

# ASEAN CATALYST



ANNUAL REPORT 2017

P 10

## EXPANDED PRESENCE

We moved our corporate office to Exchange Square, a Grade A commercial building in the heart of Phnom Penh; and we launched our newest Preferred branch in Teuk Thla.

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## STRONG ASSET GROWTH

32% y-o-y net loans growth with strong contributions from Corporate, Commercial and Consumer Banking, and a near-zero impaired loans ratio of 0.22%.

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## PRODUCT INNOVATION

We continue to remain at the forefront of product innovation with the launch of HomePro, the first home loan in Cambodia to bundle free life insurance for our customers.







FORWARD  
TOGETHER







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CIMB BANK





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# OVERVIEW





## CORPORATE PROFILE

### ➤ ABOUT CIMB BANK PLC

CIMB Bank PLC was established in Cambodia on 19 November 2010 with the opening of a commercial banking branch in the heart of Phnom Penh. Today, the Bank operates 13 branches with 10 cash deposit machines, 10 cheque deposit machines and 32 ATMs across five major cities: Phnom Penh, Siem Reap, Preah Sihanouk, Battambang and Kampong Cham.

We currently serve more than 26,000 corporate and individual customers. In response to growing demand from our customers across Cambodia, the Bank offers a wide range of banking products and services including consumer, commercial and corporate & transaction banking.

As of December 2017, the Bank employed over 300 employees with diverse experience and expertise in the banking and financial industry, amongst others. CIMB Bank PLC is committed to building a strong and sustainable financial future for our customers. We have constantly striven, from the very beginning, to create opportunities and value through our innovative products and services. We pride ourselves on being not only a financial services provider, but also a true business partner to assist customers in making the right financial and investment decisions. CIMB Bank PLC is a Cambodian subsidiary of CIMB Group.

### ➤ ABOUT CIMB GROUP

CIMB Group is a leading ASEAN universal bank and one of the region's foremost corporate advisors. It is also a world leader in Islamic finance.

The Group is headquartered in Kuala Lumpur, Malaysia, and offers consumer banking, commercial banking, investment banking, Islamic banking and asset management products and services. It is the fifth largest banking group by assets in ASEAN and, as at the end of 2017, had around 38,000 staff and over 13.5 million customers.

CIMB Group Holdings Berhad has been listed on the Main Market of Bursa Malaysia since 1987 and has market capitalisation of RM60.3 billion as at 31 December 2017. Total assets at the end of 2017 were RM506.5 billion, with total shareholders' funds of RM48.2 billion and total Islamic assets of RM102.9 billion. At the end of 2017, the substantial shareholders were Khazanah Nasional with 27.27%, Employees Provident Fund (EPF) with 14.40% and Kumpulan Wang Persaraan (Diperbadankan) with 6.15%.

# COMMITMENT TO SERVICE QUALITY & EXCELLENCE

CIMB Bank is a people-driven business. The role of CIMB Bank PLC is to serve our clients and customers, or to serve the people who serve our clients and customers.

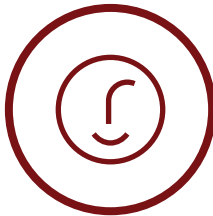
Since CIMB Bank PLC's early days, customers and clients have been core to everything we do. The first of our five values is that we are customer centric. We exist for our clients and customers and recommend products and services that they understand and value.

We place equal emphasis on our four other values, namely, High Performance, Enabling People, Strength in Diversity and Integrity. We believe that the combination of these principles in everything we do creates long-term value for not just our customer, but for our staff and stakeholders too.

In pursuit of our customer service excellence goals, CIMB Bank has defined our customer service pledge to provide our customers with positive services. Each and every time, we will:



Greet you with a  
SAMPEAH



Serve you with a  
SMILE



SERVE you within  
five minutes at our  
branches



Focus on SOLUTIONS  
or what we can do for  
customers -  
not what we can't.

At CIMB Bank, customers are the focus of  
**EVERYTHING THAT WE DO.**

## OUR VALUES

### CUSTOMER CENTRIC

We exist to serve our customers and we sell products and services that our customers understand and value.

### HIGH PERFORMANCE

We work hard and we work strategically for customers, staff and other stakeholders.

### ENABLING PEOPLE

We empower and align our people to innovate and deliver value in their workplace as well as for the community they serve.

### STRENGTH IN DIVERSITY

We have respect for different cultures, we value varied perspectives and we recognise diversity as a source of strength.

### INTEGRITY

We are honest, respectful and professional in everything we do because integrity is the founding value of CIMB Group.





## MESSAGE FROM CHAIRMAN

2017 was a very special milestone for the Kingdom of Cambodia. It marked the 7th consecutive year of 7% GDP growth for the Nation. The World Bank predicts that Cambodia's GDP will continue to grow at around 7% per annum over the medium term; and if this growth trend continues, the Cambodian economy will double in size every 10 years.

The prolonged growth phase which the Kingdom is enjoying is remarkably reminiscent of the economic journeys which its neighbours Malaysia, Singapore and Thailand underwent in the 1980's and 1990's. When examined closely, we find many parallels especially in the manufacturing sector where Cambodia shares similar precursors – a young and productive population, competitive wages and improving infrastructure. Currently dominated by garments and footwear, Cambodian manufacturing stands to benefit from further diversification and value-added activities going forward.

Our optimism for the Cambodian economy is reflected in the outstanding financial results of CIMB Cambodia for 2017. Overall, the Bank's loans and deposits grew by 32% and 55% respectively from the year before, compared with overall banking industry growth of 17% and 23% respectively. We also managed to keep our virtually-zero impaired loans ratio intact, at 0.22% compared to the banking industry's average of 2.30%. In 2017, CIMB Cambodia's strong top line growth, coupled with minimal credit losses underpinned the Bank's best-ever achievement in profit before tax (PBT) of USD10mil.

As we celebrate our financial achievements for 2017, we will simultaneously continue to strengthen the Bank's foundations. I am delighted that CIMB Cambodia's fundamentals continue to improve with every passing year – the bank's liquidity ratio stood at 102% as of 31st Dec 2017, and our loan-to-deposit ratio, a measure for the Bank's capacity for self-funded loans growth, ended 2017 at a very comfortable 74% compared with the industry average of 98%. Our excellent financial performance also enabled the bank to report stronger retained earnings, which, combined with a capital injection of USD6.2mil from CIMB Group that was completed in January 2018, increased CIMB Cambodia's capital ratio to 18%, exceeding the regulatory requirement of 15%.

Aside from its financial foundations, CIMB Cambodia pays careful attention towards developing its other pillar of strength – our people. In mid-2017, the Bank organised its Annual Staff Party with “We Celebrate our Amazing People” as the evening's theme. This truly reflects the Bank's sentiment towards its employees, our most valuable resource. CIMB Cambodia has, over the years, invested substantially in deepening competencies across all staff levels. Today, we are very proud that 99% of our staff, including our CEO and our senior management are Cambodians. In addition to organising numerous staff-training courses covering both hard and soft skillsets, we also moved our corporate office to Exchange Square, a Grade-A building in the heart of Phnom Penh to provide our staff with the best possible working environment.

Our efforts in Corporate Responsibility (CR) continue to gain traction as we derive inspiration from CIMB Group's CR projects which have collectively benefitted over 3 million people across ASEAN. In 2017, CIMB Cambodia led a project to promote hygiene amongst school children in Pong Ror Primary School in Siem Reap province. Recognising that poor hygiene affects the health of students which in turn impairs their academic achievements, we themed our project “clean children are clever children”. Aside from donating hygiene kits and study materials, our staff participated by setting-up a washing-up area with a water reservoir for the school.

As a member of CIMB Group, CIMB Cambodia is privileged to take part in several regional initiatives such as the CIMB ASEAN Scholarship which provides full scholarships to Cambodian students to pursue their undergraduate degrees at world class universities. We hope that more and more Cambodians will apply for this prestigious regional scholarship and join Nguon Pohnneath who received the scholarship in 2015. We also organised the Cambodian leg of the CIMB ASEAN Stock Challenge and we are tremendously proud that a Cambodian team from University of Cambodia brought home the 2nd runner up prize from the regional finals in Jakarta where teams from 6 ASEAN countries competed for the Regional Championship over the course of 30 days.

Indeed, CIMB Cambodia's relationship with CIMB Group transcends regional projects and operating models. Our staff in Cambodia work closely with their regional counterparts, leveraging CIMB's presence across ASEAN, to bring greater convenience, broader connections and more opportunities to all our customers. We hope that CIMB's unique approach of combining local and regional capabilities will continue to differentiate us as Cambodia increases its participation in ASEAN trade and investment flows.

Finally, on behalf of the Board of Directors of CIMB Bank PLC, let me extend my deepest gratitude to the Royal Government of Cambodia, the National Bank of Cambodia and all our customers who have supported the Bank since its inception in 2010. Special thanks to our CEO, Management Committee members, and the entire CIMB Cambodia family for once again delivering a year which we can all be proud of. I look forward to another landmark year for 2018 and even more so towards CIMB's long-term future in Cambodia.

**Dato' Shaarani Ibrahim**  
Chairman

# LETTER FROM GROUP CHIEF EXECUTIVE OFFICER

In 2017, the world economy accelerated at its strongest pace since the start of the decade. Global growth and trade surged. In both developing and developed economies, consumer confidence grew, industrial production rose and unemployment fell. Prices for energy commodities recovered following steady demand and falling inventory. Despite uncertainties from an “America First” Trump Administration and geopolitical risks in the Korean peninsula, markets worldwide showed relatively low volatility. Closer to home, ASEAN member countries saw robust growth on the back of a sharp acceleration in exports and an upturn in manufacturing.

In particular, we remain encouraged by the continued momentum of the Cambodian economy which grew 7.0% per annum for the seventh consecutive year, a trajectory reminiscent of the “Asian Tigers” of the past century. Driven by strong tourism activity, accommodative fiscal expansion as well as robust growth in textile and construction, Cambodia is at the cusp of a similar economic transformation. At a median age of 25, Cambodia’s population is one of ASEAN’s youngest. It also stands to benefit from China’s Belt and Road Initiative.

This economic optimism is reflected in the financial results of CIMB Cambodia, one of the Group’s best performers in 2017. CIMB Cambodia’s loan book grew 32% Y-o-Y or about USD100 million, the largest single year increase since operations began in 2010. Coupled with an impaired loan ratio of 0.22%, CIMB Cambodia reported its most successful year to date with Profit Before Tax exceeding USD10 million. Efforts to strengthen our Commercial segment have seen it deliver approximately 40% of the Bank’s net loans growth for 2017. Our Consumer business, on the other hand, registered a healthy growth momentum in deposits while we continued to maintain market share in the mortgage space. Finally, the Corporate Division, leveraging on the Group’s network, was able to penetrate both local and regional corporates.

Moving forward, the Cambodian economy is expected to grow by 6.9% in 2018. Over the medium-term, we believe the Cambodian economy’s resilience will be further strengthened by structural reforms and continued inflow of foreign investment. All that, coupled with CIMB Cambodia’s stronger foundations, healthy loan-to-deposit ratio, robust asset quality management and low cost-to-income base, CIMB Cambodia is well-positioned to excel once again. It will also continue to leverage on the Group’s expertise, strong regional network and enhanced regional operating model.

Finally, on behalf of CIMB Group, I extend my deepest gratitude to the Royal Government of Cambodia and the National Bank of Cambodia for their continued support. I would also like to thank the Chairman and the Board, our customers and #teamCIMB for their continued contribution to the success of CIMB Bank PLC in Cambodia.



A stylized, handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a unique, abstract shape.

**Tengku Dato' Sri Zafrul Aziz**  
Group Chief Executive Officer, CIMB Group





## PERFORMANCE REVIEW BY CHIEF EXECUTIVE OFFICER

### ➤ OPERATING ENVIRONMENT IN 2017

In 2017 Cambodia's overall economy continued to expand strongly, underpinned by sustained export growth and rising inflows of foreign direct investment (FDI). We expect the Nation's GDP growth to be 6.9% for 2017, consistent with the year before at 7.0% and similar levels from previous years. Although export growth of textile products moderated to 12% y-o-y, this was compensated by agriculture-related exports which recorded strong growth of 17% and 30% respectively for rice and rubber due to the increase in commodity prices globally. The construction sector showed signs of easing with 22% y-o-y growth in terms of value of approved projects in 2017, and the tourism sector did well with a 12% y-o-y increase in tourist arrivals. Inflation rate dropped to 2.9% in 2017, from 3.9% in 2016.

Economic Indicators	2013	2014	2015	2016	2017F
GDP (in USD billion)	15.2	16.7	18.2	20.2	22.2
Inflation Index	3.0%	3.9%	1.2%	3.0%	2.9%
Export (in USD billion)	6.5	8.0	8.5	9.3	11.4
Import (in USD billion)	9.5	10.1	11.9	12.7	14.0
FDI (in USD billion)	1.3	1.5	1.8	2.2	2.7
Banking deposits (in USD billion)	7.6	9.7	11.4	13.8	17.4
Banking Lendings (in USD billion)	7.4	9.3	11.7	14.1	16.8
Foreign Reserve (in USD billion)	3.6	4.7	5.7	7.0	9.1

Source: IMF, World Bank, NBC, MOEF & ADB

As of end-2017, there were 54 commercial and specialised banks in the country, compared to 52 the year before. The financial sector showed healthy and gradual moderation with credit growth slowing to 16.8% y-o-y, from 18.8% in 2016. On the other hand, customer deposits showed stronger growth at 23.3% y-o-y compared to 21.0% in 2016, driven mainly by capital inflows and improved confidence in the banking sector.

