assessment Process
- Briefing Session on Bank Negara Malaysia's Annual Report 2012/ Financial Stability and Payment Systems Report 2012
- Financial Services Bill
- Internal Capital Adequacy Assessment Process Supervisory Review Preparation for Senior Management

#### (b) Board and Corporate Governance

- Governance in Groups Programme
- Nominating Committee Programme
- Regional Chief Executive Officer (CEO) Conference 2013
- Briefing on Balanced Scorecard and Performance Review for Probationers



## INTERNAL AUDIT FUNCTION

The Bank has an in-house internal audit department (“Internal Audit”) which is guided by the Internal Audit Charter and reports to the AC. Internal Audit’s primary role is to assist the AC in the discharge of their duties and responsibilities by independently reviewing and reporting on the adequacy and effectiveness of the Bank’s risk management, internal control and governance processes.

The AC approves the annual internal audit plan at the beginning of each financial year. Internal Audit adopts a risk-based approach towards the planning and conduct of audits, which is consistent with the Bank’s framework in designing, implementing and monitoring its internal control system.

Upon completion of the audits, Internal Audit closely monitors the implementation progress of its audit recommendations in order to obtain assurance that all major risk and control concerns have been duly addressed by Management. All audit reports on the results of work undertaken together with the recommended action plans and their implementation status are then presented to the Management and the AC.

Internal Audit works closely with the external auditors to resolve any control issues raised by them to ensure that all reported issues are duly acted upon by Management.

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### Members

#### 1. Composition

- a) The Committee members shall be appointed by the BOD from amongst the directors of the Bank.
- b) The Committee shall consist of a minimum of three (3) members.

#### 2. Chairman

- a) The members of the Committee shall elect the Chairman from among their number.
- b) The Committee shall be chaired by the Chairman.

## REPORTING STRUCTURE

Whilst the Committee reports to BOD, regular audit reports are to be tabled to Group AC as part of group oversight requirements.

## DUTIES AND FUNCTIONS

#### 1. Fair and Transparent Reporting

Ensure fair and transparent reporting and prompt publication of the financial statements.

#### 2. Effectiveness of Internal Audit

- a) Oversee the functions of the Internal Audit Department and ensure compliance with relevant regulatory requirements.
- b) Review the adequacy of the scope, functions, competency and resources of the internal audit department, and that it has the necessary authority to carry out its work.
- c) Review the internal audit programme, internal audit findings and if necessary, recommend actions to be taken by the management.
- d) To appoint, set compensation, evaluate performance and decide on the transfer or dismissal of the Head of Internal Audit Department of the Bank.

#### 3. Internal Controls

Review the effectiveness of internal controls and risk management processes.

#### 4. External Auditors

- a) Recommend external auditors for appointment by the BOD.
- b) Recommend removals of external auditors by BOD.
- c) Assess objectivity, performance and independence of external auditor (e.g. by reviewing and assessing the various relationships between the external auditor and the Bank or any other entity).
- d) Review with the external auditor, the audit scope and plan, including any changes to the scope of the audit plan.
- e) Review with the external auditor, his evaluation of the system of internal controls and his audit report.
- f) Review the external auditor’s management letter and response.
- g) Regularly review the audit findings and ensure that issues are being managed and rectified appropriately and in a timely manner.

- h) Review the periodic financial statements, prior to the approval by the BOD, focusing particularly on:
  - i) Changes in or implementation of major accounting policy changes.
  - ii) Significant and unusual events.
  - iii) Compliance with accounting standards and other legal requirements.
- i) Have direct communication channels with the external auditors and able to meet with the external auditors without the presence of management, at least once a year.
- j) Review any letter of resignation from the external auditors of the Bank.
- k) Approve the provision of non-audit services by the external auditor.
- l) Ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgment of the auditors.

## 5. Related Party Transactions

Review any related party transaction and conflict of interest situation that may arise within the Bank including any transaction, procedure or course of conduct that raises questions of management integrity.

## AUTHORITY

The Committee shall within its terms of reference:

- a) have the resources which are required to perform its duties;
- b) have full and unrestricted access to any information as required to perform its duties;
- c) have the authority to investigate any activity within its terms of reference;
- d) have the authority to form management / sub-committee(s) if deemed necessary and fit;
- e) have the authority to delegate any of its responsibilities to any person or committee(s) that is deemed fit;
- f) be able to obtain independent professional or other advice; and
- g) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Bank, and with other external parties, whenever deemed necessary.

## MEETINGS AND MINUTES

- a) The Committee shall preferably meet on quarterly basis, but in any event, no less than four (4) times a year, or whenever deemed necessary.
- b) The quorum of the meetings shall be at least two (2) members or 50% of the total members, whichever is higher.
- c) The Committee may convene meetings at any place in Cambodia or other country.
- d) The Committee is also allowed to carry out the resolution by way of circulation.
- e) Heads of the respective divisions and relevant management personnel (and others if deemed necessary) may be invited to attend the Committee meetings.
- f) The Committee may meet together for dispatch of business, adjourn, and otherwise regulate their meetings as they think fit by means of any communication technology by which all persons participating in the meeting are able to hear and be heard by all other participants without the need for a member to be in the physical presence in the meeting. The member participating in any such meeting shall be counted in the quorum for such meeting. All resolutions agreed by the member in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the members duly convened and held.
- g) Resolutions, proposals and matters tabled for approvals at any meeting of the Committee shall be decided by a simple majority of the members present.
- h) The Chairman shall nominate any person as Secretary and minutes of meetings shall be taken.





# Inside this Report

## **Financial Statements**

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# CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2013

	Note	2013		2012	
		US\$	KHR' 000	US\$	KHR' 000
<b>Assets</b>					
Cash on hand		3,782,282	15,110,217	3,442,475	13,752,688
Balances with the Central Bank	3	21,899,615	87,488,962	21,993,194	87,862,810
Balances and placements with banks and other financial institutions	4	62,548,016	249,879,324	31,504,613	125,860,929
Loans and advances to customers	5	139,716,334	558,166,754	88,953,800	355,370,431
Other assets	6	1,903,380	7,604,003	785,777	3,139,179
Intangible assets	8	294,795	1,177,706	413,142	1,650,503
Property and equipment	9	3,679,286	14,698,748	3,937,725	15,731,211
<b>Total Assets</b>		<b>233,823,708</b>	<b>934,125,714</b>	<b>151,030,726</b>	<b>603,367,751</b>
<b>Liabilities And Equity</b>					
<b>Liabilities</b>					
Deposits from banks and other financial institutions	10	103,768,447	414,554,946	22,784,584	91,024,413
Deposits from customers	11	77,588,268	309,965,130	76,097,321	304,008,797
Current income tax		12,662	50,585	7,856	31,386
Other liabilities	12	2,425,084	9,688,211	2,518,590	10,061,767
<b>Total Liabilities</b>		<b>183,794,461</b>	<b>734,258,872</b>	<b>101,408,351</b>	<b>405,126,363</b>
<b>Equity</b>					
Share capital		52,000,000	207,740,000	52,000,000	207,740,000
Accumulated losses		(1,970,753)	(7,873,158)	(2,377,625)	(9,498,612)
<b>Total Equity</b>		<b>50,029,247</b>	<b>199,866,842</b>	<b>49,622,375</b>	<b>198,241,388</b>
<b>Total Liabilities And Equity</b>		<b>233,823,708</b>	<b>934,125,714</b>	<b>151,030,726</b>	<b>603,367,751</b>

The accompanying notes on page 74 to 121 form an integral part of these financial statements.

# CONSOLIDATED INCOME STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013		2012	
		US\$	KHR' 000	US\$	KHR' 000
Interest income	13	10,888,023	43,497,652	6,869,344	27,443,029
Interest expense	14	(4,103,344)	(16,392,859)	(2,237,566)	(8,939,076)
<b>Net interest income</b>		<b>6,784,679</b>	<b>27,104,793</b>	<b>4,631,778</b>	<b>18,503,953</b>
Fee and commission income	15	1,307,851	5,224,865	773,230	3,089,054
Fee and commission expense		(26,509)	(105,903)	(21,349)	(85,289)
<b>Net fees and commission income</b>		<b>1,281,342</b>	<b>5,118,962</b>	<b>751,881</b>	<b>3,003,765</b>
Other operating income		166,850	666,566	319,843	1,277,773
<b>Total operating income</b>		<b>8,232,871</b>	<b>32,890,321</b>	<b>5,703,502</b>	<b>22,785,491</b>
Personnel expenses	16	(2,444,513)	(9,765,829)	(1,974,347)	(7,887,516)
Depreciation and amortisation charges	17	(921,208)	(3,680,226)	(848,483)	(3,389,690)
Administrative and operating expenses	18	(1,819,659)	(7,269,538)	(1,763,835)	(7,046,521)
<b>Profit before provision for loan losses</b>		<b>3,047,491</b>	<b>12,174,728</b>	<b>1,116,837</b>	<b>4,461,764</b>
Provision for loan losses	5	(2,516,415)	(10,053,078)	(240,249)	(959,795)
<b>Profit before income tax</b>		<b>531,076</b>	<b>2,121,650</b>	<b>876,588</b>	<b>3,501,969</b>
Income tax expense	19	(124,204)	(496,195)	(80,315)	(320,858)
<b>Profit For The Year</b>		<b>406,872</b>	<b>1,625,455</b>	<b>796,273</b>	<b>3,181,111</b>
<b>Attributable To:</b>					
<b>Equity Holder Of The Bank</b>		<b>406,872</b>	<b>1,625,455</b>	<b>796,273</b>	<b>3,181,111</b>

The accompanying notes on page 74 to 121 form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital US\$	Accumulated losses US\$	Total US\$
<b>At 1 January 2012</b>	40,000,000	(3,184,452)	36,815,548
Issuance of shares	12,000,000	-	12,000,000
Profit for the year	-	806,827	806,827
<b>At 31 December 2012</b>	<b>52,000,000</b>	<b>(2,377,625)</b>	<b>49,622,375</b>
<b>In KHR' 000 equivalent</b>	<b>207,740,000</b>	<b>(9,498,612)</b>	<b>198,241,388</b>
<b>At 1 January 2013</b>	52,000,000	(2,377,625)	49,622,375
Profit for the year	-	406,872	406,872
<b>At 31 December 2013</b>	<b>52,000,000</b>	<b>(1,970,753)</b>	<b>50,029,247</b>
<b>In KHR' 000 equivalent</b>	<b>207,740,000</b>	<b>(7,873,158)</b>	<b>199,866,842</b>

The accompanying notes on page 74 to 121 form an integral part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013		2012	
		US\$	KHR' 000	US\$	KHR' 000
<b>Cash flows from operating activities</b>					
Cash used in operations	20	(18,779,339)	(75,023,458)	(12,388,215)	(49,490,918)
Interest received		10,413,960	41,603,770	6,707,959	26,798,296
Interest paid		(3,467,923)	(13,854,352)	(1,907,384)	(7,620,000)
Income tax paid		(119,398)	(476,995)	(78,234)	(312,545)
<b>Net cash used in operating activities</b>		<b>(11,952,700)</b>	<b>(47,751,035)</b>	<b>(7,665,874)</b>	<b>(30,625,167)</b>
<b>Cash flows from investing activities</b>					
Purchases of:					
- property and equipment	8	(583,760)	(2,332,121)	(133,567)	(533,600)
- intangible assets	9	(18,627)	(74,415)	(106,945)	(427,245)
Proceeds from disposals of property and equipment		-	-	6,768	27,038
<b>Net cash used in investing activities</b>		<b>(602,387)</b>	<b>(2,406,536)</b>	<b>(233,744)</b>	<b>(933,807)</b>
<b>Cash flows from financing activities</b>					
Issuance of shares		-	-	12,000,000	47,940,000
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(12,555,087)</b>	<b>(50,157,572)</b>	<b>4,100,382</b>	<b>16,381,026</b>
Cash and cash equivalents at beginning of the year		29,813,369	119,104,409	25,712,987	103,854,756
Exchange differences		-	-	-	(1,131,373)
<b>Cash and cash equivalents at end of the year</b>	<b>21</b>	<b>17,258,282</b>	<b>68,946,837</b>	<b>29,813,369</b>	<b>119,104,409</b>

The accompanying notes on page 74 to 121 form an integral part of these financial statements.