### ➤ OUR PERFORMANCE IN 2017

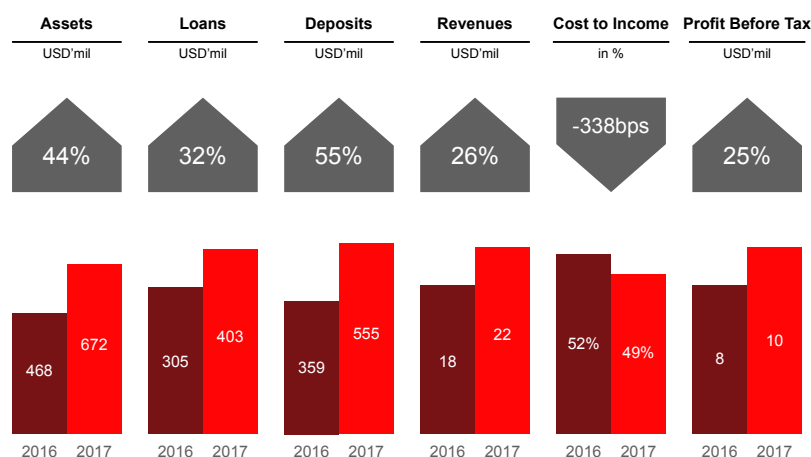
CIMB Cambodia had an outstanding 2017 in terms of financial results and overall business performance. In its seventh year of operations in Cambodia, the Bank recorded a remarkable profit growth of 25% y-o-y, underpinned by 26% growth in operating income and effective cost management measures. Our cost-to-income ratio improved to 49% in 2017 from 52% in the previous financial year. Furthermore, we are delighted to report that the Bank maintained its near-zero impaired loans ratio of 0.22%, compared with the banking industry average of 2.30%.

Our balance sheet expanded strongly, with loans and deposits growing at 32% and 55% y-o-y respectively. All our lending business units performed well, with the loan portfolios of Commercial Banking recording a net growth of USD41million, combined with Consumer Banking at USD36million and Corporate Banking at USD20million. Our Preferred Banking segment remained a key contributor to overall deposits growth as we continued to reward our customers with best-in-market rewards and privileges.

2017 was also a landmark year for product innovation as we launched Auto Loans, Home Investment, Home Equity financing, and Same-day Telegraphic Transfers across five major ASEAN nations. We are especially proud of our HomePro product, a home financing package which bundles free life insurance for our customers – a first amongst banks in Cambodia. We believe that CIMB's pioneering role in delivering more diverse product options for Cambodians will reap long-term benefits as industry lending and deposit rates converge towards regional benchmarks, and product features and functionality become increasingly important for customers.

We continued to invest in the Bank's back-end infrastructure as we introduced Group Finance Management System (GFMS) for more efficient financial reconciliation and auto-interfacing between the general ledgers of the National Bank of Cambodia, CIMB Cambodia and CIMB Group; and Real-time Replication between our primary and back-up servers which has significantly improved our response time in the event of operational disruptions. We also launched CIMB Cambodia's 13th branch in Teuk Thla, Phnom Penh to increase the Bank's geographical coverage and to improve accessibility for new and existing customers.

Employee development is one of the Bank's foremost priorities and in 2017, we introduced a number of training courses to enhance the skillsets of our people. In particular, the Green Belt and Red Belt certification programmes for our customer service officers helped to embed essential technical knowledge and soft skills amongst customer-facing staff nationwide. We also organised various Corporate Responsibility initiatives which drew participation from staff from all levels, and we involved CIMB Group's senior management in CIMB Cambodia's Town Hall, a one-day event to engage all employees bank-wide and to motivate them to deliver greater productivity and performance.



## ➤ OUTLOOK FOR 2018

The Cambodian economic outlook for 2018 is favourable with an expected GDP growth of 6.9%, continuing a multi-year trend of strong expansion. The anticipated increase in government spending and public investments will help to drive domestic growth while we observe the emergence of new growth sectors in manufacturing, especially in electrical components and automotive parts. The diversification of Cambodia's manufacturing sector will help the nation shift towards higher value-added industries, and we expect that the resultant increase in exports will bring positive impact to Cambodia's balance of trade and relatedly, its current account. The tourism sector is expected to continue growing strongly, lifted by the increasing number of direct flight connections between Cambodia and other regions. The real estate and construction sectors will likely moderate further after the high growth seen in recent years.

We are optimistic that 2018 will be another year of success for CIMB Cambodia. With the Bank ending 2017 with its best-ever liquidity position, outstanding asset quality and a conservative loan-to-deposit ratio (LDR) of 90%, we are equipped with strong fundamentals to continue our remarkable growth story.

We remain committed to our T18 aspirations of achieving a higher return on equity (ROE) and a cost-to-income ratio of under 50%. Our corporate theme for 2018, in line with CIMB Group, is "Exceed T18", reflecting our collective dedication to meet and surpass the expectations of our stakeholders and our customers. We will continue to evolve our business to delight our customers with an ever-expanding suite of highly relevant offerings, and we will strengthen our delivery mechanisms with more investments in system-based automation, and compliance and regulatory-related enhancements.

In line with our corporate theme for 2018, we will focus our efforts on the following areas:

**Sustainable business growth:** We will be ambitious in our growth aspirations while closely managing asset quality and optimising our balance sheet for improved profitability. We will also dedicate greater focus and more resources towards facilitating the National Bank of Cambodia's stated priority of increasing the utilisation of Khmer Riel (KHR) across the banking sector. We will closely

examine our existing customer segments to enhance our offerings, and to identify new growth opportunities and revenue streams, especially in fee-based products and services.

**Deliver on our brand promise:** We will build upon the strong reputation of CIMB Group in ASEAN and communicate CIMB Cambodia's unique ability to be simultaneously highly-localised and well-connected regionally. We will further substantiate the Bank's progressive stance via the expression of "Forward", a common theme adopted across CIMB Group. And we will demonstrate to our customers that CIMB Bank can bring them closer to their goals by presenting appropriate financial solutions for every stage of their life journeys. Ultimately we want our customers to feel that they can achieve more with CIMB, be it for personal or business aspirations.

**Prioritise People and Processes:** We will continue to create development opportunities for our people by focusing more on training and staff mobility. At all times, we will be guided by CIMB Group organisational culture which encourage 3 critical behaviours across all staff levels – going the extra mile to delight our customers; respecting each other, engaging openly and working together; and recognising each other's efforts and always backing each other up. We also see significant opportunities for us to reassess our existing processes in order to de-layer and streamline our workflows to improve our operational, service, and compliance standards across the Bank. And we will invest substantially in system enhancements to keep our operational infrastructure relevant in a fast-changing banking landscape.

Finally, I would like to express my gratitude to all our loyal customers, our Board of Directors, our management team and all employees for their continuous support and commitment. On behalf of CIMB Bank PLC, I would also like to record our appreciation to the Royal Government of Cambodia and the National Bank of Cambodia for their unwavering support and guidance since the Bank's inception. With a strong macroeconomic outlook and a robust regulatory framework, it is with great optimism that we look forward to 2018 and to the continued success of CIMB Bank in Cambodia.

**BUN YIN**  
Chief Executive Officer







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# **BUSINESS REVIEW**





## COMMERCIAL BANKING

CIMB Bank PLC's Commercial Banking Division caters for the Bank's business customers while offering loan and deposit products, together with transactional services to small & medium enterprises (SMEs) and emerging corporates. Our Commercial Banking portfolio is a key component of the Bank's overall business, accounting for 51% of its total loans, 32% of its total deposits and 44% of its total profit before tax (PBT).

### ➤ FINANCIAL PERFORMANCE AND KEY INITIATIVES IN 2017

As of end-2017, Commercial Banking's total loan portfolio stood at USD 206 million with USD 176 million in business customer deposits, representing a YoY growth of 25% and 61% respectively. The division's strong current account / savings account (CASA) ratio of 73% is testament to strong balance sheet management which results in lowering overall cost of funding. Commercial Banking asset quality continues to remain robust, ending 2017 with an impaired loans ratio of only 0.35%.

In 2017, Commercial Banking had a total of 42 personnel, comprising sales, credit review and credit administration. We focused on improving knowledge-transfer to junior employees, providing a clearer career progression path for all staff levels, and we encouraged greater team-based collaboration and cross-referrals to other business units within the Bank.

We were also able to leverage on CIMB Group's regional network for a two-way referrals between CIMB Bank in Cambodia and the Group's other core markets in Malaysia, Indonesia, Singapore and Thailand. With a regional referral framework in place, we are able to create more value for our customers by facilitating cross-border sourcing and business expansion for them.

### ➤ PLANS FOR 2018

We expect Cambodia's strong economic growth trend to continue in 2018 and in turn generate more business opportunities for SMEs and corporate entities in the Nation. With strong foundations and ever-improving staff competencies, we are well-positioned to facilitate our customers' needs as they grow and expand their businesses.

In 2018 we will expand and enhance our team structure to better serve our rapidly growing customer base as well as to improve overall productivity. We will make further enhancements our regional processes to better serve customers who have requirements for cross-border trade and investments especially in ASEAN.

Human capital is our most important resource and our foremost priority. We will continue to invest in developing our employees with more targeted training programmes and skill-enhancement initiatives. We remain committed to our long standing philosophy of nurturing local talent, and we will intensify our efforts to transfer knowledge, expertise and best practices from CIMB Group's core regional markets.

### ➤ PRODUCTS IN COMMERCIAL BANKING

1. Term Loan
2. Overdraft
3. Revolving Credit
4. Bank Guarantee
5. Letter of Credit
6. Other Trade Finance Products and Services
7. Current Account
8. Fixed Deposit
9. Foreign Currency Account
10. Escrow Account
11. Foreign Exchange
12. Transactional Services



## CONSUMER BANKING

The Consumer Banking Division forms the backbone of CIMB Bank PLC's operations in Cambodia, encompassing about 58% of total employees in the Bank. It serves a wide range of customers via a growing suite of products and services, focusing on the affluent and emerging affluent segments. Consumer Banking shares its network of 13 branches with Commercial Banking and Corporate & Transaction Banking.

### ➤ 2017 KEY ACHIEVEMENTS

We are pleased that Consumer Banking's performance in 2017 was ahead of industry growth in deposits, and we continue to maintain our market share in the Mortgage sector despite increasing competition. We achieved our profit targets, and at the same time, we maintained our track record of near-zero impaired loans.

Highlights of key achievements:

- Growth in Deposits by 55% y-o-y from 2016
- Growth in Mortgage by 43% y-o-y from 2016
- Expanded the team to serve fast-growing sectors
- Introduced new products and innovative bundles including Auto Loans, and HomePro, the first home loan product in Cambodia to bundle free life insurance for customers
- Opened a new branch in Phnom Penh (Tuek Thla Branch) to improve accessibility for existing and new customers

To further strengthen skills and competencies at our frontline, we invested further in employee development programmes with our staff collectively clocking-in approximately 5,500 training hours in 2017. This covered a broad range of hard and soft skills which included sales and service excellence, credit assessment, risk management, compliance-related requirements, and system & process related awareness.

### ➤ PLANS FOR 2018

We plan to widen our network and to bring best-in-market products and services closer to our customers. We will also plan to initiate a number of enhancements which include continuous product innovation, sales campaigns and Customer Experience (CX) programmes.

In summary, our plans for 2018 will focus on the following areas:

- Expand internal and external campaigns for Home Loans, Auto Loans and the Preferred segment
- Enhance our deposit and loan products to stay ahead of fast-evolving customer needs
- Provide more value-added offerings for all customer segments
- Initiate digitalised customer service feedback at our branches to better engage our customers
- Centralise branch-based compliance-related activities to build better competencies and to improve consistency
- Continuously improve and develop new and existing skillsets at all staff levels





## CORPORATE & TRANSACTION BANKING

The Corporate & Transaction Banking (CTB) Division is responsible for CIMB Bank PLC's Corporate relationships which include local corporates, multinational companies, and CIMB Group's regional corporates who are operating in Cambodia.

### ➤ 2017 IN BRIEF

2017 was a year characterised by a combination of steady economic growth as well as increased competition in the overall banking sector. Leveraging on continued support from CIMB Group Wholesale Banking and local support teams in Cambodia, Corporate & Transaction Banking managed to deliver another remarkable year. Corporate Banking lending portfolio grew 62% y-o-y, exceeding our 2017 targets. We also further optimised our balance sheet by funding our asset growth with lower-cost deposits, and expanded our customer base by penetrating new sectors.

Our team prides itself on going the extra mile to build better relationships with our customers. To cement their confidence in banking with CIMB Cambodia, we regularly go beyond the traditional offerings of products and services. Aside from tailoring banking solutions to meet our customers' specific needs, our team serves as a liaison to facilitate access to CIMB Group's regional network and infrastructure. By doing so, we ensure that our customers receive the best possible service wherever they choose to do business in ASEAN.

In support of the National Bank of Cambodia's initiative to encourage greater utilisation of local currency, CIMB Cambodia is proud to have launched the Khmer-language version of its Internet Banking service in 2017. We certainly hope this will help to facilitate increased adoption of the Khmer Riel, Khmer Riel Products, and Khmer Riel operating accounts in the near future.

### ➤ 2018 OUTLOOK

We expect the economic outlook for 2018 to remain positive, in continuation of the strong growth momentum of previous years. We look forward to sustained inward capital flows, especially from investments led by China and Japan. We are also excited about exploring new sectors by expanding existing relationships and onboarding new ones. We will prepare ourselves to comply with the National Bank of Cambodia's directives to increase local currency lending by uncovering new opportunities in both Khmer Riel lending and funding. In line with increasing regulatory standards locally and internationally, we will also work with our internal stakeholders to develop more robust compliance frameworks, policies and processes.



## CORPORATE RESOURCES

Corporate Resources oversees Human Resources and Administration & Property Management and Strategic Procurement. The key functions of Human Resources include talent acquisition, organisational development & workforce planning, rewards & performance management, learning & talent development, employer branding, and engagement. The roles of Administration & Property Management and Strategic Procurement include general administrative work, property projects & maintenance, together with procurement, tenders and security.

### ➤ HUMAN CAPITAL GROWTH AND TALENT DEVELOPMENT

We are obsessed with talent growth, and we value each individual staff who has contributed to CIMB Bank PLC to bring it to where it is today.

### ➤ CIMB BANK PLC IS A PLACE

#### Where Talent grows

We strive to attract, retain and nurture our top talents in order to prepare them for the future. We provide them with the opportunities either within or across departments locally and regionally. Increased exposure of talented employees through various platforms is vital for knowledge expansion, added value creation, and the sharing of best practices. We believe that growing our employees is the most sustainable way of cementing CIMB Bank's long-term competitive advantage in the Cambodian market.

#### Where Employees are engaged

We invest significant resources to ensure that our employees are highly engaged at all times. We organise regular formal and informal gatherings across all staff levels to provide platforms for 2-way feedback and to cascade key strategic directions and objectives. Our staff engagement initiatives include Tuesday Chats, a small forum hosted by Management Committee members; CEO Greeting, an informal event hosted by the Bank's CEO; CIMB Bank Town Hall, a bank-wide gathering of staff; and various sporting and team building activities.

We also facilitate the Employee of the Quarter and Employee of the Year awards which recognise and reward the most outstanding staff in CIMB Bank. Ultimately we believe that a highly engaged employee is a highly productive one as well.

#### Where Performance and Rewards are commensurate with each other

We have a robust performance management framework in place, anchored by Key Performance Indicators (KPIs) which are tailored to suit the specific requirements of every business or support unit. Our holistic KPIs are not only linked with business goals, they also encompass 360-degree feedback, regulatory compliance, staff development & retention, and overall Bank performance. We are guided by CIMB Group's regional performance management framework and we localise certain elements to accommodate local norms and expectations.

#### Where the CIMB Culture thrives

We are guided by our core values and CIMB's corporate culture which promotes the following 3 critical behaviours: "Go the extra mile to delight customers; respect each other, engage openly and work together; and recognise each other's efforts and always back each other up". These guiding principles are at the heart of everything we do. We believe they enable our people to work more effectively within their local teams and with their regional counterparts. In order to ensure that our employees understand and embrace our corporate culture, we make special efforts to regularly reinforce the adoption of our critical behaviours. These include the appointment of Informal Leaders who serve as ambassadors for the CIMB culture, and we conduct employee orientation programmes to instill awareness for all new employees.





## MARKETING & COMMUNICATIONS

The Marketing & Communications (Marcomm) unit plays an important role in driving the Bank's communications agenda to enhance CIMB Cambodia's profile and branding. The unit oversees internal communications between various departments and external communications activities to promote its products and services. It develops and enhances the Bank's brand positioning and communications agenda through an integrated framework comprising various functions covering branding, advertising and marketing, media and public relations, events and sponsorship management, and internal communications.

### ➤ 2017 KEY HIGHLIGHTS

We have consistently positioned CIMB Cambodia as a financial service provider and business partner that is simultaneously highly localised in Cambodia and well-connected across ASEAN. Aside from creating a narrative to cement CIMB Cambodia's local identity, Marcomm leverages on CIMB Group's ASEAN capabilities and communicates regional services which are highly relevant to Cambodian customers such as CIMB Group's ATM Regional Link, Same Day Telegraphic Transfers across 5 ASEAN nations, and a host of regional rewards and privileges for shopping, dining and travelling. In addition, Marcomm has localised CIMB Group's new brand promise of "FORWARD", an expression adopted across all CIMB Group entities to communicate CIMB's commitment to facilitate the progression of our customers' goals and aspirations.

In 2017, Marcomm also spearheaded several public relations events and activities. We organised two press conferences – the launch of HomePro, Cambodia's first-ever home financing solution that bundles a home loan with free life insurance from Manulife, a world-class insurer; and the launch of the Home Loan Partnership with Borey Peng Huoth, one of Cambodia's leading developers, to increase accessibility to competitive financing for end-buyers of its development projects.

Aside from communications related to product and services, Marcomm handled several important CIMB Group-led regional projects such as the CIMB ASEAN Stock Challenge where a team from Cambodia won 2nd Runner-up in the regional finals involving teams from 6 countries; and the publicity for the CIMB ASEAN Scholarship. Marcomm also endeavoured to increase the Bank's media exposure with different media organisations, ranging from traditional to digital media such as newspapers, magazines, radio and television channels, and websites.

### ➤ 2018 PRIORITIES

2018 promises to be a very exciting year for the Marcomm Unit as we have a line-up of several key projects and deliverables. We will launch CIMB Cambodia's first-ever Facebook page as part of our social media engagement agenda. We hope that this new two-way communication channel will help the Bank to access new customer segments and demographics as we expand our business lines. We will also be further substantiating the "FORWARD" brand promise through a new thematic campaign designed to explain why our customers can achieve more with CIMB in their pursuit of personal and business-related aspirations. And we will continue to enhance the bank's public relations by engaging a broad range of media publications across conventional and digital platforms.



## STRATEGY & FINANCE

Strategy & Finance is responsible for developing and executing accounting policies and procedures to comply with Cambodian Accounting Standards and guidelines stipulated by the National Bank of Cambodia. It also manages financial performance reporting and analysis for each business unit.

In our financial accounting, we ensure that all bank accounting processes are accurate, transparent and properly maintained. We also ensure constant compliance with all regulatory requirements, reporting to the National Bank of Cambodia as well as providing tax declarations to the General Department of Taxation, and ensuring timely and accurate financial statement reporting to management and CIMB Group.

### ➤ ACHIEVEMENTS IN 2017

We have invested substantially in our general ledger (GL) systems, namely the Group Finance Management System “GFMS”. The GFMS Oracle E-Business Suite has been rolled-out across numerous CIMB Group regional offices since 2009. CIMB Cambodia received approval to implement GFMS in late 2016 and fully deployed it on 1st May 2017 to improve the bank’s financial accounting efficiency.

In 2017 we conducted the re-assessment of our tax declaration for the period of 2013-2015 in line with the tax amnesty period provided by the General Department of Taxation to all taxpayers for self-declaration. The National Accounting Council under the Ministry of Economy & Finance, through Circular No 058 dated 24 March 2016, requested all Banks and financial institutions to submit a report annually on the Project Plan, Gap Analysis and Impact Assessment on the adoption of Cambodia International Financial Reporting Standards (CIFRS). To comply to this requirement, we have updated our project paper for CIFRS adoption and have submitted it accordingly.

As part of capital planning and management, we obtained approval for an additional regulatory registered capital of USD12.5 million in the form of ordinary share capital in which USD6.2 million was injected in December 2017 from CIMB Bank Berhad and the remaining USD6.3 million will be converted from our FY2016 retained earnings to ensure compliance with the minimum registered capital requirement, and to support the growth of our core businesses.

### ➤ OUR PLANS FOR 2018

The on-going comprehensive tax audit for the financial years of 2013, 2014, and 2015 will remain a key focus area in 2018. We will coordinate with the General Department of Taxation’s officials on-site and off-site for this assignment which involves providing supporting documents, reassessing the previous years’ tax declarations, and providing further justification or rationales as required.

The implementation of Value-Added-Tax (VAT) and Transfer Pricing (TP) is also in our work plan for 2018. To fully comply with the TP requirement, a Master Service Agreement (MSA) will be established and agreed upon for any inter company charging. The implementation of Value-Added-Tax will require further system automation and the enhancement of the Bank’s documentation processes, which will be done in collaboration with the Bank’s IT Department and frontline departments.

The adoption of Cambodian Financial Reporting Standard (CIFRS) will be another major project for 2018, and is required in order to comply with the regulatory requirements. We will be leveraging on CIMB Group’s expertise including accounting policies and procedures, database requirements and financial modeling. The adoption of CIFRS will impact all reporting including financial reporting, regulatory reporting, as well as performance reporting.

In addition to the existing USD fund transfer pricing (FTP) mechanism we have in place, we will also implement Khmer Riel Fund Transfer Pricing (KHR-FTP) in early 2018 to support the Bank’s KHR business. It will closely mirror the existing USD-FTP framework in costing and pricing methodologies.





## RISK MANAGEMENT

With the rapid development of banking industry in Cambodia, changes in regulatory requirements at the global level and new risks emerging especially from the compliance and technology perspectives, the Bank has put in place a more robust risk management framework to better manage the associated risks. The Bank considers risk management as an important element in all of its businesses and embeds a strong risk culture in day-to-day business operations and decision-making. Risk Management is involved in the early stages of the risk-taking process to provide an independent view for new product assessments, strategy setting, credit evaluations and other areas.

The Bank, as part of CIMB Group, employs the Enterprise Wide Risk Management (EWRM) framework to manage its risks and opportunities. The EWRM provides the Board and its management with a tool to anticipate and manage both existing and potential risks, while taking into consideration the changing risk profiles as dictated by changes in business strategies, regulatory environment and functional activities.

The Risk Committee (RC) is a Board-delegated committee and reports to the Board of Directors on all risk-management matters. The RC meets every month and administers and supervises the implementation of the Bank's risk-management activities.

The Cambodia Credit Committee (CCC) reports to the RC on credit-related matters of the Bank. Empowered by the Board to consider and make decisions on credit applications, the CCC meets on a weekly basis.

### ➤ CREDIT RISK

Credit and counterparty risk is defined as the possibility of losses due to an obligor or market counterparty or issuer of securities or other instruments held failing to perform its contractual obligations to the Bank. Credit risk undertaken by the Bank is governed by Credit Risk Policies, Credit Policies Guide (CPG), Credit Procedure Manual (CPM) and the respective Credit Business Rules. Early Warning Indicator (EWI) and Watchlist frameworks have also been implemented to manage the Bank's credit portfolios and to detect credit deterioration as early as possible.

To ensure that all credit applications receive an independent evaluation, all credit approvals require a deciding vote from a Risk Management-delegated person. The Bank has also introduced a joint-delegated authority framework to empower individual management staff to approve credit applications under their authority. Credit Management is established under Risk Management to provide an independent evaluation of credit applications.

### ➤ LIQUIDITY RISK

Liquidity risk arises from a bank's inability to efficiently meet its present and future funding needs or regulatory obligations, when they are due. This can adversely affect its daily operations, resulting in potential losses. The fundamental role of banks – to transform short-term deposits into long-term loans – leaves the bank inherently vulnerable to liquidity risk. Furthermore, banks must at all times operate in compliance with regulatory requirements.

Liquidity risk is primarily monitored and managed on the basis of cash flow projections; that is, by regularly forecasting the Bank's cash flow arising from the maturity profiles of assets, liabilities, off-balance sheet commitments and derivatives over a variety of time horizons under normal business and stress conditions.

Risk Management is responsible for independently monitoring the Bank's liquidity risk profile, and provides monthly reports to the Asset Liability Management Committee and the Risk Committee. This is important for the Bank to manage its liquidity position to meet its daily operating needs and regulatory requirements.



## ➤ OPERATIONAL RISK

Operational risk encompasses risks of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or from external events.

The Bank's Operational Risk Management strategy is based on a strong risk framework, which provides overall guiding principles with a robust governance structure to inculcate a proactive risk management culture.

Operational Risk Management advises and monitors all departments, ensuring that policies and procedures are observed in all projects and in the Bank's day-to-day operations. The department also ensures that compliance to existing regulations is strictly observed.

## ➤ MARKET RISK

Market risk refers to the risk of losses in the Bank's trading books due to changes in equity prices, interest rates, credit spreads, foreign exchange rates, commodity prices and other indicators whose values are set in a public market.

The Bank's regular activities of offering loans and deposits with different maturity dates and interest rates inevitably expose the Bank to interest rate risk.

Interest rate risk arises primarily from the different maturity dates and repricing of cash flows. Interest rate risk is currently measured by the interest sensitivity gap (or repricing gap). Risk Management is responsible for the independent review and monitoring of the interest rate risk profile of the Bank based on its interest sensitivity gap report.





## TECHNOLOGY & OPERATIONS

*Note that the Information & Operations Division (IOD) was renamed as “Technology & Operations Division (T&O) effective August 2017. This is in line with the name-change of Group IOD to Group T&O at CIMB Group.*

Technology & Operations Division (T&O) operates across the Bank, enabling operations and delivering Information Technology (IT) services. The operating model is in line with CIMB Group Technology & Operations (GTO). T&O reports to the local management of CIMB Bank PLC and has a matrix reporting line to GTO.