# BALANCE SHEET

AS AT 31 DECEMBER 2013

	Note	2013		2012	
		US\$	KHR' 000	US\$	KHR' 000
<b>Assets</b>					
Cash on hand		3,782,183	15,109,821	3,442,137	13,751,337
Balances with the Central Bank	3	20,898,363	83,488,960	20,991,942	83,862,808
Balances and placements with banks and other financial institutions	4	60,827,650	243,006,462	29,864,350	119,308,078
Loans and advances to customers	5	139,716,334	558,166,754	88,953,800	355,370,431
Other assets	6	1,863,767	7,445,749	757,571	3,026,496
Investment in subsidiary	7	11,500,000	45,942,500	11,500,000	45,942,500
Intangible assets	8	273,907	1,094,258	380,660	1,520,737
Property and equipment	9	3,264,768	13,042,748	3,450,530	13,784,867
<b>Total Assets</b>		<b>242,126,972</b>	<b>967,297,252</b>	<b>159,340,990</b>	<b>636,567,254</b>
<b>Liabilities And Equity</b>					
<b>Liabilities</b>					
Deposits from banks and other financial institutions	10	103,768,447	414,554,946	22,784,584	91,024,413
Deposits from customers	11	84,550,674	337,779,943	83,509,351	333,619,857
Current income tax		12,580	50,257	7,779	31,077
Other liabilities	12	2,371,538	9,474,293	2,477,020	9,895,694
<b>Total Liabilities</b>		<b>190,703,239</b>	<b>761,859,439</b>	<b>108,778,734</b>	<b>434,571,041</b>
<b>Equity</b>					
Share capital		52,000,000	207,740,000	52,000,000	207,740,000
Accumulated losses		(576,267)	(2,302,187)	(1,437,744)	(5,743,787)
<b>Total Equity</b>		<b>51,423,733</b>	<b>205,437,813</b>	<b>50,562,256</b>	<b>201,996,213</b>
<b>Total Liabilities And Equity</b>		<b>242,126,972</b>	<b>967,297,252</b>	<b>159,340,990</b>	<b>636,567,254</b>

The accompanying notes on page 74 to 121 form an integral part of these financial statements.



# INCOME STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013		2012	
		US\$	KHR' 000	US\$	KHR' 000
Interest income	13	10,794,466	43,123,892	6,818,384	27,239,444
Interest expense	14	(4,103,344)	(16,392,859)	(2,237,566)	(8,939,076)
<b>Net interest income</b>		<b>6,691,122</b>	<b>26,731,033</b>	<b>4,580,818</b>	<b>18,300,368</b>
Fee and commission income	15	1,307,851	5,224,865	773,230	3,089,054
Fee and commission expense		(26,509)	(105,903)	(21,349)	(85,289)
<b>Net fees and commission income</b>		<b>1,281,342</b>	<b>5,118,962</b>	<b>751,881</b>	<b>3,003,765</b>
Other operating income		83,676	334,286	84,918	339,247
<b>Total operating income</b>		<b>8,056,140</b>	<b>32,184,281</b>	<b>5,417,617</b>	<b>21,643,380</b>
Personnel expenses	16	(2,074,293)	(8,286,801)	(1,629,430)	(6,509,573)
Depreciation and amortisation charges	17	(836,937)	(3,343,563)	(765,162)	(3,056,822)
Administrative and operating expenses	18	(1,644,603)	(6,570,189)	(1,613,083)	(6,444,267)
Profit before provision for loan losses		3,500,307	13,983,728	1,409,942	5,632,718
Provision for loan losses	5	(2,516,415)	(10,053,078)	(240,249)	(959,795)
<b>Profit before income tax</b>		<b>983,892</b>	<b>3,930,650</b>	<b>1,169,693</b>	<b>4,672,923</b>
Income tax expense	19	(122,415)	(489,048)	(77,455)	(309,433)
<b>Profit For The Year</b>		<b>861,477</b>	<b>3,441,602</b>	<b>1,092,238</b>	<b>4,363,490</b>

The accompanying notes on page 74 to 121 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital US\$	Accumulated losses US\$	Total US\$
<b>At 1 January 2012</b>	40,000,000	(2,529,982)	37,470,018
Issuance of shares	12,000,000	-	12,000,000
Profit for the year	-	1,092,238	1,092,238
<b>At 31 December 2012</b>	<b>52,000,000</b>	<b>(1,437,744)</b>	<b>50,562,256</b>
<b>In KHR' 000 equivalent</b>	<b>207,740,000</b>	<b>(5,743,787)</b>	<b>201,996,213</b>
<b>At 1 January 2013</b>	52,000,000	(1,437,744)	50,562,256
Profit for the year	-	861,477	861,477
<b>At 31 December 2013</b>	<b>52,000,000</b>	<b>(576,267)</b>	<b>51,423,733</b>
<b>In KHR' 000 equivalent</b>	<b>207,740,000</b>	<b>(2,302,187)</b>	<b>205,437,813</b>

The accompanying notes on page 74 to 121 form an integral part of these financial statements.

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013		2012	
		US\$	KHR' 000	US\$	KHR' 000
<b>Cash flows from operating activities</b>					
Cash used in operations	20	(18,702,092)	(74,714,856)	(11,550,612)	(46,144,696)
Interest received		10,320,783	41,231,528	6,663,274	26,619,779
Interest paid		(3,467,923)	(13,854,352)	(1,907,384)	(7,619,999)
Income tax paid		(117,614)	(469,868)	(75,451)	(301,427)
Net cash used in operating activities		(11,966,846)	(47,807,548)	(6,870,173)	(27,446,343)
<b>Cash flows from investing activities</b>					
Purchases of:					
- property and equipment	9	(583,760)	(2,332,121)	(122,002)	(487,398)
- intangible assets	8	(18,627)	(74,415)	(72,162)	(288,287)
Proceeds from disposals of property and equipment		-	-	6,768	27,038
Investment in subsidiary		-	-	(1,500,000)	(5,992,500)
Net cash used in investing activities		(602,387)	(2,406,536)	(1,712,396)	(6,841,022)
<b>Cash flows from financing activities</b>					
Issuance of shares		-	-	12,000,000	47,940,000
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(12,569,233)	(50,214,084)	3,442,431	13,752,510
Cash and cash equivalents at beginning of the year		29,155,335	116,475,562	25,712,904	103,854,421
Exchange differences		-	-	-	(1,131,369)
<b>Cash and cash equivalents at end of the year</b>	<b>21</b>	<b>16,586,102</b>	<b>66,261,478</b>	<b>29,155,335</b>	<b>116,475,562</b>

The accompanying notes on page 74 to 121 form an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING

The significant accounting policies adopted in the preparation of the financial statements are set out below.

#### 1.1 Basis of preparation

The financial statements of the Group and of the Bank have been prepared using the historical cost convention except otherwise disclosed and in accordance with the guidelines issued by the Central Bank and Cambodian Accounting Standards ("CAS"). In applying CAS, the Group and the Bank also apply the Cambodian International Financial Reporting Standard ("CIFRS") 7: Financial Instruments: Disclosures. The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are therefore not intended to present the financial position and results of operations and cash flows in accordance with jurisdictions other than Cambodia. Consequently, these financial statements are addressed to only those who are informed about Cambodian accounting principles, procedures and practices.

The preparation of financial statements in accordance with the guidelines issued by the Central Bank and CAS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 to the financial statements.

#### 1.2 New financial reporting framework

On 28 August 2009, the National Accounting Council of the Ministry of Economy and Finance ("the National Accounting Council") announced the adoption of Cambodian International Financial Reporting Standards ("CIFRS") which are based on all standards published by the International Accounting Standard Board ("IASB"), including the related interpretations and amendments. Public accountable entities are required to prepare their financial statements in accordance with CIFRS for accounting period beginning on or after 1 January 2012.

Following Circular No. 086 MoEF.NAC dated 30 July 2012 issued by the National Accounting Council, the requirement to comply with CIFRS by banks and financial institutions has been deferred to the accounting period commencing from 1 January 2016.

#### 1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiary made up to the end of the financial year. A subsidiary is a company in which the Group has power to exercise control over the financial and operating policies of an enterprise so as to obtain benefits from its activities.

Subsidiary is consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiary acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary's net assets are determined and these values are reflected in the consolidated financial statements.

Inter-company transactions, balances and unrealised gain or loss arising from inter-company transactions are eliminated and the consolidated financial statements reflect external transactions only. Losses resulting from intra-group transactions, which indicate an impairment loss, will be recognised in the consolidated financial statements. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The gain or loss on disposal of a subsidiary, which is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal is recognised in the consolidated income statement.

#### **1.4 Investment in subsidiary**

Investment in subsidiary, which is eliminated on consolidation, is stated at cost. On disposal of such investment, the difference between the net disposal proceeds and its carrying amounts is recognised as the gain or loss on disposal in the income statement of the Bank.

#### **1.5 Foreign currencies**

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

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates ('the functional currency'). The financial statements are presented in US dollars ("US\$"), which is the Bank's functional and presentation currency.

For the sole regulatory purpose of complying with Prakas No. B7-07-164 dated 13 December 2007 of the Central Bank, a translation into Khmer Riel is provided for the balance sheets, income statements, statements of changes in equity, cash flow statements and notes to the financial statements as at and for the year ended 31 December 2013 using the average official exchange rate regulated by the Central Bank as at the reporting date, which was US\$1 equal to Khmer Riel ("KHR") 3,995 (31 December 2012: US\$1 equal to KHR 3,995). Such translated amounts are unaudited and should not be construed as representations that the US\$ amounts represent, or have been or could be, converted into Khmer Riel at that or any other rate.

##### **(ii) Transactions and balances**

Transactions in currencies other than US\$ are translated into US\$ at the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in currencies other than US\$ at the year-end exchange rates, are recognised in the income statement.

#### **1.6 Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise balances with original maturity of three months or less from the date of acquisition, including cash on hand, the non-restricted balance with the Central Bank and balances with banks and other financial institutions.

#### **1.7 Loans and advances to customers**

All loans and advances to customers are stated on the balance sheet at outstanding principal, less any amounts written off, interest-in-suspense and provision for loan losses.

Loans and advances are written off when there are no realistic prospects of recovery. Recoveries of loans and advances previously written off or provided for are recognised in the income statement.

**1 SUMMARY OF SIGNIFICANT ACCOUNTING (CONTINUED)****1.8 Provision for loan losses**

The Bank follows the mandatory credit classification and provisioning as required by Prakas B7-09-074 dated 25 February 2009 issued by the Central Bank. The Prakas requires commercial banks to classify their loans, advances and similar assets into five classes and the minimum mandatory level of specific provisioning is provided, depending on the classification concerned and regardless of the assets pledged as collateral as follows:

Classification	Rate of provision (%)
<b>General provision:</b>	
Normal	1
<b>Specific provision:</b>	
Special mention	3
Substandard	20
Doubtful	50
Loss	100

**1.9 Other credit related commitments**

In the normal course of business, the Bank enters into other credit related commitments including loan commitments, letters of credit and guarantees. The accounting policy and provision methodology are similar to those for originated loans as stated above. Specific provisions are raised against other credit related commitments when losses are considered probable.

**1.10 Intangible assets**

Intangible assets, which comprise acquired computer software licenses and related costs and market securities operating license, are stated at cost less accumulated amortisation and impairment loss.

Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire the specific software and bring it to use. These costs are amortised over five years using the straight-line method. Costs associated with maintaining computer software are recognised as expenses when incurred.

Market securities operating license is capitalised on the basis of costs incurred and paid to the Securities and Exchange Commission for operating activities such as securities underwriting, dealing, and providing brokerage and investment advisory services. These costs are amortised over the license period of three years.



### **1.11 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent expenditure relating to an item of property and equipment are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the year in which they are incurred.

Depreciation of property and equipment is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets at the following annual rates:

	Years
Leasehold improvements	10
Office equipment	5
Furniture, fixtures and fittings	5
Computer equipment	3
Motor vehicles	5

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

### **1.12 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Any impairment loss is charged to the income statement in the year in which it arises. Reversal of an impairment loss is recognised in the income statement to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised.