### ➤ TECHNOLOGY

The Technology Department focused its efforts on improving existing IT infrastructure in 2017. As the Bank’s business has expanded significantly over the past seven years, it is important for our operating systems to be upgraded to continuously stay one step ahead of the increasing requirements of the Bank’s customers, regulators and internal staff. In 2017 we expanded our server storage capacity and upgraded its operating system to ensure that our infrastructure is able to cope with the Bank present and future growth. In addition, we deployed a Real Time Replication tool to enable instant synchronisation between the Bank’s primary and back-up servers. This has significantly shortened the Bank’s recovery time in event of system disruption, and has improved our Business Continuity Management (BCM) capabilities substantially.

In addition to hardware and software enhancements, the Technology Department is the architect of the Bank’s Management Information System (MIS) which enables users across the Bank to extract relevant data from the Bank’s core banking system. In 2017, we added new functionalities to our MIS, facilitating more in-depth analyses of banking data and more accurate reconciliation of transactional and financial information.

### ➤ OPERATIONS

The Operations Department is responsible for ensuring that the transactions initiated by the Bank’s frontline are swiftly and accurately fulfilled on a daily basis. The scope of work of the Operations Department covers local and international remittances, inward and outward cheque clearing, self-service terminal (SST) maintenance, centralised cash management, internet banking and payroll fulfilment, payment services, trade finance operations, and loan documentation and disbursement.

The Department’s key focus in 2017 was to improve internal efficiencies while eliminating any policy and process gaps. We thoroughly re-vamped our loan disbursement process and successfully shortened the turnaround time (TAT) for disbursements from 2 days to 1 day. In addition, we re-engineered our internal workflows and re-aligned our resources to enable same-day crediting of inward telegraphic transfers (ITT), a significant improvement from next-day crediting previously. These two examples of improving operational efficiencies have brought positive impact to the overall customer experience as our customers can now expect the Bank’s delivery mechanism to respond faster than ever before.

We also set-up a Treasury Operations Function to undertake day-to-day operational activities from our Treasury Department. This migration of responsibilities has enabled our Treasury Department to better-focus on engaging customers and on responding to their requests. Aside from this, the separation of frontline and back-office roles creates better governance and operational risk management for the Bank’s Treasury functions.

### ➤ RISK GOVERNANCE

The Assurance Review Team (ART), functions as an independent review team within T&O and focuses on detecting and addressing operational risks, proposing sustainable-control solutions, and advising on governance-related matters within the division. In addition, ART is consulted on Business Continuity Management and System Resiliency projects and provides advisory services for enhancements to existing infrastructure.

In 2017, ART conducted an independent review on Operations Department’s policies and procedures and proposed a number of improvements to streamline workflows and to further mitigate operational risk. ART also conducted a pre-audit review of the Technology Department and produced reports containing analyses of the Bank’s present-day IT infrastructure and security measures, and suggestions on further enhancements to cater for future needs.

ART has also been tasked to coordinate the CIMB Group-wide Data Governance project where all departments within the Bank are expected to take additional measures to improve data integrity and data security in line with increased regulatory requirements. The project is expected to be completed by mid-2018.



## TREASURY

The Treasury Division (Treasury) of CIMB Bank PLC, in collaboration with other business units, provides cross-border solutions to regional and domestic clients for their trade, investment, and financial requirements, including foreign exchange (FX) transactions for both Spot and Forward value dates, foreign currency deposits and remittance payment services. Treasury also oversees funding for the Bank's daily business operations to ensure sufficient liquidity for the Bank and to diversify funding sources by maintaining relationships with other banks in the market.

### ➤ 2017 IN REVIEW

In line with Cambodia's strong economic growth momentum and an increasing trend of foreign capital inflows, Treasury had a good year with remittance and FX volumes rising commensurately with the Bank's other businesses. We operated in an increasingly competitive environment, but we were able to differentiate CIMB Cambodia's Treasury services by leveraging on CIMB Group's support and regional network to provide more comprehensive and competitive services to our clients.

Under its Assets and Liabilities Management function, Treasury proactively engaged both foreign and local counterparties to build stronger relationships and to expand trading limits. This provided the Bank with more flexibility to seek better yield for its excess funds while simultaneously seeking a greater range of funding opportunities. As a result, the Bank enjoyed improved cost of funds which translated to superior net interest margins. Treasury also reviewed and tested its Contingency Funding Plan (CFP) together with the Risk Management Division to anticipate and address any potential funding issues. The joint conclusion from the testing results was that the Bank's overall liquidity risk remains well within acceptable limits and its contingency funding mechanisms are well-established.

### ➤ 2018 OUTLOOK AND STRATEGY

In line with CIMB Cambodia's overall optimism for 2018, we believe that significant Treasury-related opportunities will arise from continued inflow of foreign investments and strong demand for Cambodia's principle exports – garments, footwear, rubber, rice and other commodities. Additionally, the National Bank of Cambodia's drive to increase Khmer Riel (KHR) utilisation will drive increased FX volumes while providing more avenues for inter-bank transactions.

Our funding desk will continue to deepen its capabilities while simultaneously broadening its network of Financial Institution (FI) counterparties. We will also review and update the Bank's Contingency Funding Plan to cater for a rapidly evolving environment, and to fully comply with the Bank's liquidity risk management framework. Additionally, we will work on diversifying the Bank's KHR funding avenues to adequately prepare for the anticipated growth of the Bank's KHR lending business, in line with the National Bank of Cambodia's mandate of 10% KHR lending by 2019.





## INTERNAL AUDIT

Internal Audit plays a crucial role in providing independent appraisals on the adequacy, efficiency and effectiveness of the internal control systems implemented by the Management of CIMB Bank PLC. The evaluations conducted by Internal Audit are based on control environment, risk-assessment practices, control activities, information sources, communication effectiveness and monitoring practices. Internal Audit reports directly to the Audit Committee and is independent from the activities and operations of other business and support units.

In 2017, Internal Audit with support from CIMB Group Internal Audit Division had completed 19 audit assignments covering critical areas of the Bank including branch audits, departmental audits and thematic audits, as well as projects on specific functions.

Our plan for 2018 is to continue to conduct audit assignments according to Internal Audit's internal risk assessment, and conduct ad-hoc investigations if required.



## CUSTOMER EXPERIENCE

The Customer Experience (CX) unit was newly set-up in January 2017 to coordinate the Bank's overall efforts towards delivering best-in-class customer satisfaction. The CX unit employs customer-centric methodologies to map out customer journeys at all levels including our touch points namely branches, call centre and customer facing units, together with digital interfaces like Internet Banking and our official website, and also back office processes. Above all, our commitment to CX ensures that CIMB Bank PLC upholds our three promises to our customers at all times: that dealing with CIMB will be Efficient, Easy, and that we will always go the Extra Mile to serve our customers.

The CX unit also carries out the Business Support Management role which oversees the alignment and improvement of systems and working processes. The unit provides project management support to all business and support units across the Bank, while ensuring timely implementation of projects.

In 2017, the CX unit handled numerous projects related to business process improvement, and customer-centric initiatives such as the Customer Feedback project. We also organised the inaugural Customer Day across all 13 branches – to demonstrate our commitment to our customers, customer service for the day was personally handled by the Bank's senior management, including its CEO.

The 2018 plan for CX is to continue to improve our customer feedback channels and service quality through holistic improvements in operational efficiency and process innovations. We will also conclude the development of our fully digitalised Customer Feedback platform by deploying customer-facing touch screens to collect real-time feedback from our customers at our branches.





## PRODUCT MANAGEMENT

The Product Management unit is an integral part of the Bank's business activities. Its function is to enable the Bank to remain competitive and to continue to increase its market share by introducing innovative products and services that meet our customers' needs. The Product Management unit is also responsible for the maintenance and review of CIMB Bank PLC's existing banking products.

In 2017, the unit introduced HomePro – a mortgage product bundled with Term Life insurance in partnership with Manulife. In addition to providing home financing to our customers, HomePro provides life insurance coverage of up to USD50,000 – a first in the Cambodian market. We also embarked on a partnership with Borey Peng Huoth, a leading developer in Cambodia. As a result, CIMB's Home Loan will be available to Borey customers with favourable terms including acceptance of soft title deed.

Product Management is also in-charge of Digital Banking which contributes to the Bank's overall competitiveness by introducing and improving digital banking products and services. This enables the Bank to meet our customers' needs in keeping pace with technological advances and ever-evolving customer requirements. The unit oversees Digital Banking Services which includes all self-service terminals and other digital channels. In 2017, the unit led the integration projects of FAST Payment and Cambodian Shared Switch which were mandated by the National Bank of Cambodia. The unit also deployed more ATMs to provide greater convenience to our customers. We deployed two new ATMs at Phnom Penh International Airport and Makro Mall, while another two are pending deployment at Exchange Square Mall and AEON Mall Sen Sok City.

In 2018 we aim to develop more innovative and competitive products in both lending and deposit segments, drawing from best practices within CIMB Group. In addition, we plan to enhance the development of our digital banking services across different channels to reach more users, in line with our philosophy of going the extra mile to delight our customers.



## LEGAL & COMPLIANCE

The Legal & Compliance Division consists of the Legal, Compliance and Company Secretarial departments. Legal & Compliance oversees the legal aspects of activities undertaken by the Bank, and is responsible for facilitating, advising, and monitoring business and support units to ensure that they are acting in accordance with respective laws, regulations and guidelines. In line with good governance, the Compliance Department reports independently to the Board of Directors and the annual compliance work plan is also tabled and approved by the Board. The Company Secretarial Department provides support to the Board in carrying out its duties and responsibilities. Also, it serves in an advisory capacity on governance matters, including legal and regulatory requirements to all units within the Bank.

Legal & Compliance plays a major role in ensuring all departments as well as all employees in the Bank are made aware of the obligations and impact of the applicable regulations that come into effect each year. The Division drives active participation of various taskforces and a project working team in meeting the Bank's responsibilities towards regulations such as the Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT), the US Foreign Account Tax Compliance Act (FATCA), and other regulations. At the same time, the Compliance Department works closely with the IT Department to enhance the Bank's Management Information System for AML/CFT Alert Monitoring, Customer Risk Profiling and the application of FATCA to meet requirements of regulators.

Training is also a key focus area for the Division and in 2017, Legal & Compliance conducted a total of 42 training programmes on Compliance and AML/CFT, and several other training programmes on the Laws and Regulations of Cambodia and Legal Document Requirements to personnel in Phnom Penh as well as all of CIMB Bank's provincial branches. We performed 20 onsite compliance reviews and self-testing validations on business and support units to ensure that their processes and procedures are in compliance with all relevant laws, regulations and guidelines. The Compliance Department has also launched an E-learning programme on AML/CFT and has worked with Human Resources to make it mandatory for all staff to complete the course.









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# CORPORATE GOVERNANCE



# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the “Board”) believes that strong corporate governance is essential for delivering sustainable value, enhancing business integrity and in maintaining investors’ confidence towards achieving the Bank’s corporate objectives and vision.

Effective corporate governance structure and culture are critical elements in determining how the Bank functions, which has been continuously emphasised to all employees. The governance framework adopted by the Bank is developed on the basis of the principles and best practices recommended by the Prakas on Governance in Banks and Financial Institutions and the Prakas on Fit and Proper Regulatory Requirements for Applying to Entities and Licensed Banks and Financial Institutions (the “Prakas”) issued by the National Bank of Cambodia (the “NBC”), and international best practices in corporate governance, where applicable.

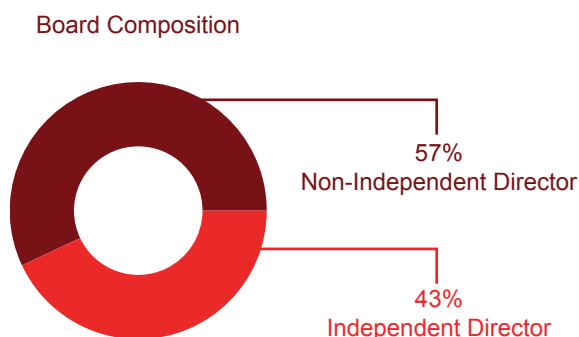
## ➤ BOARD OF DIRECTORS

### The Board and Board Balance

The Board currently has seven members, with one Executive Director and six Non-Executive Directors, of whom three are Independent Directors. The Board confirms it has the appropriate number of Independent Directors who bring strong, independent judgment to the Board’s discussions. The Board is also committed to a collective decision-making process.

The Board benefits from the contribution of each of the Non-Executive Directors in all areas of the Bank’s businesses. In addition to their wide range of skills and business experience, the Non-Executive Directors also bring independent judgment in the deliberations on issues of strategy, audit, performance and risk.

The structure and composition of the Board are in line with the requirements of the Prakas issued by the NBC.



To ensure the balance of authority, increased accountability and greater capacity for independent decision making, the roles of Chairman and Executive Director (ED) are distinct and separate with a clear division of responsibilities between the Chairman and the ED, which ensures that no individual or group dominates the decision-making process.

### The Chairman

The Board is led by the Chairman, Dato’ Shaarani Ibrahim. Dato’ Shaarani Ibrahim is responsible for the leadership and management of the Board and for ensuring the effective functioning of the Board and its Committees. He assumes the formal role of a leader and chairs all Board meetings, leads discussions amongst the Directors and provides leadership to the Board in its oversight of management. The Chairman facilitates the flow of information between Management and the Board, and in consultation with Management, sets the agenda for each Board meeting.

### Executive Director

Mr. Bun Yin, a Cambodian national, is the Chief Executive Officer (“CEO”) of the Bank and also the Executive Director (“ED”) of the Board. He was appointed as the CEO and ED on 1 January and 29 January 2015, respectively. He is the first Cambodian to head an International Foreign Bank in Cambodia.

As ED/CEO, Bun Yin has overall responsibility for the implementation of the Bank’s strategy, and for carrying out the Board’s direction, managing the Bank’s businesses and driving performance within strategic goals and commercial objectives. He leads the Management in carrying out the corporate strategy and vision of the Bank. As ED/CEO, he is accountable to the Board for the day-to-day operations of the Bank’s business.

### Size and Composition of Board of Directors

The Board is committed to regularly reviewing the size and composition of the Board, taking into account the scope, nature, diversity and expansion of the Bank’s business. The Board considers its present size to be appropriate to oversee the overall businesses of the Bank. The current Directors bring to the Board a wealth of knowledge, experience and skills to drive the Bank towards the vision of the Group.

The Directors of the Bank have met the criteria for the appointment of Directors as set out in the Prakas. All Independent Directors demonstrate sound and independent judgment and do not participate in any business transaction that could impair their independent judgment and decision making.

Brief backgrounds of each Director are presented on pages 64 to 73 of the Annual Report.

### Directors’ Code of Ethics

The Board of Directors observes the code of ethics set out in the Prakas issued by the NBC.

The Directors of the Bank adhere to the code of ethics, which provides guidance for the proper standards of conduct and sound and prudent business practices. It also provides the standards of ethical behaviour required for Directors, based on the principles of integrity, responsibility, sincerity and corporate social responsibility.

### Duties and Responsibilities of the Board

The Board is the ultimate decision-making body of the Bank, with the exception of matters requiring shareholder’s approval. It sets the Bank’s strategic direction and vision. The Board takes full responsibility for leading, governing, guiding and monitoring the entire performance of the Bank, and enforces standards of accountability, all with a view to enabling management to execute its responsibilities effectively.

The Board has overall responsibility for putting in place a framework of good corporate governance within the Bank, including the processes of financial reporting, risk management and compliance. All Board members bring their independent judgment, diverse knowledge and experience when deliberating issues pertaining to strategy, performance, resources and business conduct.

The Board has adopted a schedule of business specifically reserved for the Board's approval, which includes, amongst other matters, reviewing and approving the following:

- Strategic and business plans and annual budget;
- New investments, divestments, mergers and acquisitions, and corporate restructuring, including the establishment of subsidiaries, joint ventures or strategic alliances, both locally and abroad;
- Annual financial statements and interim dividends and recommending the final dividends payable to shareholders prior to public announcements and publications;
- Appointment of new Directors and the Chief Executive Officer and their emoluments and benefits.

The overall principal responsibilities of the Board are as follows:

- Providing clear objectives and policies within which the senior executives of the Bank are to operate;
- Ensuring that there are adequate controls and systems in place to facilitate the implementation of the Bank's policies;
- Monitoring management's success in implementing the approved strategies, plans and budget;
- Understanding the principal risks of all aspects of the businesses in which the Bank is engaged and ensuring that systems are in place to effectively monitor and manage these risks with a view to ensuring the Bank's long term viability and success;
- Monitoring and assessing development which may affect the Bank's strategic plans;
- Reviewing the adequacy and integrity of the Bank's internal control systems and management information systems, including systems for compliance with the applicable laws, regulations, rules, directives and guidelines;
- Avoiding conflicts of interest and ensuring disclosure of possible conflicts of interest; and
- Upholding and observing banking and other relevant laws, rules and regulations.

Apart from the aforesaid principal responsibilities of the Board, the Board has also delegated specific responsibilities to Committees. While the Committees have the authority to discuss and decide on particular issues, the Committees will report to the Board on their decisions and/or recommendations. The ultimate responsibility for all matters lies with the entire Board.

The terms of reference and responsibilities of the Committees are set out on pages 35 to 39.

### Appointments to the Board

The Bank leverages on the Group Nomination and Remuneration Committee ("GNRC"), which resides at CIMB Group Holdings Berhad. The GNRC is responsible for identifying and nominating suitable candidates for appointment to the Board for approval, either to fill vacancies or as additions to meet the changing needs of the Bank. Before recommending an appointment to the Board, the GNRC will carry out a thorough and comprehensive evaluation of the candidate based on the criteria adopted by the Board. The Bank also takes into account the Bank's businesses and will match the capabilities and contributions expected for a particular appointment.

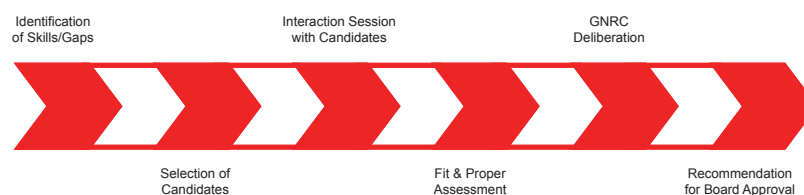
The appointment process is conducted in accordance with the Prakas and the Group's Policies and Procedures on Fit and Proper for Key Responsible Persons (Fit and Proper Policy). The Fit and Proper Policy set out a formal process for the appointment of Directors, Chairman and Chief Executive Officer. Proper assessments are conducted on candidates and the GNRC confirms that the candidates are fit and proper for their respective roles.

The Fit and Proper Policy also outline the following criteria for assessment of the suitability of the candidate for an appointment:

- Probity, personal integrity and reputation, where the candidate must have personal qualities such as honesty, integrity, diligence, independence of mind and fairness;
- Competence and capability, where the candidate must have the skills, work experience, capability and commitment necessary to carry out the role;
- Financial integrity, where the candidate must manage his debts or financial affairs prudently.

The process for identifying and nominating candidates by the GNRC for appointment involves the following five stages:

### Nomination Framework



Proposals for the appointment and re-appointment of Directors are subject to NBC's vetting and prior approval.

### Re-appointment and Re-election of Directors

Each year, one-third of the Directors retire from office at the Annual General Meeting, and subject to eligibility may offer themselves for re-election at the Annual General Meeting. In addition, the Memorandum and Articles of Association of the Bank requires that all Directors retire from office at least once every three years, but shall be eligible for re-election at the Annual General Meeting. Proposals for the re-appointment and re-election of Directors are recommended by the GNRC to the Board prior to the Shareholder's approval at the Annual General Meeting.

## MEETINGS AND SUPPLY OF INFORMATION TO THE BOARD

The Board meets regularly to discuss business strategy, financial performance, matters pertaining to compliance and governance as well as reports on matters deliberated by the respective committees. The Board meets bi-monthly, and amongst the agenda that is tabled to the Board for discussion/approval, the Board reviews the financial performance of the Bank, risk management and compliance reports and approves the quarterly results of the Bank. The Board meetings are scheduled in advance each year to facilitate Directors to plan their schedule. Meeting papers on proposals and various reports are delivered to the Board prior to Board meetings, giving Directors sufficient time to evaluate the proposals and, if necessary, request additional information to facilitate the effective discharge of their duties. Procedures have been established concerning the format, content, presentation and delivery of meeting papers. The meeting papers clearly address the background, objective, key issues, rationale, impact and other information relevant to each proposal to enable the Board to reach an informed and effective decision.

Directors have access to all information within the Bank. Through regular Board meetings, the Board receives updates on the development and business operations of the Bank, as well as comprehensive sets of papers, which include regular business progress reports and discussion documents related to specific matters.



Directors are also allowed to participate in the Board meetings via telephone conference. All deliberations at the Board meetings, including dissenting views, are duly minuted as records of their proceedings. The Board's decisions are communicated to Management within one working day of the Board meeting to ensure that decisions and directions are executed in a timely manner. The draft minutes are circulated to the Directors for their review and comments before the final minutes are tabled for confirmation at the next Board meeting.

At Board meetings, the ED/CEO provides a comprehensive explanation of significant issues relating to the Bank's business and financial performance. The Chairman of the Audit Committee provides a summary of the audit reports deliberated at the Audit Committee meetings for the Board's notation. Significant audit findings by the Group Internal Audit are also escalated to the Board for discussion and direction. In addition, the Head of Compliance reports on the status of compliance with the laws, regulatory requirements and internal policies and procedures adopted by the Bank. Management is also invited to present proposals and to answer queries raised by the Board on a need-basis. Management takes immediate action on all matters arising from the Board meeting and updates the Board on the status of these matters at the next Board meeting or, if urgent, via circulation of the memorandum.

Any Director who has an interest in any proposal or transaction will declare his interest and will abstain from deliberation and voting on the proposal or proposed transactions. This process is duly recorded in the minutes of the proceedings.

The Board will also at the beginning of the financial year, considers the Bank's annual budget in line with the Bank's strategies and plans formulated at the Group Annual Management Dialogue.

A total of nine Board meetings were held in 2017 and the Directors' attendance at the meetings is as follows:

#### No. of Meetings

Directors	Attended	Held
<b>Dato' Shaarani Ibrahim</b>		
Chairman / Independent Non-Executive Director	9	9
<b>Dato' Wira Zainal Abidin Mahamad Zain</b>		
Independent Non-Executive Director	9	9
<b>Mey Kalyan</b>		
Independent Non-Executive Director	8	8
<b>Kua Wei Jin<sup>*1</sup></b>		
Non-Independent Non-Executive Director	8	8
<b>Bun Yin</b>		
Non-Independent Executive Director & Chief Executive Officer	9	9
<b>Dato' Shahrul Nazri Bin Abdul Rahim<sup>*2</sup></b>		
Non-Independent Non-Executive Director	1	1
<b>Yong Jiunn Run<sup>*3</sup></b>		
Non-Independent Non-Executive Director	0	1
<b>Renzo Christopher Viegas<sup>*4</sup></b>		
Non-Independent Non-Executive Director	1	1

Notes:

<sup>\*1</sup> Resigned on 23 November 2017

<sup>\*2</sup>, <sup>\*3</sup>, & <sup>\*4</sup> Appointed on 23 November 2017

## Training and Development of Directors

Directors' Training is an integral process in the appointment of new Directors. The Board is further mindful of the need to keep pace with new laws, regulations, accounting standards, changing commercial risks, latest market trends and developments, key challenges in domestic and regional markets and the banking industry. To this end, the Board evaluates training needs on a continuous basis and determines areas that would further enhance the Directors' understanding of issues involving the Bank.

Listed below are the training sessions which the Directors attended to keep abreast of the latest developments:

TITLES / TOPICS	MODE OF TRAINING	NO. OF HOURS/DAYS	ATTENDED BY
• 12th World Islamic Economic Forum	Forum	3 days	DATO' SHAARANI IBRAHIM
• World Economic Forum on ASEAN 2017	Forum	3 days	
• Bursa Malaysia Sustainability Forum 2017 & ACCA Malaysia Sustainability Reporting Awards 2016	Forum	1 day	
• Corporate Directors Advanced Programme (CDAP) 2017 Cyber Security Risk Management for the Boardroom and C-Suite	Programme	1 day	
• Sustainability Engagement Series for Directors / Chief Executive Officers 2017	Course	Half - day	
• The New Companies Act 2017 "Raising the Bar for Directors"	Workshop	1 day	
• Board Excellence: How to Engage and Enthuse Beyond Compliance with Sustainability	Workshop	Half-day	DATO' WIRA ZAINAL ABIDIN MAHAMAD ZAIN
• Seminar on Implementing a Risk Management & Internal Control Framework Based on the Malaysian Code on Corporate Governance 2017	Seminar	1 day	
• National Seminar on Malaysian Code on Corporate Governance (New) "An Overview" III 2017	Seminar	1 day	
• Advocacy Sessions on Corporate Disclosure for Directors and Principal Officers of Listed Issuers	Course	1 day	
• Directors Risk Management Programme: I Am Ready to Manage Risks	Programme	1 day	
• Corporate Directors Advanced Program (CDAP) Financial Language in the Boardroom	Programme	2 days	
• World Economic Forum on ASEAN 2017	Forum	3 days	BUN YIN

During the year under review, regular updates on development in legal matters, disclosure and accounting standards, corporate governance and best practices were also provided to the Directors.

## Company Secretaries

The Company Secretaries demonstrate on-going support in advising and assisting the Board on matters relating to the affairs of the Bank, including issues pertaining to corporate compliance, corporate governance and best practices, boardroom effectiveness and Directors' duties and responsibilities. During the year under review, various Board processes were reviewed with a view to enhancing the Board's decision-making processes and the effective functioning of the Board.

The Company Secretaries ensure that the Board, Committees and Shareholders' meetings are properly convened in accordance with the laws and best practices, and records of proceedings at Board, Committee and Shareholder's meetings are duly minuted and kept.

The Company Secretaries apart from assisting the Chairman in formulating the agenda and conduct of the Board, Committees and Shareholder's meetings, also facilitate the communication of key decisions and policies between the Board, Committees and Senior Executives.

All Directors have full access to the advice of the Company Secretaries and may seek independent professional advice at the Bank's expense in furtherance of their duties. An approved procedure has been established in facilitating the Directors in seeking independent professional advice.