## **1 SUMMARY OF SIGNIFICANT ACCOUNTING (CONTINUED)**

### **1.13 Interest income and expense**

Interest earned on loans and advances to customers, balances with the Central Bank and balances and placements with banks and other financial institutions is recognised on an accrual basis, except where serious doubt exists as to the collectability, in which case, interest is suspended until it is realised on a cash basis.

Interest expense on deposits from banks, other financial institutions and customers is recognised on an accrual basis.

### **1.14 Fee and commission income**

Fees and commissions are generally recognised on an accrual basis when the service is provided. Loan processing fees are recognised as income when loan is disbursed.

### **1.15 Operating 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.

### **1.16 Provisions**

Provisions are recognised when the Group or the Bank has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

### **1.17 Employee benefits**

#### **Short-term employee benefits**

Short term employee benefits are accrued in the year in which the associated services are rendered by the employees of the Group and of the Bank.

### **1.18 Deferred and Income taxes**

Current income tax expense is calculated based on the tax laws enacted or substantively enacted in Cambodia as at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences or unutilised tax losses can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same tax authority.

## 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group and the Bank make estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) Impairment losses on loans and advances

The Bank follows the mandatory credit classification and provisioning as required by Prakas No. B7-09-074 dated 25 February 2009 on asset classification and provisioning in banking and financial institutions issued by the Central Bank. The Central Bank requires commercial banks to classify their loans, advances and similar assets into five classes and the minimum mandatory level of provisioning is provided, depending on the classification concerned and regardless of the assets pledged as collateral. For the purpose of loan classification, the Bank takes into account all relevant factors which may affect the counterparties' repayment abilities.

### (b) Income tax

Taxes are calculated on the basis of the current interpretation of the tax regulations. However, these regulations are subject to periodic variation and the ultimate determination of tax expenses will be made following inspection by the General Department of Taxation.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will have an impact on the provision for income tax and deferred tax in the year in which such determination is made.

## 3 BALANCES WITH THE CENTRAL BANK

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
<b>Group</b>				
Current accounts	4,020,473	16,061,790	4,289,385	17,136,093
Clearing accounts	255,796	1,021,904	1,059,463	4,232,554
Reserve requirement	11,422,094	45,631,266	10,443,094	41,720,161
Statutory deposit	5,200,000	20,774,000	5,200,000	20,774,000
Capital reserve for the Securities and Exchange Commission of Cambodia ("SECC")	1,001,252	4,000,002	1,001,252	4,000,002
	<b>21,899,615</b>	<b>87,488,962</b>	<b>21,993,194</b>	<b>87,862,810</b>
<b>Bank</b>				
Current accounts	4,020,473	16,061,790	4,289,385	17,136,093
Clearing accounts	255,796	1,021,904	1,059,463	4,232,554
Reserve requirement	11,422,094	45,631,266	10,443,094	41,720,161
Statutory deposit	5,200,000	20,774,000	5,200,000	20,774,000
	<b>20,898,363</b>	<b>83,488,960</b>	<b>20,991,942</b>	<b>83,862,808</b>

**3 BALANCES WITH THE CENTRAL BANK (CONTINUED)****(a) Reserve requirement**

The reserve requirement represents the minimum reserve which is calculated at 8% (2012: 8%) and 12.5% (2012: 12.5%) of customers' deposits in Khmer Riel ("KHR") and other currencies respectively. The 4.5% (2012: 4.5%) reserve requirement on customers' deposits in currencies other than KHR is interest bearing while the remaining 8% and the reserve requirement on customers' deposits in KHR bears no interest.

**(b) Statutory deposit**

Pursuant to Prakas No. B7-01-136 on Bank's Capital Guarantee dated 15 October 2001 issued by the Central Bank, banking and financial institutions are required to maintain 10% of its registered capital as a statutory deposit with the Central Bank. The deposit, which is not available for use in the Bank's day-to-day operations, is refundable should the Bank voluntarily cease its operations in Cambodia.

**(c) Capital reserve for the Securities and Exchange Commission of Cambodia ("SECC")**

In compliance with the SECC's Prakas No. 009 on the licensing of securities firms and securities representatives, the Company is required to place a capital guarantee deposits (at least KHR 4 billion) maintained with the National Bank of Cambodia ("NBC") specifically earmarked for the Company as required by SECC for operating as a securities underwriter in Cambodia.

**(d) Interest rates**

The current accounts and clearing accounts are non-interest bearing. The statutory and reserve requirement deposits earn interest at the following annual rates as at the balance sheet date:

	2013	2012
Statutory deposit	0.11%	0.18%
Reserve requirements (1/3 is interest bearing)	0.10%	0.10% - 0.14%



#### 4 BALANCES AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
<b>Group</b>				
Current accounts	2,833,184	11,318,570	5,182,957	20,705,913
Term deposits	59,714,832	238,560,754	26,321,656	105,155,016
	<b>62,548,016</b>	<b>249,879,324</b>	<b>31,504,613</b>	<b>125,860,929</b>
<b>Bank</b>				
Current accounts	2,827,650	11,296,462	5,164,350	20,631,578
Term deposits	58,000,000	231,710,000	24,700,000	98,676,500
	<b>60,827,650</b>	<b>243,006,462</b>	<b>29,864,350</b>	<b>119,308,078</b>

As at the balance sheet date, term deposits earn interest at the following annual rates:

	2013	2012
Term Deposits	2.00% - 3.75%	0.08% - 3.25%

**5 LOANS AND ADVANCES TO CUSTOMERS****Group and Bank**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
<b>(a) By type</b>				
Term loans	101,008,341	403,528,322	64,567,158	257,945,796
Housing loan	13,441,550	53,698,992	7,208,846	28,799,340
Vehicle loans	278,041	1,110,774	454,747	1,816,714
Overdrafts	28,309,114	113,094,910	17,371,944	69,400,917
Trust receipts	96,976	387,419	252,378	1,008,250
<b>Gross loans and advances to customers</b>	<b>143,134,022</b>	<b>571,820,417</b>	<b>89,855,073</b>	<b>358,971,017</b>
Provision for loan losses:				
Specific	(2,033,319)	(8,123,109)	(4,083)	(16,312)
General	(1,384,369)	(5,530,554)	(897,190)	(3,584,274)
<b>Net loans and advances to customers</b>	<b>139,716,334</b>	<b>558,166,754</b>	<b>88,953,800</b>	<b>355,370,431</b>
<b>(b) Provision for loan losses</b>				
At beginning of the year	901,273	3,600,586	661,024	2,667,232
Provision for the year	2,516,415	10,053,078	240,249	959,795
Exchange differences	-	-	-	(26,441)
<b>At end of the year</b>	<b>3,417,688</b>	<b>13,653,664</b>	<b>901,273</b>	<b>3,600,586</b>
<b>(c) By performance</b>				
Normal loans				
Secured	138,422,860	552,999,324	89,718,831	358,426,731
Unsecured	14,055	56,150	136	543
Special mention loans				
Secured	388,872	1,553,544	136,106	543,743
Unsecured	-	-	-	-
Substandard loans				
Secured	441,550	1,763,992	-	-
Unsecured	-	-	-	-
Doubtful loans				
Secured	3,866,685	15,447,407	-	-
Unsecured	-	-	-	-
	<b>143,134,022</b>	<b>571,820,417</b>	<b>89,855,073</b>	<b>358,971,017</b>

**Group and Bank**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
<b>(d) By industry</b>				
Financial institution	1,393,959	5,568,866	680,805	2,719,816
Hotel and restaurants	28,894,143	115,432,101	21,369,956	85,372,974
Retail trade	20,231,702	80,825,649	15,120,453	60,406,210
Wholesale trade	18,102,934	72,321,221	10,370,958	41,431,977
Manufacturing	16,243,047	64,890,973	10,574,470	42,245,008
Agriculture, forestry and fishing	11,596,835	46,329,356	2,127,730	8,500,281
Mortgage, owner-occupied housing only	10,259,647	40,987,290	7,795,224	31,141,920
Other non-financial services	9,179,961	36,673,944	7,574,229	30,259,045
Rental and operating leasing activities	9,067,056	36,222,889	6,156,873	24,596,708
Transport and storage	5,731,605	22,897,762	2,749,403	10,983,865
Utilities	3,142,329	12,553,604	215,153	859,536
Real estate	2,432,010	9,715,880	748,415	2,989,918
Construction	2,151,105	8,593,664	2,669,511	10,664,696
Personal lending	1,015,045	4,055,105	617,349	2,466,309
Information media and telecommunications	963,649	3,849,778	1,084,408	4,332,210
Others	2,728,995	10,902,335	136	544
	<b>143,134,022</b>	<b>571,820,417</b>	<b>89,855,073</b>	<b>358,971,017</b>
<b>(e) By exposure</b>				
Large exposure	48,418,597	193,432,296	29,630,681	118,374,571
Non-large exposure	94,715,425	378,388,122	60,224,392	240,596,446
	<b>143,134,022</b>	<b>571,820,418</b>	<b>89,855,073</b>	<b>358,971,017</b>

Large exposure is defined by the Central Bank as overall credit exposure to any single beneficiary that exceeds 10% of the Bank's net worth. The exposure is the higher of the outstanding loans or commitments and the authorised loans or commitments.

**(f) Interest rates**

As at the balance sheet date, loans and advances to customers bear interest at the following rates per annum:

	<b>2013</b>	<b>2012</b>
Term loans	8.0% - 14.0%	8.0% - 14.0%
Overdrafts	8.0% - 12.0%	8.0% - 12.0%

**6 OTHER ASSETS**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
<b>Group</b>				
Interest receivable	837,796	3,346,995	363,733	1,453,113
Claim receivable	128,754	514,372	-	-
Rental deposits	118,578	473,719	115,527	461,530
Prepayments	728,972	2,912,243	217,557	869,140
Inventory	45,201	180,578	52,330	209,058
Others	44,079	176,096	36,630	146,338
	<b>1,903,380</b>	<b>7,604,003</b>	<b>785,777</b>	<b>3,139,179</b>
<b>Bank</b>				
Interest receivable	831,141	3,320,408	357,458	1,428,045
Claim receivable	128,754	514,372	-	-
Deposits	118,578	473,719	115,527	461,530
Prepayments	712,848	2,847,828	198,993	794,977
Inventory	45,201	180,578	52,330	209,058
Others	27,245	108,844	33,263	132,886
	<b>1,863,767</b>	<b>7,445,749</b>	<b>757,571</b>	<b>3,026,496</b>

**7 INVESTMENT IN SUBSIDIARY**

This represents the Bank's investment in a wholly-owned subsidiary which has been licensed by the SECC to carry out securities underwriting, dealing, brokerage, investment advisory and other related services on October 20, 2010. Its license has been renewed and is valid for the period from 20 October 2012 to 19 October 2015. The Subsidiary has started its commercial operations in 2012.