## ➤ COMMITTEES

The Board delegates specific responsibilities to the Audit Committee and Risk Committee. These Committees operate within clearly defined roles and responsibilities as set out in the duly approved formal terms of reference of each of the Committees.

The Committees report to the Board on their deliberations, findings and recommendations. The Chairmen of the Audit Committee and Risk Committee report to the Board on matters dealt with at their respective Committee's meetings. The Board accepts that while these Committees have the authority to deliberate on matters delegated to them, all decisions and/or recommendations made by these Committees are brought to the attention of the Board and collectively, are responsible for the Bank's success, business, strategy, risk management, and operational and financial performance.

Further details on the Committees are set out in the following sections.

### Audit Committee

The Audit Committee comprises solely of Independent Non-Executive Directors who have financial knowledge and experience.

The key responsibilities of the Audit Committee are to ensure high corporate governance practices whilst providing oversight on the Bank's financial reporting, disclosure, regulatory compliance, risk management and monitoring of internal control processes within the Bank. The Audit Committee meets regularly to, amongst other things, review the quarterly results, full-year financial statements and audit reports, which include observations pertaining to risk management and internal controls, as well as related party transactions.

The Audit Committee met six times in 2017 and the attendance of the members of the Audit Committee is as follows:

#### No. of Meetings

Members	Attended	Held
<b>Dr. Mey Kalyan</b>		
Chairman/Independent Non-Executive Director	6	6
<b>Dato' Shaarani Ibrahim</b>		
Independent Non-Executive Director	6	6
<b>Dato' Wira Zainal Abidin Mahamad Zain</b>		
Independent Non-Executive Director	6	6

The terms of reference of the Audit Committee are as follows:

Area	Responsibilities
Internal control / risk management governance	To review the effectiveness of internal controls, risk management processes and governance within the Bank, taking into account the requirements in the Prakas on Governance in Banks and Financial Institutions.
Internal audit	<ol style="list-style-type: none"> <li>To ensure the internal audit function is well placed to undertake review or investigation on behalf of the AC and be placed under the direct authority and supervision of the AC.</li> <li>To review and approve the audit scope, procedures frequency and the annual internal audit plan.</li> <li>To oversee the effectiveness of the internal audit function, staff competency requirements and adequacy of audit resources, and that internal audit has the necessary authority to carry out its work.</li> </ol>

- To review key reports and ensure that senior management is taking necessary corrective actions in a timely manner to address control weakness, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions.
- To note significant disagreements between the Internal Audit Head and the rest of the senior management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings.
- To ensure compliance with the Laws and Regulations applicable to Banks and Financial Institutions and that the reports of internal auditors should not be subject to clearance by management.
- To establish a mechanism to assess the performance and effectiveness of the internal audit function.
- To evaluate the performance and decide on the remuneration package of the Internal Audit Head.
- To approve the appointment, transfer and dismissal of the Internal Audit Head or senior staff members of the internal audit function, and to be informed of the resignation of any senior internal audit staff members and to provide the resigning staff member with an opportunity to submit his / her reasons for resigning.

External Audit	<ol style="list-style-type: none"> <li>To make recommendations to the Board on the appointment, removal and remuneration of the external auditors.</li> <li>To discuss and review with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.</li> <li>To assess the objectivity, performance and independence of external auditors (e.g. by reviewing and assessing the various relationships between the external auditors and Bank).</li> <li>To approve the provision of non-audit service by the external auditors, and to monitor and assess evaluating whether such non-audit would impair their independence.</li> <li>To ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercising of independent judgment of the auditors.</li> <li>To ensure that the financial statements are prepared in a timely and accurate manner with the adequacy of allowances against contingencies and impaired assets.</li> <li>To maintain regular, timely, open and honest communication with the external auditor, and requiring the external auditor to report to the AC on significant matters (in the absence of management where necessary).</li> <li>To review the external auditors' Internal Control Report and ensure that senior management is taking necessary corrective actions in a timely manner to address external audit findings and recommendations.</li> <li>To monitor and assess the effectiveness of the external audit, including meeting the external auditors at least once a year without the presence of the management or executive directors to discuss any key concerns and obtain feedback.</li> </ol>
Audit Findings, Internal Control and Compliance Issues	To review the findings of major investigations, routine audit findings, and internal control and compliance reported by the internal, external and regulatory auditors.
Financial Statements	<p>To review the quarterly results and year-end financial statements of the Bank, prior to approval by the Board, focusing particularly on:</p> <ul style="list-style-type: none"> <li>changes in or implementation of major accounting policy change;</li> <li>significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed;</li> <li>the going concern assumption; and</li> <li>compliance with accounting standards and applicable financial reporting standards and other legal or regulatory requirements.</li> </ul>
Related Party Transactions	To review all related party transactions and keep the Board informed of such transactions.
Review of Reports Related to Financial Statements	To review the accuracy and adequacy of the chairman's statement in the director's report, corporate governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements.
Monitoring of Compliance with Conflict of Interest Policy	To monitor compliance with the Board's conflict of interest policy
Review of Internal Control Framework	To review third party opinion on the design and effectiveness of the Bank's internal control framework.
Others	<ol style="list-style-type: none"> <li>To engage on a continuous basis with senior management in order to keep informed of matters affecting the Bank.</li> <li>To convene meetings with internal auditors, external auditors, or both whenever deemed necessary.</li> <li>To review the semi-annual and annual financial statements for submission to the Bank's Board of Directors and ensure prompt publication of annual financial statements.</li> </ol>



## Risk Committee

The primary responsibility of the Risk Committee is to ensure that the integrated risk management functions within the Bank are effectively discharged. The Risk Committee reports to the Board of Directors on all risk management matters of the Bank.

A total of 12 Risk Committee meetings are held in 2017 and the members' attendance at the meetings is as follows:

### No. of Meetings

Members	Attended	Held
<b>Dato' Shaarani Ibrahim<sup>1</sup></b>		
Chairman / Independent Non-Executive Director	1	1
<b>Dato' Wira Zainal Abidin Mahamad Zain<sup>1</sup></b>		
Chairman / Independent Non-Executive Director	11	11
<b>Bun Yin</b>		
Chief Executive Officer / Executive Director	12	12
<b>Neoh Sze Ming<sup>2</sup></b>		
Deputy Chief Executive Officer	10	11
<b>Kien Vatana<sup>3</sup></b>		
Acting Head, Risk Management	N/A	N/A
<b>Hong Cheap<sup>4</sup></b>		
Head, Commercial Banking	12	12
<b>Heng Thida</b>		
Head, Consumer Banking	11	12
<b>Den Davuth<sup>5</sup></b>		
Head, Information & Operations	10	10
<b>Heng Vuthy</b>		
Head, Strategy & Finance	11	12
<b>Ky Sana</b>		
Head, Corporate & Transaction Banking	11	12

Notes:

<sup>1</sup> On 24 January 2017, Dato' Wira Zainal Abidin Mahamad Zain was appointed as the new Chairman, succeeding Dato' Shaarani Ibrahim

<sup>2</sup> Appointed as a member on 24 January 2017

<sup>3</sup> Appointed as Acting Head of Risk Management succeeding Hong Cheap on 01 January 2018

<sup>4</sup> Appointed as Head of Commercial Banking on 01 January 2018 and subsequently as a member on 30 January 2018

<sup>5</sup> Resigned as a member on 31 October 2017.

The terms of reference of the Risk Committee are as follows:

- Allocate capital-at-risk for different lines of businesses and different categories of risks to ensure adequate diversification of risk, complies with the regulatory limit requirements and the Bank has sufficient capital to cushion against stress scenarios.
- Enhance shareholder value through evaluation of the risk-return profiles of business activities and ensuring that they are within the parameters established by the Board of Directors.
- Review and make recommendations to the Board of Directors for approval of appropriate risk policies and limits so that the risk management framework is in line with the corporate plan, the Group's Enterprise Wide Risk Management Framework, and conforms to the legal and regulatory requirements.
- Evaluate and review proposals on new products, investments, businesses, strategic alliances and product variations, and subsequently to grant approval-in-principle or recommend to the Board of Directors for approval.
- Review and approve changes to operational procedures and processes.
- Enforce compliance to all risk policies and limits.
- Deployment of proper methodologies to identify and measure risk for all positions.
- Set strategies to evaluate, monitor and control risks to maintain them within reasonable levels.
- Endorse the methodologies and tools for the measurement of the various types of quantifiable risk for Board approval.
- Review the Bank's balance sheet composition of loans and deposits.
- Ensure holistic approach is taken to manage the Bank's balance sheet through effective interest rate risk management, funding liquidity risk management, interest margins and capital management.
- To review that the Business Units and their respective credit committee(s) have clearly defined Asset Quality Review and Early Warning Indicators/ Credit Watchlist Process in identifying, classifying, reporting, monitoring any problem loan (in particular Impaired loans) in line with the Credit Risk Policy/ regulatory authorities/ approved credit policies and procedures/ accounting standards (where applicable).
- To ensure the Bank maintains its asset quality through close monitoring of the processing and approval of new loans and prompt recovery of Impaired Loans;
- To mediate issues relating to the transfer of accounts between business units and recovery team when accounts turned impaired and vice versa;
- To review asset quality so as to be in line with the overall Risk Appetite/Risk Acceptance Criteria (RAC) of the Bank and Business Units, including but not limited to:

- Early Alert Watchlist, delinquent or Impaired accounts;
- Provisioning of accounts pursuant to the Prakas of National Bank of Cambodia and other relevant regulation; and
- Any other issues relating asset quality.
  - To review and deliberate on portfolio and Impaired default trends/reports for risk identification.
- Review the Bank's contingency plan and overall business continuity management for implementation whenever necessary and propose to the Board of Directors for approval.
- Change in individual members within the same corporate function can be approved by the Committee itself with a notation to Board of Directors, where changes in membership involve a change in corporate function of members or amendments are proposed to the Terms of Reference, approval must be sought from Board of Directors before implementation.
- Review and approve the terms of reference and composition of any Sub-Committees; including the appointment and removal of members and invitees to such Committees.

## ➤ MANAGEMENT COMMITTEES

The following management committees have been established to assist the Chief Executive Officer (CEO) and management in managing the various businesses and support activities of the Bank:

- Management Committee
- Cambodia Credit Committee
- Asset and Liabilities Management Committee

### Management Committee

The Management Committee reports to the Board of Directors on the day-to-day management matters of the Bank.

<b>Bun Yin</b>	
Chief Executive Officer	Chairman
<b>Neoh Sze Ming</b>	
Deputy Chief Executive Officer	Alternative Chairman
<b>Heng Thida</b>	
Head, Consumer Banking	Member
<b>Heng Torang</b>	
Head, Treasury	Member
<b>Hong Cheap<sup>*1</sup></b>	
Head, Commercial Banking	Member
<b>Kien Vatana<sup>*2</sup></b>	
Acting Head, Risk Management	Member
<b>Heng Vuthy</b>	
Head, Strategy & Finance	Member
<b>Oum Chendapheakdey</b>	
Head, Corporate Resources	Member
<b>Den Davuth<sup>*3</sup></b>	
Head, Information & Operations	Member
<b>Ky Sana</b>	
Head, Corporate & Transaction Banking	Member

Notes:

<sup>\*1</sup> Appointed as Head of Commercial Banking on 1 January 2018 and subsequently as a member on 16 January 2018

<sup>\*2</sup> Appointed as Acting Head of Risk Management succeeding Hong Cheap on 01 January 2018.

<sup>\*3</sup> Resigned as a member on 31 October 2017.

The terms of reference of the Management Committee are as follows:

- Advise the CEO.
- Monitor and evaluate the performance of each business division.
- Review financial and other management reports of the Bank.
- Devise a strategy, business plans and budgets for the Bank (including IT-related items).
- Identify cross-departmental synergies.
- Deliberate on key regulatory issues.
- Other matters as directed by the CEO from time to time.
- Other matters as directed by the Board/Group CEO from time to time.



## Cambodia Credit Committee

The Cambodia Credit Committee reports to the Risk Committee on credit-related matters of the Bank.

<b>Kien Vatana<sup>1</sup></b>	
Acting Head, Risk Management	Chairman
<b>Bun Yin</b>	
Chief Executive Officer	Alternative Chairman
<b>Hong Cheap<sup>2</sup></b>	
Head, Commercial Banking	Member
<b>Heng Thida</b>	
Head, Consumer Banking	Member
<b>Chamnan Vanita<sup>2</sup></b>	
Acting Head, Credit Management	Member
<b>John Chuah Keat Kong</b>	
Credit Advisor, Commercial Banking	Member
<b>Ky Sana</b>	
Head, Corporate & Transaction Banking	Member
<b>Hong Bunroeut</b>	
Commercial Banking	Member

Notes:

<sup>1</sup> Appointed as Acting Head of Risk Management on 01 January 2018 succeeding Hong Cheap

<sup>2</sup> Appointed as a member on 29 January 2018

The terms of reference of the Cambodia Credit Committee are as follows:

- To review and approve credit facilities originating from CIMB Bank PLC, which are within the approved limits delegated by the Board.
- To recommend for Group Credit Committee/ Delegated Concurrence Authority's concurrence/endorsement and Board approval, all credit proposals, which exceed the CCC's approval authority.
- To ensure the Bank's overall loans portfolio meets the guidelines of regulatory authorities, approved credit policies and procedures, within the approved risk appetite.
- To review and approve recovery actions to be taken against cases within the committee's sanctions and provisions for bad and doubtful accounts, write-offs.
- To assess the risk-return trade-off when approving credit facilities.
- To review and evaluate the various credit products engaged by the Bank to ensure that they are conducted within the standards and policies set by the Board.
- To review and approve the internal credit rating of each borrower, where applicable.
- To review and recommend the changes in the credit policies and guidelines to the relevant Committees for endorsement and approval.
- To perform any other functions as and when directed by the Risk Committee.

## Assets and Liabilities Management Committee

The Assets and Liabilities Management Committee reports to the Risk Committee on liquidity risk and assets and liability matters of the Bank. The Assets and Liabilities Management Committee met 15 times in 2017.

<b>Bun Yin</b>	
Chief Executive Officer	Chairman
<b>Neoh Sze Ming<sup>1</sup></b>	
Deputy Chief Executive Officer	Member
<b>Heng Thida</b>	
Head, Consumer Banking	Member
<b>Hong Cheap<sup>2</sup></b>	
Head, Commercial Banking	Member
<b>Heng Vuthy</b>	
Head, Strategy & Finance	Member
<b>Heng Torang</b>	
Head, Treasury	Member
<b>Ky Sana</b>	
Head, Corporate & Transaction Banking	Member
<b>Kien Vatana<sup>3</sup></b>	
Acting Head, Risk Management	Member

Notes:

<sup>1</sup> Appointed as member on 21 February 2017

<sup>2</sup> Appointed as Head of Commercial Banking on 01 January 2018 and as a member on 29 January 2018.

<sup>3</sup> Appointed as Acting Head of Risk Management succeeding Hong Cheap on 01 January 2018

The terms of reference of the Assets and Liabilities Management Committee are as follows:

- To review and analyse the Bank's balance sheet plan by business, asset and liability mix, currency, growth, yield and margin;
- To review variations between actual and planned balance sheet and how this impact loan-deposit and other balance sheet ratios and funding plan and whether the Bank will remain within the established risk appetites;
- To review net interest income and margin trends including forecast position, and the variances from the planned net interest rate margin, and detail any required actions as appropriate;
- To review the impact on earnings (NII) under both a base case and under stressed economic scenarios;
- To review and ensure the Cost of Fund or FTP (If applicable) is appropriate and act as the arbitrator between business lines in designing and implementing FTP and promote consistency across the Bank;
- To review the Contingency Funding Plan ("CFP") as an operational business plan and assess the capacity of the plan to ensure that any management action is realistic;
- To ensure that early warning indicators are up-to-date and relevant based on available data.
- To review ALM framework and policies (if applicable) to ensure they are appropriate for the size and complexity of the current and future operations of the Bank;

- To promote consistent policies and practices across the Bank;
- To review and recommend Management Action Triggers (“MAT”)/ limits for liquidity risk and interest rate risk in the banking book to RC for approval;
- To set, monitor and review the hedging strategies of the Bank (if applicable);
- To review and ensure that the Bank’s risk profile is within established MAT/ limits for liquidity risk and interest rate risk in the banking book, including reviewing internal stress testing results across material currencies in the Bank;
- To review and recommend ALM risk model parameters and model validation results for approval by RC; and
- To identify and review Bank liquidity and funding requirements and appropriate actions to address these requirements.
- To review and recommend ALM risks framework and policies (if applicable) for RC approval;
- To review and approve ALM risks methodologies and standard (if applicable) to be met to comply with approved policies;
- To review and approve Cost of Fund or FTP framework (if applicable), policies and methodologies for the Bank;
- To approve pricing proposal based on its approved DA;
- To escalate to RC any MAT/ trigger/ limits breaches (non-regulatory) that are not viewed as material variance to the established threshold and to the capital/ liquidity/ reputation of the Bank.

## ➤ ACCOUNTABILITY AND AUDIT

### Financial Reporting

Pursuant to the Law on Commercial Enterprises and the Law on Banking and Financial Institutions, financial statements for each financial year are prepared in accordance with the guidelines issued by the NBC and Cambodian accounting standards. The financial statements are prepared on a going concern basis and provide a true and fair view of the state of affairs of the Bank as at 31 December 2017.

Appropriate accounting policies have been applied consistently in preparing the financial statements, supported by reasonable and prudent judgment and estimates. The directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Bank and have ensured that the Bank’s financial reporting presents a balanced and comprehensive assessment of its financial position and prospects.

The Board is satisfied that it has met its obligations to present a balanced and understandable assessment of the Bank’s position and prospects in preparing the financial statements, reflected in the directors’ report as set out on page 86 of the financial statements section of this annual report.

### Audit Committee

The Audit Committee assists the Board in overseeing the financial reporting process. The Bank’s quarterly and half-yearly results and annual financial statements are subject to review by the Audit Committee and approval of the Board, prior to submission to the NBC.

### Internal Control

The Board has overall responsibility for maintaining sound internal control systems that cover financial controls, effective and efficient operations, legal and regulatory compliance as well as risk management. The size and complexity of the Bank necessitate the management of a wide and diverse spectrum of risks. The nature of these risks means that events may occur which could give rise to unanticipated or unavoidable losses. The inherent system of internal controls is designed to provide reasonable, though not absolute assurance against the risk of material errors, fraud or losses occurring.

The Board considers that the Bank’s framework and system of internal controls and procedures maintained by the Bank’s management, and set in place throughout the financial year up to the date of this report, is adequate to meet the needs of the Bank in the current business environment. The system of internal controls is designed to provide reasonable, but not absolute assurance for achieving certain internal control standards and helps the Bank to manage the risk of failure to achieve business objectives, rather than to eliminate it.

The statement on internal control which provides an overview of the state of internal control of the Bank is set out on pages 42 to 44 of the annual report.

*The Statement on Corporate Governance is approved by the Board of Directors on 24 May 2018.*



# AUDIT COMMITTEE REPORT

## ➤ OVERVIEW

The Audit Committee (AC) of CIMB Bank PLC is committed to its role of ensuring high corporate governance practices and providing oversight of the Bank's financial reporting, risk management and internal control systems.

## 1. ATTENDANCE OF MEETING

The details of the Audit Committee's membership and meetings held in 2017 are as follows:

### No. of Committee's Meetings

Members	Status	Attended	Held
<b>Dr. Mey Kalyan</b>	Independent Non-Executive	6	6
<b>Dato' Shaarani Ibrahim</b>	Independent Non-Executive	6	6
<b>Dato' Wira Zainal</b>	Independent Non-Executive	6	6
<b>Abidin Mahamad Zain</b>			

The Chairman of the Audit Committee who is also a Board member, reports to the Board on matters deliberated during the Audit Committee meetings.

## 2.COMPOSITION

The AC shall comprise only non-executive directors and shall have at least three directors of which the majority shall be independent directors. The committee shall be chaired by an independent director with accounting and legal expertise and shall not be the Chairman of the Board. This is to promote robust and open deliberations by the Board on matters referred by the AC. All members of the AC should be financially literate. Collectively, the committee should comprise of directors who have the skills, knowledge and expertise relevant to the responsibilities of the AC.

The Board of Directors should implement a process for an annual assessment of the effectiveness of the AC as well as the contribution of each individual member whether AC and AC members have carried out their duties in accordance with their reference.

Any vacancy arising in the AC must be filled within 3 months.

## 3. AUTHORITY

The AC is a Board-delegated committee and in discharging its duties, it has explicit authority to investigate any matter within its Terms of Reference. It has full access to and co-operation from Management and full discretion to invite any director or executive officer to attend its meetings. The AC has full and unrestricted access to information and is able to obtain independent professional advice, if necessary, with any related expenses to be borne by the Bank. The Bank should make the necessary resources available to the AC to enable it to discharge its functions effectively.

## 4. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The responsibilities and duties of the Audit Committee are as follows:

Area	Responsibilities
Internal control / risk management / governance	To review the effectiveness of internal controls, risk management processes and governance within the Bank, taking into account the requirements in the Prakas on Governance in Banks and Financial Institutions.
Internal audit	<ol style="list-style-type: none"> <li>To ensure the internal audit function is well placed to undertake review or investigation on behalf of the AC and be placed under the direct authority and supervision of the AC.</li> <li>To review and approve the audit scope, procedures frequency and the annual internal audit plan.</li> <li>To oversee the effectiveness of the internal audit function, staff competency requirements and adequacy of audit resources, and that internal audit has the necessary authority to carry out its work.</li> <li>To review key reports and ensure that senior management is taking necessary corrective actions in a timely manner to address control weakness, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions.</li> <li>To note significant disagreements between the Internal Audit Head and the rest of the senior management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings.</li> <li>To ensure compliance with the Laws and Regulations applicable to Banks and Financial Institutions and that the reports of internal auditors should not be subject to clearance by management.</li> <li>To establish a mechanism to assess the performance and effectiveness of the internal audit function.</li> <li>To evaluate the performance and decide on the remuneration package of the Internal Audit Head.</li> <li>To approve the appointment, transfer and dismissal of the Internal Audit Head or senior staff members of the internal audit function, and to be informed of the resignation of any senior internal audit staff members and to provide the resigning staff member with an opportunity to submit his / her reasons for resigning.</li> </ol>
External Audit	<ol style="list-style-type: none"> <li>To make recommendations to the Board on the appointment, removal and remuneration of the external auditors.</li> <li>To discuss and review with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.</li> <li>To assess the objectivity, performance and independence of external auditors (e.g. by reviewing and assessing the various relationships between the external auditors and Bank).</li> <li>To approve the provision of non-audit service by the external auditors, and to monitor and assess evaluating whether such non-audit would impair their independence</li> <li>To ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercising of independent judgment of the auditors.</li> <li>To ensure that the financial statements are prepared in a timely and accurate manner with the adequacy of allowances against contingencies and impaired assets.</li> <li>To maintain regular, timely, open and honest communication with the external auditor, and requiring the external auditor to report to the AC on significant matters (in the absence of management where necessary).</li> <li>To review the external auditors' Internal Control Report and ensure that senior management is taking necessary corrective actions in a timely manner to address external audit findings and recommendations.</li> <li>To monitor and assess the effectiveness of the external audit, including meeting the external auditors at least once a year without the presence of the management or executive directors to discuss any key concerns and obtain feedback.</li> </ol>
Audit Findings, Internal Control and Compliance Issues	To review the findings of major investigations, routine audit findings, and internal control and compliance reported by the internal, external and regulatory auditors.
Financial Statements	<p>To review the quarterly results and year-end financial statements of the Bank, prior to approval by the Board, focusing particularly on:</p> <ul style="list-style-type: none"> <li>• changes in or implementation of major accounting policy change;</li> <li>• significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed</li> <li>• the going concern assumption; and</li> <li>• compliance with accounting standards and applicable financial reporting standards and other legal or regulatory requirements.</li> </ul>

Related Party Transactions	To review all related party transactions and keep the Board informed of such transactions.
Review of Reports Related to Financial Statements	To review the accuracy and adequacy of the chairman's statement in the director's report, corporate governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements.
Monitoring of Compliance with Conflict of Interest Policy	To monitor compliance with the Board's conflict of interest policy
Review of Internal Control Framework	To review third party opinion on the design and effectiveness of the Bank's internal control framework.
Others	<ul style="list-style-type: none"> <li>a. To engage on a continuous basis with senior management in order to keep informed of matters affecting the Bank.</li> <li>b. To convene meetings with internal auditors, external auditors, or both whenever deemed necessary.</li> <li>c. To review the semi-annual and annual financial statements for submission to the Bank's Board of Directors and ensure prompt publication of annual financial statements.</li> </ul>

## 5. SUMMARY OF ACTIVITIES IN 2017

### 5.1 Audit Committee

- a. Reviewed and approved the annual audit plan, the scope of work and resources requirements of Internal Audit.
- b. Reviewed Internal Audit's methodology in assessing the risk levels of the various auditable areas and ensured that audit emphasis was placed on areas of critical risk.
- c. Reviewed the adequacy and effectiveness of the system of controls, reporting and risk management to ensure there is a systematic methodology for identifying, assessing and mitigating risk areas.
- d. Reviewed the efficiency of operations and the economical use of resources throughout the Bank.
- e. Reviewed the appointment of external auditors and their independence and effectiveness.
- f. Reviewed the external auditors' audit plan, the scope of work and the results of the annual audit of the Bank.
- g. Met with the external auditors on 29 January 2018 without the presence of management and the executive director to discuss relevant issues and obtain feedback.
- h. Reviewed the internal control issues identified by internal and external auditors as well as management's response to audit recommendations and the implementation of agreed action plans.
- i. Reviewed the quarterly financial statements of the Bank.
- j. Reviewed related party transactions and the adequacy of the Bank's procedures in identifying, monitoring, reporting and reviewing related party transactions.
- k. Ensured compliance with regulatory requirements and internal policies, and provided a status update on follow up by management on internal and external audit recommendations.