## 8 INTANGIBLE ASSETS

### Group

Details of intangible assets, which comprise computer software licenses and related costs, are as follows:

	2013 US\$	2012 US\$
<b>Cost</b>		
At 1 January	869,677	762,733
Additions	18,627	106,944
At 31 December	888,304	869,677
<b>Accumulated amortisation</b>		
At 1 January	456,535	326,222
Amortisation charge	136,974	130,313
At 31 December	593,509	456,535
<b>Net book value</b>	<b>294,795</b>	<b>413,142</b>
<b>In KHR' 000 equivalent</b>	<b>1,177,706</b>	<b>1,650,502</b>

### Bank

	2013 US\$	2012 US\$
<b>Cost</b>		
At 1 January	815,067	742,906
Additions	18,627	72,162
At 31 December	833,694	815,067
<b>Accumulated amortisation</b>		
At 1 January	434,407	314,648
Amortisation charge	125,380	119,759
At 31 December	559,787	434,407
<b>Net book value</b>	<b>273,907</b>	<b>380,660</b>
<b>In KHR' 000 equivalent</b>	<b>1,094,258</b>	<b>1,520,737</b>

**9 PROPERTY AND EQUIPMENT****Group**

Details of property and equipment are as follows:

	<b>Leasehold improvements US\$</b>	<b>Office equipment US\$</b>	<b>Furniture, fixtures and fittings US\$</b>	<b>Computer equipment US\$</b>	<b>Motor vehicles US\$</b>	<b>Total US\$</b>
<b>2013 Cost</b>						
At 1 January 2013	2,951,354	1,604,951	436,789	730,807	228,840	5,952,741
Additions	8,250	14,877	138	411,795	148,700	583,760
Disposals	-	(107,209)	-	(6,249)	-	(113,458)
At 31 December 2013	2,959,604	1,512,619	436,927	1,136,353	377,540	6,423,043
<b>Accumulated depreciation</b>						
At 31 December 2013	804,313	662,871	106,417	348,736	92,679	2,015,016
Depreciation charge	295,200	232,549	43,662	155,407	57,416	784,234
Disposals	-	(51,614)	-	(3,879)	-	(55,493)
At 31 December 2013	1,099,513	843,806	150,079	500,264	150,095	2,743,757
<b>Net book value</b>	<b>1,860,091</b>	<b>668,813</b>	<b>286,848</b>	<b>636,089</b>	<b>227,445</b>	<b>3,679,286</b>
<b>In KHR' 000 equivalent</b>	<b>7,431,064</b>	<b>2,671,908</b>	<b>1,145,958</b>	<b>2,541,176</b>	<b>908,643</b>	<b>14,698,749</b>
<b>2012 Cost</b>						
At 1 January 2012	2,945,674	1,522,640	432,173	705,347	229,340	5,835,174
Additions	5,680	82,311	4,616	25,460	15,500	133,567
Disposals	-	-	-	-	(16,000)	(16,000)
At 31 December 2012	2,951,354	1,604,951	436,789	730,807	228,840	5,952,741
<b>Accumulated depreciation</b>						
At 31 December 2012	509,067	427,441	62,793	239,220	67,558	1,306,079
Depreciation charge	295,246	235,430	43,624	109,516	34,354	718,170
Disposals	-	-	-	-	(9,233)	(9,233)
At 31 December 2012	804,313	662,871	106,417	348,736	92,679	2,015,016
<b>Net book value</b>	<b>2,147,041</b>	<b>942,080</b>	<b>330,372</b>	<b>382,071</b>	<b>136,161</b>	<b>3,937,725</b>
<b>In KHR' 000 equivalent</b>	<b>8,577,433</b>	<b>3,763,606</b>	<b>1,319,836</b>	<b>1,526,374</b>	<b>543,963</b>	<b>15,731,212</b>

**Bank**

	<b>Leasehold improvements US\$</b>	<b>Office equipment US\$</b>	<b>Furniture, fixtures and fittings US\$</b>	<b>Computer equipment US\$</b>	<b>Motor vehicles US\$</b>	<b>Total US\$</b>
<b>2013 Cost</b>						
At 1 January 2013	2,493,753	1,558,827	347,775	696,035	198,560	5,294,950
Additions	8,250	14,877	138	411,795	148,700	583,760
Disposals	-	(107,209)	-	(6,249)	-	(113,458)
At 31 December 2013	2,502,003	1,466,495	347,913	1,101,581	347,260	5,765,252
<b>Accumulated depreciation</b>						
At 31 December 2013	681,422	647,742	91,700	338,928	84,628	1,844,420
Depreciation charge	249,686	225,665	34,803	148,489	52,914	711,557
Disposals	-	(51,614)	-	(3,879)	-	(55,493)
At 31 December 2013	931,108	821,793	126,503	483,538	137,542	2,500,484
<b>Net book value</b>	<b>1,570,895</b>	<b>644,702</b>	<b>221,410</b>	<b>618,043</b>	<b>209,718</b>	<b>3,264,768</b>
<b>In KHR' 000 equivalent</b>	<b>6,275,726</b>	<b>2,575,584</b>	<b>884,533</b>	<b>2,469,082</b>	<b>837,823</b>	<b>13,042,748</b>
<b>2012 Cost</b>						
At 1 January 2012	2,489,524	1,477,057	343,800	679,507	199,060	5,188,948
Additions	4,229	81,770	3,975	16,528	15,500	122,002
Disposals	-	-	-	-	(16,000)	(16,000)
At 31 December 2012	2,493,753	1,558,827	347,775	696,035	198,560	5,294,950
<b>Accumulated depreciation</b>						
At 31 December 2012	432,047	419,218	56,940	235,982	64,062	1,208,249
Depreciation charge	249,375	228,524	34,760	102,946	29,798	645,403
Disposals	-	-	-	-	(9,232)	(9,232)
At 31 December 2012	681,422	647,742	91,700	338,928	84,628	1,844,420
<b>Net book value</b>	<b>1,812,331</b>	<b>911,085</b>	<b>256,075</b>	<b>357,107</b>	<b>113,932</b>	<b>3,450,530</b>
<b>In KHR' 000 equivalent</b>	<b>7,240,262</b>	<b>3,639,785</b>	<b>1,023,020</b>	<b>1,426,642</b>	<b>455,158</b>	<b>13,784,867</b>

**10 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS****Group and Bank**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
Current accounts	298,446	1,192,292	316,257	1,263,447
Term deposits	103,470,001	413,362,654	22,468,327	89,760,966
	<b>103,768,447</b>	<b>414,554,946</b>	<b>22,784,584</b>	<b>91,024,413</b>

As at the balance sheet date, deposits from banks and other financial institutions bear interest at the following rates per annum:

	<b>2013</b>	<b>2012</b>
Current accounts	Nil	Nil
Term deposits	1.25% - 4.75%	1.55% - 5.00%

**11 DEPOSITS FROM CUSTOMERS**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
<b>Group</b>				
Current accounts	10,018,692	40,024,675	4,788,025	19,128,160
Savings accounts	11,041,076	44,109,099	10,634,651	42,485,431
Term deposits	56,528,500	225,831,356	60,674,645	242,395,206
	<b>77,588,268</b>	<b>309,965,130</b>	<b>76,097,321</b>	<b>304,008,797</b>
<b>Bank</b>				
Current accounts	16,981,098	67,839,487	12,200,055	48,739,220
Savings accounts	11,041,076	44,109,099	10,634,650	42,485,427
Term deposits	56,528,500	225,831,357	60,674,646	242,395,210
	<b>84,550,674</b>	<b>337,779,943</b>	<b>83,509,351</b>	<b>333,619,857</b>



As at the balance sheet date, deposits from customers bear interest at the following rates per annum:

	2013	2012
Current accounts	Nil	Nil
Savings accounts	1.50%	1.50%
Term deposits	1.25% - 6.50%	2.00% - 6.50%

## 12 OTHER LIABILITIES

### Group

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
Interest payable	1,511,102	6,036,852	875,681	3,498,346
Accrued bonus	390,154	1,558,665	242,025	966,890
Cheques for collection	255,796	1,021,905	1,059,463	4,232,555
Withholding tax payable	142,943	571,057	135,368	540,795
Account payable	44,027	175,888	37,244	148,790
Salary tax payable	16,877	67,424	13,824	55,227
Others	64,185	256,420	154,985	619,164
	<b>2,425,084</b>	<b>9,688,211</b>	<b>2,518,590</b>	<b>10,061,767</b>

### Bank

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
Interest payable	1,511,102	6,036,852	875,681	3,498,346
Accrued bonus	350,154	1,398,865	212,025	847,040
Cheques for collection	255,796	1,021,905	1,059,463	4,232,555
Withholding tax payable	142,943	571,057	135,368	540,795
Account payable	41,253	164,806	35,844	143,197
Salary tax payable	13,523	54,024	10,791	43,110
Others	56,767	226,784	147,848	590,651
	<b>2,371,538</b>	<b>9,474,293</b>	<b>2,477,020</b>	<b>9,895,694</b>

**13 INTEREST INCOME****Group**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
Interest income from:				
Loans and advances to customers	9,791,466	39,116,907	6,504,096	25,983,864
Balances with the Central Bank	10,269	41,025	14,691	58,691
Balances and placements with banks and other financial institutions	1,086,288	4,339,720	350,557	1,400,474
	<b>10,888,023</b>	<b>43,497,652</b>	<b>6,869,344</b>	<b>27,443,029</b>

**Bank**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
Interest income from:				
Loans and advances to customers	9,791,466	39,116,907	6,504,096	25,983,864
Balances with the Central Bank	10,269	41,025	14,691	58,691
Balances and placements with banks and other financial institutions	992,731	3,965,960	299,597	1,196,889
	<b>10,794,466</b>	<b>43,123,892</b>	<b>6,818,384</b>	<b>27,239,444</b>

**14 INTEREST EXPENSE****Group and Bank**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
Interest expense on:				
Term deposits	3,938,953	15,736,117	2,105,319	8,410,749
Savings deposits	163,481	653,107	132,180	528,059
Current deposits	910	3,635	67	268
	<b>4,103,344</b>	<b>16,392,859</b>	<b>2,237,566</b>	<b>8,939,076</b>

## 15 FEE AND COMMISSION INCOME

### Group and Bank

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
Loan processing fees	854,562	3,413,975	451,527	1,803,850
Commission fee	213,208	851,766	163,306	652,407
Loan commitment fees	92,350	368,938	58,392	233,276
Others	147,731	590,186	100,005	399,521
	<b>1,307,851</b>	<b>5,224,865</b>	<b>773,230</b>	<b>3,089,054</b>

## 16 PERSONNEL EXPENSES

### Group

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
Salaries and wages	1,961,804	7,837,407	1,720,652	6,874,005
Bonuses and incentives	402,956	1,609,809	182,497	729,076
Other short-term benefits	79,753	318,613	71,198	284,435
	<b>2,444,513</b>	<b>9,765,829</b>	<b>1,974,347</b>	<b>7,887,516</b>

### Bank

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
Salaries and wages	1,643,108	6,564,216	1,404,724	5,611,872
Bonuses and incentives	353,504	1,412,248	157,644	629,788
Other short-term benefits	77,681	310,337	67,062	267,913
	<b>2,074,293</b>	<b>8,286,801</b>	<b>1,629,430</b>	<b>6,509,573</b>

**17 DEPRECIATION AND AMORTISATION CHARGES****Group**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
Depreciation of property and equipment (note 9)	784,234	3,133,015	718,170	2,869,089
Amortisation of intangible assets (note 8)	136,974	547,211	130,313	520,601
	<b>921,208</b>	<b>3,680,226</b>	<b>848,483</b>	<b>3,389,690</b>

**Bank**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
Depreciation of property and equipment (note 9)	711,557	2,842,670	645,403	2,578,384
Amortisation of intangible assets (note 8)	125,380	500,893	119,759	478,438
	<b>836,937</b>	<b>3,343,563</b>	<b>765,162</b>	<b>3,056,822</b>



## 18 ADMINISTRATIVE AND OPERATING EXPENSES

### Group

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
Buildings rental	439,095	1,754,185	423,575	1,692,182
Utilities	211,129	843,460	218,687	873,655
Repairs and maintenance	218,762	873,954	210,505	840,967
License fees	140,407	560,926	137,949	551,106
Insurance	120,090	479,760	112,754	450,452
Telecommunication	107,045	427,645	104,749	418,472
Business development	85,875	343,071	84,075	335,880
Security	94,137	376,077	82,954	331,401
Motor vehicle and running costs	81,019	323,671	77,507	309,640
Publication, marketing and promotion	31,416	125,507	58,615	234,167
Patent and other taxes	54,663	218,379	40,664	162,453
Stationeries and printing	37,588	150,164	25,276	100,978
Bank charges	17,212	68,762	15,003	59,937
Professional and other related costs	36,611	146,261	59,156	236,328
Supplies	13,346	53,317	18,241	72,873
Materials for banking activities	9,880	39,471	13,760	54,971
Board of Directors' fees	12,167	48,607	11,850	47,341
Others	109,217	436,321	68,515	273,718
	<b>1,819,659</b>	<b>7,269,538</b>	<b>1,763,835</b>	<b>7,046,521</b>

**18 ADMINISTRATIVE AND OPERATING EXPENSES (CONTINUED)****Bank**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
Buildings rental	394,562	1,576,275	383,575	1,532,382
Utilities	201,427	804,701	202,872	810,474
Repairs and maintenance	216,211	863,763	207,239	827,920
License fees	126,245	504,349	122,421	489,072
Insurance	114,217	456,297	111,726	446,345
Telecommunication	91,096	363,929	88,915	355,215
Business development	77,790	310,771	72,184	288,375
Security	94,137	376,077	82,954	331,401
Motor vehicle and running costs	69,813	278,903	63,769	254,757
Publication, marketing and promotion	27,454	109,679	51,195	204,524
Patent and other taxes	53,221	212,618	39,346	157,187
Stationeries and printing	36,528	145,929	23,463	93,735
Bank charges	17,130	68,434	14,776	59,030
Professional and other related costs	31,330	125,163	15,396	61,507
Supplies	13,346	53,317	18,241	72,873
Materials for banking activities	9,880	39,471	11,559	46,178
Board of Directors' fees	12,167	48,607	11,850	47,341
Others	58,049	231,906	60,802	242,905
	<b>1,644,603</b>	<b>6,570,189</b>	<b>1,613,083</b>	<b>6,444,267</b>

**19 INCOME TAX EXPENSE****Group**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
Income tax:				
<b>- current year</b>	<b>124,204</b>	<b>496,195</b>	<b>80,315</b>	<b>320,858</b>

**Bank**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
Income tax:				
<b>- current year</b>	<b>122,415</b>	<b>489,048</b>	<b>77,455</b>	<b>81,983</b>

In accordance with the Cambodian tax laws, the Bank has an obligation to pay corporate income tax of either tax on profit at a rate of 20% on taxable profit or minimum tax at 1% of turnover, whichever is higher.

The reconciliation of income tax computed at the statutory tax rate of 20% to taxation as disclosed in the income statement is as follows:

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
<b>Group</b>				
<b>Profit before taxation</b>	<b>531,076</b>	<b>2,121,649</b>	<b>876,588</b>	<b>3,501,969</b>
Tax calculated at 20%	106,215	424,330	175,318	700,394
Tax effects in respect of:				
Expenses not deductible for tax purposes	25,141	100,438	33,507	133,860
Income not subject to tax	(9,519)	(38,028)	(1,822)	(7,279)
Utilisation of previously unrecognised tax losses and temporary differences	(121,837)	(486,740)	(207,003)	(826,976)
	-	-	-	-
Minimum tax at 1% of turnover	124,204	496,195	80,315	320,858
	<b>124,204</b>	<b>496,195</b>	<b>80,315</b>	<b>320,858</b>
<b>Bank</b>				
<b>Profit before taxation</b>	<b>983,892</b>	<b>3,930,650</b>	<b>1,169,693</b>	<b>4,672,924</b>
Tax calculated at 20%	196,778	786,130	233,939	934,585
Tax effects in respect of:				
Expenses not deductible for tax purposes	24,598	98,269	17,162	68,562
Utilisation of previously unrecognised tax losses and temporary differences	(221,376)	(884,399)	(251,101)	(1,003,147)
	-	-	-	-
Minimum tax at 1% of turnover	122,415	489,048	77,455	81,983
	<b>122,415</b>	<b>489,048</b>	<b>77,455</b>	<b>81,983</b>

As at 31 December 2013, the Bank has an estimated unutilised tax losses of US\$453,855 (KHR equivalent: 1,813,150,464) and US\$592,130 (KHR equivalent: 2,365,559,350) that will expire in year 2014 and 2015 respectively.

The tax losses that can be carried forward are subject to review and approval by the General Department of Taxation.

**20 CASH USED IN OPERATIONS****Group**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
Profit before taxation	531,076	2,121,649	876,588	3,501,969
Adjustments for:				
Depreciation and amortisation (note 17)	921,208	3,680,226	848,483	3,389,690
Provision for loan losses (note 5)	2,516,415	10,053,078	240,249	959,795
Loss on disposals of fixed assets	57,964	231,566	-	-
Net interest income	(6,784,679)	(27,104,793)	(4,631,778)	(18,503,953)
Operating loss before changes in working capital	(2,758,016)	(11,018,274)	(2,666,458)	(10,652,499)
<i>Change in working capital:</i>				
Balances with the Central Bank	(979,000)	(3,911,105)	(5,038,770)	(20,129,886)
Balances and placements with banks and other financial institutions	(42,865,716)	(171,248,535)	(8,482,568)	(33,887,859)
Loans and advances to customers	(53,278,949)	(212,849,401)	(32,223,283)	(128,732,016)
Other assets	(643,541)	(2,570,946)	6,639	26,523
Deposits from banks and other financial institutions	80,983,863	323,530,533	5,253,581	20,988,056
Deposits from customers	1,490,947	5,956,333	29,726,164	118,756,025
Other liabilities	(728,927)	(2,912,063)	1,036,480	4,140,738
<b>Cash used in operations</b>	<b>(18,779,339)</b>	<b>(75,023,458)</b>	<b>(12,388,215)</b>	<b>(49,490,918)</b>



**Bank**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
Profit before taxation	983,892	3,930,649	1,169,693	4,672,924
Adjustments for:				
Depreciation and amortisation (note 17)	836,937	3,343,563	765,162	3,056,822
Provision for loan losses (note 5)	2,516,415	10,053,078	240,249	959,795
Loss on disposals of fixed assets	57,964	-	-	-
Net interest income	(6,691,122)	(26,731,032)	(4,580,818)	(18,300,368)
Operating loss before changes in working capital	(2,295,914)	(9,403,742)	(2,405,714)	(9,610,827)
<i>Change in working capital:</i>				
Balances with the Central Bank	(979,000)	(3,911,105)	(5,027,863)	(20,086,313)
Balances and placements with banks and other financial institutions	(42,800,000)	(170,986,000)	(7,500,000)	(29,962,500)
Loans and advances to customers	(53,278,949)	(212,849,400)	(32,223,283)	(128,732,016)
Other assets	(632,513)	(2,526,889)	18,159	72,545
Deposits from banks and other financial institutions	80,983,863	323,530,533	5,253,581	20,988,056
Deposits from customers	1,041,323	4,160,085	29,285,509	116,995,608
Other liabilities	(740,902)	(2,959,904)	1,048,999	4,190,751
<b>Cash used in operations</b>	<b>(18,702,092)</b>	<b>(74,714,856)</b>	<b>(11,550,612)</b>	<b>(46,144,696)</b>

**21 CASH AND CASH EQUIVALENTS**

For the purpose of the cash flow statements, the cash and cash equivalents comprise:

**Group**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
Cash on hand	3,782,282	15,110,217	3,442,475	13,752,688
Balances with the Central Bank (note 3):				
Current account	4,020,473	16,061,790	4,289,385	17,136,093
Clearing account	255,796	1,021,904	1,059,464	4,232,558
Balances and placements with banks and other financial institutions:				
Current accounts (note 4)	2,833,184	11,318,570	5,182,957	20,705,913
Term deposits (with maturity of three months or less)	6,366,547	25,434,355	15,839,088	63,277,156
	<b>17,258,282</b>	<b>68,946,837</b>	<b>29,813,369</b>	<b>119,104,409</b>

**Bank**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
Cash on hand	3,782,183	15,109,821	3,442,136	13,751,333
Balances with the Central Bank (note 3):				
Current account	4,020,473	16,061,790	4,289,385	17,136,093
Clearing account	255,796	1,021,904	1,059,464	4,232,558
Balances and placements with banks and other financial institutions:				
Current accounts (note 4)	2,827,650	11,296,462	5,164,350	20,631,578
Term deposits (with maturity of three months or less)	5,700,000	22,771,500	15,200,000	60,724,000
	<b>16,586,102</b>	<b>66,261,478</b>	<b>29,155,335</b>	<b>116,475,562</b>

## 22 COMMITMENTS AND CONTINGENCIES

### (a) Commitments to extend credit

#### Group and Bank

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
Unused portion of overdraft	9,333,617	37,287,800	6,724,286	26,863,523
Documentary credit	99,666	398,166	138,863	554,758
Other guarantees	487,000	1,945,565	260,000	1,038,700
	<b>9,920,283</b>	<b>39,631,531</b>	<b>7,123,149</b>	<b>28,456,981</b>

### (b) Non-cancellable operating lease commitments

As at 31 December 2013, the Group and the Bank have non-cancellable lease commitments in respect of its leases of premises.

The future aggregate minimum lease payments under non-cancellable operating leases of the Group and the Bank are as follows:

#### Group

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
Future minimum lease payable:				
- not later than 1 year	376,184	1,502,855	406,078	1,622,282
- later than 1 year but not later than 5 years	1,641,658	6,558,424	1,653,047	6,603,922
- Over five years	349,153	1,394,866	738,514	2,950,363
	<b>2,366,995</b>	<b>9,456,145</b>	<b>2,797,639</b>	<b>11,176,567</b>

#### Bank

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
Future minimum lease payable:				
- not later than 1 year	336,184	1,343,055	353,840	1,413,591
- later than 1 year but not later than 5 years	1,481,658	5,919,224	1,342,882	5,364,814
- Over five years	85,820	342,851	619,506	2,474,926
	<b>1,903,662</b>	<b>7,605,130</b>	<b>2,316,228</b>	<b>9,253,331</b>

**23 RELATED PARTY TRANSACTIONS AND BALANCES****(a) Related parties and relationship**

The related parties of, and their relationship with the Group and the Bank are as follows:

Relationship	Related party
Immediate and ultimate parent company	RHB Bank Berhad and RHB Capital Berhad
Subsidiary	Wholly-owned subsidiary of the Bank, RHB OSK Indochina Securities Limited
Key management personnel	All directors of the Bank who make critical decisions in relation to the strategic direction of the Bank and Senior Management staff (including their close family members)

**(b) Related party balances****Group**

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
<b>Due to:</b>				
Deposits from customers				
- parent company	65,000,000	259,675,000	5,000,000	19,975,000

**Bank**

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
<b>Due to:</b>				
Deposits from customers				
- parent company	65,000,000	259,675,000	5,000,000	19,975,000
- subsidiary	6,962,502	27,815,197	7,412,030	29,611,060
	<b>71,962,502</b>	<b>287,490,197</b>	<b>12,412,030</b>	<b>49,586,060</b>

As at the balance sheet date, deposits from key management personnel carry interest at rates ranging from 1.65% to 2.20% (2012: 0% to 3.00%) per annum.



**(c) Related party transactions**

**Group and Bank**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
<b>Expenses:</b>				
<b>Interest expense paid/payable on deposits</b>	<b>662,208</b>	<b>2,645,521</b>	<b>481,734</b>	<b>1,928,403</b>

**(d) Key management personnel remuneration**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
<b>Group</b>				
<b>Salaries and short-term benefits</b>	<b>551,208</b>	<b>1,771,050,876</b>	<b>481,734</b>	<b>1,928,404</b>
<b>Bank</b>				
<b>Salaries and short-term benefits</b>	<b>443,208</b>	<b>1,770,615,960</b>	<b>379,734</b>	<b>1,517,038</b>

**(e) Directors' remuneration**

**Group and Bank**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
<b>Directors' fees</b>	<b>12,167</b>	<b>48,607</b>	<b>11,850</b>	<b>47,341</b>

**24 FINANCIAL RISK MANAGEMENT**

The Bank's activities expose it to a variety of financial risks, including credit risk, market risk (including foreign exchange risk and interest rate risk) and liquidity risk as well as operational risk. Taking risk is core to the financial business, and operational risk is an inevitable consequence of being in business. The Bank does not use derivative financial instruments to manage its risk exposures.

The financial assets and liabilities held by the Group and the Bank are as follows:

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
<b>Group</b>				
<b>Financial assets</b>				
Cash on hand	3,782,282	15,110,217	3,442,475	13,752,688
Balances with the Central Bank	4,276,269	17,083,695	5,348,848	21,368,648
Balances and placements with banks and other financial institutions	62,548,016	249,879,324	31,504,613	125,860,929
Loans and advances to customers	139,716,334	558,166,754	88,953,800	355,370,431
Other assets	1,126,949	4,502,161	507,614	2,027,918
	<b>211,449,850</b>	<b>844,742,151</b>	<b>129,757,350</b>	<b>518,380,614</b>
<b>Financial liabilities</b>				
Deposits from banks and other financial institutions	103,768,447	414,554,946	22,784,584	91,024,413
Deposits from customers	77,588,268	309,965,130	76,097,321	304,008,797
Other liabilities	2,425,084	9,688,211	2,518,590	10,061,767
	183,781,799	734,208,287	101,400,495	405,094,977
<b>Net financial assets</b>	<b>27,668,051</b>	<b>110,533,864</b>	<b>28,356,855</b>	<b>113,285,637</b>
<b>Bank</b>				
<b>Financial assets</b>				
Cash on hand	3,782,183	15,109,821	3,442,136	13,751,333
Balances with the Central Bank	4,276,269	17,083,695	5,348,849	21,368,652
Balances and placements with banks and other financial institutions	60,827,650	243,006,462	29,864,350	119,308,078
Loans and advances to customers	139,716,334	558,166,754	88,953,800	355,370,431
Other assets	1,103,473	4,408,375	497,985	1,989,450
	<b>209,705,909</b>	<b>837,775,107</b>	<b>128,082,120</b>	<b>511,688,069</b>
<b>Financial liabilities</b>				
Deposits from banks and other financial institutions	103,768,447	414,554,946	22,784,584	91,024,413
Deposits from customers	84,550,674	337,779,943	83,509,351	333,619,857
Other liabilities	2,371,538	9,474,294	2,477,020	9,895,695
	190,690,659	761,809,183	108,770,955	434,539,965
<b>Net financial assets</b>	<b>19,015,250</b>	<b>75,965,924</b>	<b>19,336,165</b>	<b>77,247,979</b>

## **24.1 Credit risk**

Credit risk is the risk of suffering financial loss should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from loans and advances and loan commitments arising from such lending activities.

Credit risk is the single largest risk for the Bank's business; management therefore carefully manages its exposure to credit risk.

### **(a) Credit risk measurement**

The Bank has established the Core Credit Risk Policy, which is designed to govern the Bank's risk undertaking activities. Extension of credit is governed by credit programs which set out the plan for a particular product or portfolio, including the target market, terms and conditions, documentation and procedures under which a credit product will be offered and measured.

The Bank also ensures that there is a clear segregation of duties between loan originators, evaluators and approving authorities.

### **(b) Risk limit control and mitigation policies**

The Bank manages, limits and controls concentration of credit risk whenever they are identified, in particular, to individual counterparties and groups, and to industries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or group of borrowers, and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product and industry sector are approved by the Board of Directors.

Large exposure is defined by the Central Bank as overall credit exposure to any single beneficiary which exceeds 10% of the Bank's net worth. The Bank is required, under the conditions of Prakas No. B7-06-226 of the Central Bank, to maintain at all times a maximum ratio of 20% between the Bank's overall credit exposure to any single beneficiary and the Bank's net worth. The aggregate of large credit exposure must not exceed 300% of the Bank's net worth.

The Bank employs a range of policies and practices to mitigate credit risk, including requiring borrowers to pledge collateral against loans and advances granted by the Bank.

### **(c) Impairment and provisioning policies**

The Bank is required to follow the mandatory credit classification and provisioning in accordance with the relevant Prakas, as stated in note 2.8 to the financial statements.

Loan classification and loan loss provisioning are determined taking into account past due period of loans and advances to customers and other relevant qualitative factors.

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

The table below presents the maximum credit risk exposure of the Group and of the Bank, without taking into account any collateral held or other credit enhancements. For on-balance sheet assets, the exposures are based on net carrying amounts. For credit related commitments, the maximum exposure to credit risk represents the full amount of irrevocable committed facilities.

**24 FINANCIAL RISK MANAGEMENT (CONTINUED)****24.1 Credit risk (Continued)****d) Maximum exposure to credit risk before collateral held or other credit enhancements (Continued)**

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
<b>Group</b>				
<i>On-balance sheet assets</i>				
Balances and placements with banks and other financial institutions	62,548,016	249,879,324	31,504,613	125,860,929
Loans and advances to customers	139,716,334	558,166,754	88,953,800	355,370,431
Other assets	1,126,949	4,502,161	507,614	2,027,918
	<b>203,391,299</b>	<b>812,548,239</b>	<b>120,966,027</b>	<b>483,259,278</b>
<i>Off-balance sheet items</i>				
Commitments	9,333,617	37,287,800	6,724,286	26,863,523
	<b>212,724,916</b>	<b>849,836,039</b>	<b>127,690,313</b>	<b>510,122,801</b>

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
<b>Bank</b>				
<i>On-balance sheet assets</i>				
Balances and placements with banks and other financial institutions	60,827,650	243,006,462	29,864,350	119,308,078
Loans and advances to customers	139,716,334	558,166,754	88,953,800	355,370,431
Other assets (note 6)	1,103,473	4,408,375	497,985	1,989,450
	<b>201,647,457</b>	<b>805,581,591</b>	<b>119,316,135</b>	<b>476,667,959</b>
<i>Off-balance sheet items</i>				
Commitments	9,333,617	37,287,800	6,724,286	26,863,523
	<b>210,981,074</b>	<b>842,869,391</b>	<b>126,040,421</b>	<b>503,531,482</b>

To the extent possible, pledges of collateral are negotiated with the counterparties for the purposes of reducing credit risk. The Group and the Bank take into consideration the marketability of the collateral as well as the adequacy of debt coverage in assessing the acceptability of collateral. The main types of collateral and other credit enhancements obtained by the Group and the Bank in respect of loans and advances to customers are properties and guarantees. Properties are valued periodically based on valuation by independent professional valuers.

Management is confident of its ability to control and sustain minimal exposure to credit risk by the Group and the Bank resulting from loans and advances based on the following:

- Approximately 99.99% (2012: 100%) of the loans and advances of the Group and of the Bank are collateralised; and
- The Bank has a proper credit evaluation process in place for granting of loans and advances to customers.



**(e) Credit quality of financial assets**

**Loans and advances to customers**

As at the balance sheet date, exposures of the Group and of the Bank to credit risk arising from loans and advances to customers (without taking into account of any collateral held or other credit enhancements and provision for loan losses) are as follows:

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
<b>Loans and advances:</b>				
Neither past due nor impaired	140,473,711	561,192,475	89,723,050	358,443,585
Past due but not impaired	373,729	1,493,047	132,023	527,432
Individually impaired	2,286,582	9,134,895	-	-
	<b>143,134,022</b>	<b>571,820,417</b>	<b>89,855,073</b>	<b>358,971,017</b>

Loans and advances that are past due for less than 90 days are generally not considered impaired unless other information available indicates otherwise.

All other financial assets held by the Group and the Bank as at the balance sheet date are neither past due nor individually impaired.

**Balances and placements with banks and other financial institutions**

Analysis of the balances and placements with banks and other financial institutions of the Group and of the Bank as at the balance sheet date by counterparty is as follows:

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
<b>Group</b>				
In Cambodia:				
Commercial banks	59,786,410	238,846,708	26,606,974	106,294,861
Outside Cambodia:				
Commercial banks	2,761,606	11,032,616	4,897,639	19,566,068
	<b>62,548,016</b>	<b>249,879,324</b>	<b>31,504,613</b>	<b>125,860,929</b>

	<b>2013</b>		<b>2012</b>	
	<b>US\$</b>	<b>KHR' 000</b>	<b>US\$</b>	<b>KHR' 000</b>
<b>Bank</b>				
In Cambodia:				
Commercial banks	58,066,044	231,973,846	24,966,711	99,742,010
Outside Cambodia:				
Commercial banks	2,761,606	11,032,616	4,897,639	19,566,068
	<b>60,827,650</b>	<b>243,006,462</b>	<b>29,864,350</b>	<b>119,308,078</b>

**24 FINANCIAL RISK MANAGEMENT (CONTINUED)****24.1 Credit risk (Continued)****(e) Credit quality of financial assets (Continued)****Other financial assets**

Other financial assets of the Group and of the Bank mainly comprise interest receivable on placements with banks and other financial institutions and deposits placed by the Bank in respect of rental of premises.

**(f) Credit quality of loans and advances to customers****i. Loans and advances that are past due but not impaired**

The aging analysis of loans and advances that are past due but not impaired as at the balance sheet date (without taking into account of any collateral held or other credit enhancements) is as follows:

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
<b>Past due period:</b>				
- 30 to < 60 days	113,151	452,038	136,106	543,744
- 60 to < 90 days	272,243	1,087,611	-	-
	<b>385,394</b>	<b>1,539,649</b>	<b>136,106</b>	<b>543,744</b>
<i>Less: Specific provision</i>	(11,665)	(46,602)	(4,083)	(16,312)
	<b>373,729</b>	<b>1,493,047</b>	<b>132,023</b>	<b>527,432</b>

Loans that are past due for 30 days or more but less than 90 days are classified as Special mention and subject to specific provision of 3%.

**ii. Loans and advances that are individually impaired**

The aging analysis of loans and advances that are past due for 90 days or more, which are considered impaired (without taking into account of any collateral held or other credit enhancements) is as follows:

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
<b>Past due period:</b>				
- 90 to <180 days	441,550	1,763,992	-	-
- 180 to < 360 days	3,866,685	15,447,407	-	-
- 360 days or more	-	-	-	-
	<b>4,308,235</b>	<b>17,211,399</b>	-	-
<i>Less: Specific provision</i>	(2,021,653)	(8,076,504)	-	-
	<b>2,286,582</b>	<b>9,134,895</b>	-	-

**(g) Repossessed collateral**

The Central Bank requires banking institutions to classify repossessed property, if any as foreclosed property in the balance sheet and to dispose of the property within one year.

During the year, the Bank did not obtain any asset by taking possession of collateral held as security.

**(h) Credit risk concentration of financial assets**

**i. By geographical distribution**

As at the balance sheet date, the credit exposures of the Group and of the Bank are derived mainly from Cambodia based on the country of domicile of the counterparties as follows:

	<b>Cambodia US\$</b>	<b>Other countries US\$</b>	<b>Total US\$</b>
<b>Group 2013</b>			
Balances and placements with banks and other financial institutions	59,786,410	2,761,606	62,548,016
Loans and advances to customers	139,716,334	-	139,716,334
Other assets	1,126,949	-	1,126,949
	<b>200,629,693</b>	<b>2,761,606</b>	<b>203,391,299</b>
<b>In KHR' 000 equivalent</b>	<b>801,001,251</b>	<b>11,032,616</b>	<b>812,033,867</b>
<b>2012</b>			
Balances and placements with banks and other financial institutions	26,606,974	4,897,639	31,504,613
Loans and advances to customers	88,953,800	-	88,953,800
Other assets	507,614	-	507,614
	<b>116,068,388</b>	<b>4,897,639</b>	<b>120,966,027</b>
<b>In KHR' 000 equivalent</b>	<b>463,693,210</b>	<b>19,566,068</b>	<b>483,259,278</b>

	<b>Cambodia US\$</b>	<b>Other countries US\$</b>	<b>Total US\$</b>
<b>Bank 2013</b>			
Balances and placements with banks and other financial institutions	58,066,044	2,761,606	60,827,650
Loans and advances to customers	139,716,334	-	139,716,334
Other assets	1,103,473	-	1,103,473
	<b>198,885,851</b>	<b>2,761,606</b>	<b>201,647,457</b>
<b>In KHR' 000 equivalent</b>	<b>794,548,975</b>	<b>11,032,616</b>	<b>805,581,591</b>
<b>2012</b>			
Balances and placements with banks and other financial institutions	24,966,711	4,897,639	29,864,350
Loans and advances to customers	88,953,800	-	88,953,800
Other assets	497,985	-	497,985
	<b>114,418,496</b>	<b>4,897,639</b>	<b>119,316,135</b>
<b>In KHR' 000 equivalent</b>	<b>457,101,892</b>	<b>19,566,068</b>	<b>476,667,959</b>

**24 FINANCIAL RISK MANAGEMENT (CONTINUED)****24.1 Credit risk (Continued)****(h) Credit risk concentration of financial assets (Continued)****ii. By industry sector**

The following table summarises the credit exposures of the Group and of the Bank at their net carrying amounts by industry sector of the counterparties.

	Balances and placements with banks and other financial institutions US\$	Loans and advances to customers US\$	Other assets US\$	Total US\$	Total KHR' 000
<b>Group 2013</b>					
Financial institution	62,548,016	1,380,020	419,714	64,347,750	257,069,261
Hotels and restaurants	-	28,605,201	88,268	28,693,469	114,630,409
Retail	-	20,022,782	69,691	20,092,473	80,269,430
Wholesale	-	17,921,905	47,628	17,969,533	71,788,284
Manufacturing	-	14,185,941	153,700	14,339,641	57,286,866
Agriculture, forestry and fishing	-	11,479,692	27,680	11,507,372	45,971,951
Mortgage, owner-occupied housing	-	10,157,051	40,928	10,197,979	40,740,926
Rental and operational leasing activities, excluded real estate leasing and rentals	-	8,964,566	27,554	8,992,120	35,923,519
Transport and storage	-	5,674,289	19,008	5,693,297	22,744,722
Utilities	-	3,110,906	27,659	3,138,565	12,538,567
Real estate activities	-	2,407,690	124,288	2,531,978	10,115,252
Construction	-	2,057,519	3,647	2,061,166	8,234,358
Other non-financial services	-	9,088,161	37,002	9,125,163	36,455,026
Personal	-	1,004,895	4,258	1,009,153	4,031,566
Information media and telecommunications	-	954,012	3,869	957,881	3,826,735
Others	-	2,701,704	32,055	2,733,759	10,921,368
	<b>62,548,016</b>	<b>139,716,334</b>	<b>1,126,949</b>	<b>203,391,299</b>	<b>812,548,240</b>



	Balances and placements with banks and other financial institutions US\$	Loans and advances to customers US\$	Other assets US\$	Total US\$	Total KHR' 000
<b>Group 2012</b>					
Financial institution	31,504,613	673,997	103,190	32,281,800	128,965,791
Hotels and restaurants	-	21,156,256	67,844	21,224,100	84,790,280
Retail	-	14,969,248	50,922	15,020,170	60,005,579
Wholesale	-	10,267,248	16,326	10,283,574	41,082,878
Manufacturing	-	10,468,725	14,198	10,482,923	41,879,277
Agriculture, forestry and fishing	-	2,106,453	3,442	2,109,895	8,429,031
Mortgage, owner-occupied housing	-	7,717,272	34,924	7,752,196	30,970,023
Rental and operational leasing activities, excluded real estate leasing and rentals	-	6,095,305	17,347	6,112,652	24,420,045
Transport and storage	-	2,719,187	11,425	2,730,612	10,908,795
Utilities	-	213,001	4,539	217,540	869,072
Real estate activities	-	740,931	117,178	858,109	3,428,145
Construction	-	2,642,816	1,561	2,644,377	10,564,286
Other non-financial services	-	7,498,487	31,321	7,529,808	30,081,583
Personal	-	611,176	3,784	614,960	2,456,765
Information media and telecommunications	-	1,073,564	4,613	1,078,177	4,307,317
Others	-	134	25,000	25,134	100,411
	<b>31,504,613</b>	<b>88,953,800</b>	<b>507,614</b>	<b>120,966,027</b>	<b>483,259,278</b>

**24 FINANCIAL RISK MANAGEMENT (CONTINUED)****24.1 Credit risk (Continued)****(h) Credit risk concentration of financial assets (Continued)****ii. By industry sector (Continued)**

	Balances and placements with banks and other financial institutions US\$	Loans and advances to customers US\$	Other assets US\$	Total US\$	Total KHR' 000
<b>Bank 2013</b>					
Financial institution	60,827,650	1,380,020	413,059	62,620,729	250,169,812
Hotels and restaurants	-	28,605,201	88,268	28,693,469	114,630,409
Retail	-	20,022,782	69,691	20,092,473	80,269,430
Wholesale	-	17,921,905	47,628	17,969,533	71,788,284
Manufacturing	-	14,185,941	153,700	14,339,641	57,286,866
Agriculture, forestry and fishing	-	11,479,692	27,680	11,507,372	45,971,951
Mortgage, owner-occupied housing	-	10,157,051	40,928	10,197,979	40,740,926
Rental and operational leasing activities, excluded real estate leasing and rentals	-	8,964,566	27,554	8,992,120	35,923,519
Transport and storage	-	5,674,289	19,008	5,693,297	22,744,722
Utilities	-	3,110,906	10,838	3,121,744	12,471,367
Real estate activities	-	2,407,690	124,288	2,531,978	10,115,252
Construction	-	2,057,519	3,647	2,061,166	8,234,358
Other non-financial services	-	9,088,161	37,002	9,125,163	36,455,026
Personal	-	1,004,895	4,258	1,009,153	4,031,566
Information media and telecommunications	-	954,012	3,869	957,881	3,826,735
Others	-	2,701,704	32,055	2,733,759	10,921,368
	<b>60,827,650</b>	<b>139,716,334</b>	<b>1,103,473</b>	<b>201,647,457</b>	<b>805,581,591</b>

	Balances and placements with banks and other financial institutions US\$	Loans and advances to customers US\$	Other assets US\$	Total US\$	Total KHR' 000
<b>Bank 2012</b>					
Financial institution	29,864,350	673,997	96,915	30,635,262	122,387,872
Hotels and restaurants	-	21,156,256	67,844	21,224,100	84,790,280
Retail	-	14,969,248	50,922	15,020,170	60,005,579
Wholesale	-	10,267,248	16,326	10,283,574	41,082,878
Manufacturing	-	10,468,725	14,198	10,482,923	41,879,277
Agriculture, forestry and fishing	-	2,106,453	3,442	2,109,895	8,429,031
Mortgage, owner-occupied housing	-	7,717,272	34,924	7,752,196	30,970,023
Rental and operational leasing activities, excluded real estate leasing and rentals	-	6,095,305	17,347	6,112,652	24,420,045
Transport and storage	-	2,719,187	11,425	2,730,612	10,908,795
Utilities	-	213,001	1,185	214,186	855,673
Real estate activities	-	740,931	117,178	858,109	3,428,145
Construction	-	2,642,816	1,561	2,644,377	10,564,286
Other non-financial services	-	7,498,487	31,321	7,529,808	30,081,583
Personal	-	611,176	3,784	614,960	2,456,765
Information media and telecommunications	-	1,073,564	4,613	1,078,177	4,307,317
Others	-	134	25,000	25,134	100,410
	<b>29,864,350</b>	<b>88,953,800</b>	<b>497,985</b>	<b>119,316,135</b>	<b>476,667,959</b>

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 24.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

**(a) Price risk**

The Bank managed its risk of unfavourable changes of prices of its investment by reviewing the monthly fund performance report.

**(b) Foreign exchange risk**

The Group and the Bank mainly transact in US\$, which is the functional currency of the Group and of the Bank. The Group and the Bank do not have significant exposure to foreign exchange risk.

**(c) Interest rate risk**

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase or decrease due to unexpected movements in rates. Management regularly monitors any mismatch of interest rate repricing undertaken.

The table below summarises the exposures of the Group and of the Bank to interest rate risk. The assets and liabilities at carrying amount are categorised by the earlier of contractual repricing or maturity dates.

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 24.2 Market risk (Continued)

#### (c) Interest rate risk (Continued)

(in US\$)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	Total
<b>Group 2013</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	3,782,282	3,782,282
Balances with the Central Bank	4,276,269	-	-	-	-	-	4,276,269
Balances and placements with banks and other financial institutions	2,833,184	27,866,547	31,848,285	-	-	-	62,548,016
Loans and advances to customers	27,376,163	134,750	752,951	20,511,692	90,940,778	-	139,716,334
Other assets	837,796	-	-	20,568	98,010	170,575	1,126,949
	<b>35,323,412</b>	<b>28,001,297</b>	<b>32,601,236</b>	<b>20,532,260</b>	<b>20,532,260</b>	<b>3,952,857</b>	<b>211,449,850</b>
<b>Financial liabilities</b>							
Deposits from banks and other financial institutions	(31,104,930)	(52,000,000)	(20,365,071)	-	-	(298,446)	(103,768,447)
Deposits from customers	(20,598,332)	(15,317,048)	(31,397,002)	(257,194)	-	(10,018,692)	(77,588,268)
Other liabilities	(1,970,745)	(390,154)	-	-	-	(64,185)	(2,425,084)
	<b>(53,674,007)</b>	<b>(67,707,202)</b>	<b>(51,762,073)</b>	<b>(257,194)</b>	<b>-</b>	<b>(10,381,323)</b>	<b>(183,781,799)</b>
<b>Total interest rate repricing gap</b>							
- US\$	<b>(18,350,595)</b>	<b>(39,705,905)</b>	<b>(19,160,837)</b>	<b>20,275,066</b>	<b>91,038,788</b>	<b>(6,428,466)</b>	<b>27,668,051</b>
- In KHR' 000 equivalent	<b>(73,310,627)</b>	<b>(158,625,090)</b>	<b>(76,547,544)</b>	<b>80,998,889</b>	<b>363,699,958</b>	<b>(25,681,722)</b>	<b>110,533,864</b>



**24 FINANCIAL RISK MANAGEMENT (CONTINUED)****24.2 Market risk (Continued)****(c) Interest rate risk (Continued)**

<b>(In US\$)</b>	<b>Up to 1 month</b>	<b>1 to 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Non- interest bearing</b>	<b>Total</b>
<b>Group 2012</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	3,442,475	3,442,475
Balances with the Central Bank	5,348,848	-	-	-	-	-	5,348,848
Balances and placements with banks and other financial institutions	13,182,957	7,839,088	10,482,568	-	-	-	31,504,613
Loans and advances to customers	18,159,503	255,247	311,644	12,043,612	58,183,794	-	88,953,800
Other assets	363,733	-	-	-	-	143,881	507,614
	<b>37,055,041</b>	<b>8,094,335</b>	<b>10,794,212</b>	<b>12,043,612</b>	<b>58,183,794</b>	<b>3,586,356</b>	<b>129,757,350</b>
<b>Financial liabilities</b>							
Deposits from banks and other financial institutions	(103,256)	(10,000,000)	(12,365,071)	-	-	(316,257)	(22,784,584)
Deposits from customers	(16,324,204)	(22,837,165)	(32,142,927)	(5,000)	-	(4,788,025)	(76,097,321)
Other liabilities	(2,121,580)	(242,025)	-	-	-	(154,985)	(2,518,590)
	<b>(18,549,040)</b>	<b>(33,079,190)</b>	<b>(44,507,998)</b>	<b>(5,000)</b>	<b>-</b>	<b>(5,259,267)</b>	<b>(101,400,495)</b>
<b>Total interest rate repricing gap</b>							
- US\$	<b>18,506,001</b>	<b>(24,984,855)</b>	<b>(33,713,786)</b>	<b>12,038,612</b>	<b>58,183,794</b>	<b>(1,672,911)</b>	<b>28,356,855</b>
- In KHR' 000 equivalent	<b>73,931,474</b>	<b>(99,814,496)</b>	<b>(134,686,575)</b>	<b>48,094,255</b>	<b>232,444,257</b>	<b>(6,683,279)</b>	<b>113,285,636</b>

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 24.2 Market risk (Continued)

#### (c) Interest rate risk (Continued)

(In US\$)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	Total
<b>Bank 2013</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	3,782,183	3,782,183
Balances with the Central Bank	4,276,269	-	-	-	-	-	4,276,269
Balances and placements with banks and other financial institutions	2,827,650	27,200,000	30,800,000	-	-	-	60,827,650
Loans and advances to customers	27,376,163	134,750	752,951	20,511,692	90,940,778	-	139,716,334
Other assets	831,141	-	-	20,568	98,010	153,754	1,103,473
	<b>35,311,223</b>	<b>27,334,750</b>	<b>31,552,951</b>	<b>20,532,260</b>	<b>91,038,788</b>	<b>3,935,937</b>	<b>209,705,909</b>
<b>Financial liabilities</b>							
Deposits from banks and other financial institutions	(31,104,930)	(52,000,000)	(20,365,071)	-	-	(298,446)	(103,768,447)
Deposits from customers	(20,598,332)	(15,317,048)	(31,397,002)	(257,194)	-	(16,981,098)	(84,550,674)
Other liabilities	(4,964,617)	(350,154)	-	-	-	(56,767)	(2,371,538)
	<b>(53,667,879)</b>	<b>(67,667,202)</b>	<b>(51,762,073)</b>	<b>(257,194)</b>	<b>-</b>	<b>(17,336,311)</b>	<b>(190,690,659)</b>
<b>Total interest rate repricing gap</b>							
- US\$	(18,356,656)	(40,332,452)	(20,209,122)	20,275,066	91,038,788	(13,400,374)	19,015,250
- In KHR' 000 equivalent	(73,334,841)	(161,128,146)	(80,735,442)	80,998,889	363,699,958	(53,534,494)	75,965,924

**24 FINANCIAL RISK MANAGEMENT (CONTINUED)****24.2 Market risk (Continued)****(c) Interest rate risk (Continued)**

(In US\$)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	Total
<b>Bank 2012</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	3,442,136	3,442,136
Balances with the Central Bank	5,348,849	-	-	-	-	-	5,348,849
Balances and placements with banks and other financial institutions	13,164,350	7,200,000	9,500,000	-	-	-	29,864,350
Loans and advances to customers	18,159,503	255,247	311,644	12,043,612	58,183,794	-	88,953,800
Other assets	357,458	-	-	-	-	140,527	497,985
	<b>37,030,160</b>	<b>7,455,247</b>	<b>9,811,644</b>	<b>12,043,612</b>	<b>58,183,794</b>	<b>3,582,663</b>	<b>128,107,120</b>
<b>Financial liabilities</b>							
Deposits from banks and other financial institutions	(103,256)	(10,000,000)	(12,365,071)	-	-	(316,257)	(22,784,584)
Deposits from customers	(16,324,204)	(22,837,165)	(32,142,927)	(5,000)	-	(12,200,055)	(83,509,351)
Other liabilities	(2,117,147)	(212,025)	-	-	-	(147,848)	(2,477,020)
	<b>(18,544,607)</b>	<b>(33,049,190)</b>	<b>(44,507,998)</b>	<b>(5,000)</b>	<b>-</b>	<b>(12,664,160)</b>	<b>(108,770,955)</b>
<b>Total interest rate repricing gap</b>							
- US\$	<b>18,485,553</b>	<b>(25,593,943)</b>	<b>(34,696,354)</b>	<b>12,038,612</b>	<b>58,183,794</b>	<b>(9,081,497)</b>	<b>19,336,165</b>
- In KHR' 000 equivalent	<b>73,849,784</b>	<b>(102,247,802)</b>	<b>(138,611,934)</b>	<b>48,094,255</b>	<b>232,444,257</b>	<b>(36,280,581)</b>	<b>77,247,979</b>

## **24 FINANCIAL RISK MANAGEMENT (CONTINUED)**

### **24.3 Liquidity risk**

Liquidity risk is the risk that the Group and the Bank are unable to meet their obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows.

#### **(a) Liquidity risk management process**

The management monitors balance sheet liquidity and manages the concentration and maturity profile of deposits as well as the movements of main depositors and projection of their withdrawals.

#### **(b) Funding approach**

The main sources of funding of the Group and of the Bank are from shareholder's paid-up capital and deposits from banks, other financial institutions and customers. The sources of funding are reviewed daily through management's review of maturity profile of fixed deposits.

#### **(c) Non-derivative cash flows**

The table below presents the undiscounted cash flows arising from financial assets and liabilities and commitments of the Group and of the Bank based on the remaining contractual maturities as at the balance sheet date.

**24 FINANCIAL RISK MANAGEMENT (CONTINUED)****24.3 Liquidity risk (Continued)****(c) Non-derivative cash flows (Continued)**

(In US\$)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- Interest bearing	Total
<b>Group 2013</b>							
<b>Financial liabilities</b>							
Deposits from banks and other financial institutions	(31,419,595)	(52,131,590)	(20,540,245)	-	-	-	(104,091,430)
Deposits from customers	(30,626,536)	(15,424,428)	(32,360,612)	(273,861)	-	-	(78,685,437)
Other liabilities	(1,970,745)	(390,154)	(64,185)	-	-	-	(2,425,084)
	<b>(64,016,876)</b>	<b>(67,946,172)</b>	<b>(52,965,042)</b>	<b>(273,861)</b>	<b>-</b>	<b>-</b>	<b>(185,201,951)</b>
<b>Total financial assets</b>	<b>39,958,979</b>	<b>29,833,713</b>	<b>40,010,048</b>	<b>46,066,815</b>	<b>99,763,114</b>	<b>-</b>	<b>255,632,669</b>
<b>Net liquidity gap</b>	<b>(24,057,897)</b>	<b>(38,112,459)</b>	<b>(12,954,994)</b>	<b>45,792,954</b>	<b>99,763,114</b>	<b>-</b>	<b>70,430,718</b>
<b>- In KHR' 000 equivalent</b>	<b>(96,111,299)</b>	<b>(152,259,274)</b>	<b>(51,755,201)</b>	<b>182,942,851</b>	<b>398,553,640</b>	<b>-</b>	<b>281,370,718</b>

(In US\$)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	Total
<b>Group 2012</b>							
<b>Financial liabilities</b>							
Deposits from banks and other financial institutions	419,512	10,000,000	12,365,072	-	-	-	22,784,584
Deposits from customers	5,689,553	22,837,165	32,147,927	15,422,676	-	-	76,097,321
Other liabilities	2,273,679	90,787	-	-	-	-	2,364,467
	<b>8,382,744</b>	<b>32,927,953</b>	<b>44,512,999</b>	<b>15,422,676</b>	<b>-</b>	<b>-</b>	<b>101,246,372</b>
<b>Total financial assets</b>	<b>17,049,751</b>	<b>11,066,500</b>	<b>30,954,411</b>	<b>11,532,750</b>	<b>59,891,404</b>	<b>16,669,345</b>	<b>147,135,807</b>
<b>Net liquidity gap</b>	<b>8,667,007</b>	<b>(21,861,453)</b>	<b>(13,558,588)</b>	<b>(3,889,926)</b>	<b>59,891,404</b>	<b>16,669,345</b>	<b>45,889,436</b>
<b>- In KHR' 000 equivalent</b>	<b>34,624,693</b>	<b>(87,336,503)</b>	<b>(54,166,559)</b>	<b>(15,540,254)</b>	<b>239,266,159</b>	<b>66,594,033</b>	<b>183,328,295</b>



## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 24.3 Liquidity risk (Continued)

#### (c) Non-derivative cash flows (Continued)

(in US\$)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
<b>Bank 2013</b>							
<b>Financial liabilities</b>							
Deposits from banks and other financial institutions	(31,419,595)	(52,131,590)	(20,540,245)	-	-	-	(104,091,430)
Deposits from customers	(37,588,942)	(15,424,428)	(32,360,612)	(273,861)	-	-	(85,647,843)
Other liabilities	(2,021,384)	(350,154)	-	-	-	-	(2,371,538)
	<b>(71,029,921)</b>	<b>(67,906,172)</b>	<b>(52,900,857)</b>	<b>(273,861)</b>	<b>-</b>	<b>-</b>	<b>(192,110,811)</b>
<b>Total financial assets</b>	<b>39,946,691</b>	<b>29,167,166</b>	<b>38,961,763</b>	<b>45,896,240</b>	<b>99,916,868</b>	<b>-</b>	<b>253,888,728</b>
<b>Net liquidity gap</b>	<b>(31,083,230)</b>	<b>(38,739,006)</b>	<b>(13,939,094)</b>	<b>45,622,379</b>	<b>99,916,868</b>	<b>-</b>	<b>61,777,917</b>
<b>- In KHR' 000 equivalent</b>	<b>(124,177,504)</b>	<b>(154,762,329)</b>	<b>(55,686,681)</b>	<b>182,261,404</b>	<b>399,167,888</b>	<b>-</b>	<b>246,802,778</b>

(in US\$)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
<b>Bank 2012</b>							
<b>Financial liabilities</b>							
Deposits from banks and other financial institutions	419,512	10,000,000	12,365,072	-	-	-	22,784,584
Deposits from customers	13,101,583	22,837,165	32,147,927	15,422,676	-	-	83,509,351
Other liabilities	2,235,143	90,787	-	-	-	-	2,325,930
	<b>15,756,238</b>	<b>32,927,952</b>	<b>44,512,999</b>	<b>15,422,676</b>	<b>-</b>	<b>-</b>	<b>108,619,865</b>
<b>Total financial assets</b>	<b>17,027,451</b>	<b>10,425,566</b>	<b>30,106,222</b>	<b>11,532,750</b>	<b>59,891,404</b>	<b>25,000</b>	<b>128,983,393</b>
<b>Net liquidity gap</b>	<b>1,271,213</b>	<b>(22,502,386)</b>	<b>(14,406,777)</b>	<b>(3,889,926)</b>	<b>59,891,404</b>	<b>25,000</b>	<b>20,363,528</b>
<b>- In KHR' 000 equivalent</b>	<b>5,078,496</b>	<b>(89,897,031)</b>	<b>(57,555,074)</b>	<b>(15,540,254)</b>	<b>239,266,159</b>	<b>99,875</b>	<b>81,352,296</b>

**24 FINANCIAL RISK MANAGEMENT (CONTINUED)****24.4 Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. This includes legal, compliance, accounting and fraud risk.

The Bank has established policies and procedures to provide guidance to the key operating units on the risk governance structure and baseline internal controls necessary to identify, assess, monitor and control their operational risks. Internal control policies and measures that have been implemented including the establishment of signing authorities, defining system parameter controls, streamlining procedures and documentation ensuring compliance with regulatory and legal requirements. The policies and procedures are reviewed periodically, taking into account the business objectives and strategies of the Bank as well as regulatory requirements.

The internal audit function provides independent assessment of the adequacy of the internal control policies and procedures of the Bank to mitigate risk associated with operational activities. Any findings arising from the audit and review will be escalated to the senior management of the Bank and the Audit Committees of the Bank and of the parent company.

**24.5 Fair value of financial assets and liabilities**

As at the balance sheet date, the fair values of financial instruments of the Group and of the Bank approximate their carrying amounts.

The estimated fair values are based on the following methodologies and assumptions:

**(i) Balances and placements with banks and other financial institutions**

The fair values of balances and placements with banks and other financial institutions with maturity of less than one year approximate their carrying amounts.

**(ii) Loans and advances to customers**

For fixed rate loans with remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

**(iii) Deposits from banks, other financial institutions and customers**

The fair values of deposits payable on demand (current and savings accounts), or deposits with remaining maturity of less than one year are estimated to approximate their carrying amounts. The fair values of deposits with remaining maturity of more than one year are estimated based on discounted cash flows using prevailing market rates for similar deposits from banks, other financial institutions and customers.

**(iv) Other financial assets and liabilities**

The carrying amounts of other financial assets and liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

**24.6 Capital management**

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 requirement set by the Central Bank;
- To safeguard the ability of the Group and of the Bank to continue as a going concern so that it can provide returns to its shareholder and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of business.

## 24.6 Capital management (Continued)

The Central Bank requires all commercial banks to i) hold a minimum capital requirement, ii) maintain the Bank's net worth equal at least to the minimum capital and iii) comply with solvency and liquidity ratios.

The table below summarises the composition of the Group and the Bank's regulatory capital:

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
<b>Group</b>				
<b>Tier 1 capital</b>				
Share capital	52,000,000	207,740,000	52,000,000	207,740,000
Retained earnings	(1,970,753)	(7,873,158)	(2,377,625)	(9,498,612)
Less: Intangible assets	(273,907)	(1,094,258)	(380,660)	(1,520,737)
Less: Loans to related parties	(163,295)	(652,364)	-	-
	<b>49,592,045</b>	<b>198,120,220</b>	<b>49,241,715</b>	<b>196,720,651</b>
<b>Tier 2 complementary capital</b>				
General provision	1,384,369	5,530,554	897,190	3,584,274
	<b>50,976,414</b>	<b>203,650,774</b>	<b>50,138,905</b>	<b>200,304,925</b>

	2013		2012	
	US\$	KHR' 000	US\$	KHR' 000
<b>Bank</b>				
<b>Tier 1 capital</b>				
Share capital	52,000,000	207,740,000	52,000,000	207,740,000
Retained earnings	(576,267)	(2,302,187)	(1,437,744)	(5,743,786)
Less: Intangible assets	(273,907)	(1,094,258)	(380,660)	(1,520,737)
Less: Loans to related parties	(163,295)	(652,364)	-	-
	<b>50,986,531</b>	<b>203,691,191</b>	<b>50,181,596</b>	<b>200,475,477</b>
<b>Tier 2 complementary capital</b>				
General provision	1,384,369	5,530,554	897,190	3,584,274
Less: Equity participation in banking or financial institutions	(11,500,000)	(45,942,500)	(11,500,000)	(45,942,500)
	<b>40,870,900</b>	<b>163,279,245</b>	<b>39,578,786</b>	<b>158,117,251</b>









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