### 5.2 Internal Audit Function

- a. Internal Audit, which is supported by Group Internal Audit, conducted audits for the Bank.
- b. Internal Audit provides independent and objective assurance on the adequacy and effectiveness of the internal control systems implemented by management.
- c. Internal Audit assists the Audit Committee and management in effectively discharging their responsibilities in establishing cost-effective controls, assessing risk management and recommending measures to mitigate identified risks and ensure proper governance processes are followed.
- d. Internal Audit provides periodic reports to the Audit Committee and management, reporting on the outcomes of the audits conducted which highlight the effectiveness of the systems of internal control and significant risks.
- e. Internal Audit conducts investigations on suspected fraudulent activities and other irregularities.

### 5.3 Internal Audit Reports

- a. Internal Audit completed 19 audit assignments during the year, covering audits of all key operations.
- b. Audit reports that are rated as 'Unsatisfactory' and 'Unacceptable' require the respective management to be present at the Audit Committee meetings to respond to and provide feedback on audit issues identified by Internal Audit.
- c. All findings by Internal Audit are tracked and followed up until they are dealt with and reported on a bi-monthly basis to the Audit Committee by Internal Audit Department.
- d. The implementation status of audit recommendations is reported to the Audit Committee on a bi-monthly basis.



# STATEMENT ON INTERNAL CONTROL

## ➤ BOARD RESPONSIBILITY

The Board places importance on and is committed to maintaining a sound system of internal control. The system of internal control addresses the need for effective and efficient business operations, sound financial reporting and control procedures, and above all, compliance with the applicable laws, regulations, rules and guidelines.

The Board has overall responsibility for the Bank's internal control and management information systems. The Board also recognizes that reviewing the internal control system is a concerted and on-going process and takes into account changes in technology, the business environment and regulatory guidelines, with a view to enhancing the process for identifying, evaluating and managing risks. The internal control system is designed to identify, manage and control risks, including operational risks, rather than to eliminate the risk of failure to achieve corporate objectives.

## ➤ RISK MANAGEMENT AND CONTROL FRAMEWORK

The Bank considers risk management as an important element of the Bank's business and embeds strong risk culture in the Bank's daily business operations and decision-making process. With the growing importance of risk management for the Bank to achieve sustainable growth, the risk management team is involved at the inception of the risk-taking process to provide independent review and input including new product assessments, strategy setting, credit evaluation and others.

The Bank as part of CIMB Group employs the Enterprise Wide Risk Management (EWRM) framework to manage its risk and opportunities. The EWRM provides the Board and its management with tools to anticipate and manage both the existing and potential risks, taking into consideration the changing risk profiles as dictated by changes in business strategies, regulatory environment, and functional activities.

## ➤ INFORMATION TECHNOLOGY SECURITY

Information Security requires integrated strategy governing discipline over people, process and technology. In order to strengthen and enhance the level of information security management, the Bank adopted CIMB Group's international technology, process and management standards. By implementing the Group IT Security Blueprint, the strategies maintain and enforce an effective information technology security infrastructure to support the business.

In line with the banking business growth and IT Infrastructure expansions, our technology design was constantly reviewed and improved to effectively mitigate both internal and external risks and threats. In addition, we leverage on Group's Security Operation Centre, established to monitor and respond to potential cyber-attacks in a more effective manner.

At the network security level, additional firewalls and network access control lists were deployed to manage security domains for group users and network resources in a logical and physical manner and allow restrictions on access and authorisation at the network. The Bank is further leveraging on Enterprise End-Point Anti-Malware, End-Point Encryption, Data Loss Prevention System, Intrusion Prevention System and Content filtering on Web and Email technology which can significantly mitigate the security risks when data traverses the network. The definition files and configurations of these tools continue to be updated as and when required to mitigate newly discovered vulnerabilities.

The Bank has implemented information security awareness programmes targeted at employees to raise awareness about privacy, leakage of information and security responsibility. These programmes consist of e-learning materials and periodic newsletters circulated within the organization.

## ➤ KEY INTERNAL CONTROL PROCESSES

The key processes that the Board has established in reviewing the adequacy and integrity of the system of internal control, including compliance with the applicable laws, regulations, rules, directives and guidelines, are as follows:

### Audit Committee

The Audit Committee (AC) comprises of Independent Non-Executive Directors. It is a Board-delegated committee with oversight of financial reporting, disclosure, regulatory compliance, risk management, governance practices and monitoring of internal control processes in the Bank. Senior management, internal auditors and external auditors report to the AC on the effectiveness and efficiency of internal controls.

All significant and material findings by the internal auditors, external auditors and regulators are reported to the AC for review and deliberation. The AC reviews and ensures the implementation of Senior Management's mitigation plans to safeguard the interests of the Bank and maintain proper governance. Management of business and support units that are rated as "Unsatisfactory" or "Unacceptable" by Internal Audit are counselled by the AC.

The AC also reviews all related party transactions, and audit and non-audit related fees proposed by the Bank's external auditors.

Presentations of business plans, current developments, operations, risks associated with the business and controls to mitigate risks are made by the relevant business and support units as and when deemed necessary by the AC.

The AC also attends the Bank's annual management summit where each business and support unit reviews its operations for the year and presents strategies and plans for the year to come.

### Risk Committees

The Risk Committee (RC) determines the Bank's risk policy objectives and assumes responsibility on behalf of the Board for supervision of risk management. The day-to-day responsibility of risk management supervision and control is delegated to the RC, which reports directly to the Board. The RC meets on a monthly basis or as and when required.

The Assets and Liabilities Management Committee (ALCO) reports to the RC on liquidity risk and assets and liabilities matters of the Bank. The committee meets on a monthly basis with its primary role being to monitor and to strategically manage the balance sheet financial risk. It has specific accountability for the management of the cost of borrowing, developing suitable advisory inputs to the Risk Committee for decision making pertaining to the Bank's liquidity and interest rate risk, diversification of funding sources, and the review of the loans and deposits composition of the Bank's balance sheet. ALCO oversees overall implementation of effective processes for managing the Bank's interest rates, liquidity, and similar risks relating to the Bank's balance sheet and associated levels.

### Management Committee

The Management Committee is a committee set up by the Board of Directors to manage day-to-day operational issues. The meetings of this committee are held on a monthly basis, during the first week of the month, or as and when required. The Committee comprised of members from each department and includes representatives from Audit and Compliance as permanent invitees.

## Internal Policies and Procedures

The Board has approved the documented internal policies and procedures of all business units. Policies and procedures serve as a day-to-day operational guide to ensure compliance with internal controls and the applicable laws and regulations. This is to ensure continuous improvements in operational efficiency while taking into consideration the changing industry profile on regulatory requirements, risks and internal control measures for mitigation, as well as new products and services.

## Internal Audit

The Internal Audit Department (IAD) reports independently to the AC and is independent of the activities and operations of other business and support units. The principal responsibility of IAD is to provide an independent appraisal on the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by Management. In evaluating internal control, IAD adopts the five components set out in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO); namely control environment, risk assessment, control activities, information and communication, and monitoring activities. COSO is an internationally recognized organization providing thought leadership and guidance on internal control, enterprise risk management and fraud deterrence.

IAD's scope of coverage encompasses all business and support units. The selection of the units to be audited from the audit universe is based on an annual audit plan that is approved by the AC. The annual audit plan is developed based on an assessment of the risks, exposures and strategies of the Bank. Units that are assessed as high risk are subject to an annual audit, while those that are assessed to be medium or low risk are subject to a cycle audit. Notwithstanding the risk assessment, the annual audit plan will include units that must be audited annually due to regulatory requirements, recent incidence of fraud or adverse audit rating in the past year or recent action taken by regulators due to both market conduct or otherwise, potential loss events reported amounting to US\$25k and above, or significant changes in operations or computer systems. IAD also undertakes investigations into alleged fraud by staff, customers and third parties, and recommends appropriate improvements to prevent recurrence and actions against the persons responsible.

IAD has unrestricted access to information required in the course of its work. IAD's scope of work is established in accordance with The Institute of International Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing and relevant regulatory guidelines.

The Audit Report is the final product of an audit assignment, which provides the scope of audit work performed, a general evaluation of the system of internal control together with detailed audit observations, the response from management, and comments and recommendations by IAD for improvement. The AC reviews and evaluates any exceptions or non-compliance raised by IAD and monitors activities to ensure that appropriate and prompt remedial actions are taken by the management.

IAD submits a report to the Group AC once every quarter. IAD follows the same audit planning and audit rating methodology as the Group Internal Audit Division with such modifications as necessary to suit the local environment and regulations.

## Compliance Framework

The Board recognises that the compliance function forms an integral part of the Bank's management and internal controls, as a strong compliance culture reflects a corporate culture of high integrity and ethics.

The Bank's compliance function is driven by the Compliance Department with consultation and guidance from the Group Compliance Division which is headquartered in Malaysia. Its main function is to facilitate advice, monitor and educate the business and support units to act in accordance with laws, regulations and guidelines. In line with good governance, Compliance Department reports independently to the Board of Directors.

The Bank has established a new methodology of Compliance Framework which requires all business and support units to establish a Compliance Matrix. The Compliance Matrix encompasses relevant laws, regulations and guidelines which are applicable to the business and support units. Business and support units are required to conduct a Self-Testing exercise on the Compliance Matrix and the Compliance Department will independently conduct a verification of the self-testing performed by business and support units. Additionally, Compliance Department conducts scheduled on-site compliance reviews on business and support units based on the Compliance Work Plan that has been approved by the Board. In addition, scheduled training is regularly conducted to create compliance awareness of the Compliance Framework and to facilitate the implementation within the Bank.

The Board of Directors is provided with compliance reports on a regular basis to facilitate the Board having a holistic and overall view of all compliance matters of the Bank.

## New Product Approval Policy and Procedures

New product approval policy and procedures are enforced for all new banking products and services. New products are products and/or services that are offered by the Bank for the first time or a combination of or variation to existing products and/or services that have a material change in the risk profile, as determined by Risk Management. All new product proposals are subjected to a rigorous risk review process by the various stakeholders at Bank and Group level to ensure that all critical and relevant areas of risk are appropriately identified, assessed and mitigated prior to implementation. The product proposal is then subjected to extensive deliberations in the various Bank and Group committees before submission to the Board of Directors of the Bank for final approval.

## Exceptions Management and Escalation

The Bank continuously stresses the importance of adhering to regulatory requirements, internal controls and other established procedures in preserving its brand reputation. Exceptions are addressed and managed in a timely and transparent manner. To this end, the Bank has established exception management and escalation procedures to handle escalation of any exceptions, including regulatory non-compliance, breaches of rules or limits, fraud and other non-compliance with the internal processes. This procedure advocates timely remedial measures and strengthens transparency and management oversight.

Under the exception management and escalation procedures, reports on incidents are required to be submitted within 24 hours of discovery or first notification of such incident. Each exception will then be managed based on the severity and impact of the case to the Bank's business, operations and brand reputation. Exceptions are summarised and reported to the Risk Committee on a monthly basis.

## Code of Ethics

The Bank has in place a standard minimum code of conduct for all its employees, which encompasses all aspects of its day-to-day business operations. The guidelines of the code of conduct are adopted from the Group and incorporated in the employment contract acknowledged and signed by all employees.



## Human Resources Policies and Procedures

Human Resources (HR) Policies and Procedures have been instituted throughout the Group, covering all aspects of human resource management. The policies on recruitment, promotion, transfer and termination of employees within the Group are clearly defined therein. These policies are built upon and in line with the relevant local regulations to ensure compliance. Employees are appraised on an annual basis and the appraisal is directed by key performance indicators and core competency measurements. Learning and capability development programs which include skills and/or technical training are developed and put in place to support and improve the competency of our employees to ensure that they are able to discharge their duties effectively and efficiently. Employees are periodically reminded of the relevant policies via e-mail or memoranda and also through relevant training sessions. One such training conducted is the Anti-Money Laundering (AML) session, which is carried out regularly to further emphasize the Group's zero tolerance towards non-compliance with the AML policy. This is also emphasized during the Group orientation program.

## ➤ BUSINESS CONTINUITY MANAGEMENT

CIMB Group is committed to safeguarding the interests of all its key stakeholders, the reputation of the organisation and value-creating activities by ensuring an appropriate level of continuity on business processes and functions throughout the Group. The responsibilities for implementing and running the Business Continuity Management ("BCM") programme lie with the Board of Directors and Management.

A BCM framework is adopted from CIMB Group and is in place to outline and enforce minimum BCM requirements, procedures and practices on business and support units, so as to ensure the continuity of critical business functions and essential services within a specified timeframe in the event of major disruptions, thus ensuring;

- (i) customers' expectations can be fulfilled and quality of services can be maintained to promote customer confidence;
- (ii) minimal impact on business operations during major disruption;
- (iii) reputation and image of the Bank will not be negatively affected, and
- (iv) regulatory compliance with BCM guidelines/principles/regulations.

The BCM framework is regularly updated and aligned with CIMB Group standards, and BCM procedures and practices include analysing the business functions and identifying continuity strategies, responses, continuity culture, exercises and plan maintenance of each business and support units.

Pursuant to the BCM, Business Continuity Plans ("BCP") are documented for mission-critical functions and processes, and Disaster Recovery Plans ("DRP") are documented for application systems. The BCP and DRP are rehearsed and tested on a regular basis.

In addition, BCM workshops are conducted annually for business and support units across the Bank in efforts to increase employee awareness on their roles, responsibilities and accountabilities with respect to BCM.

## Anti-Money Laundering / Counter-Terrorism Financing (AML/CFT)

The Bank places importance on and is committed to establishing an effective internal control system for AML/CFT in compliance with all related laws, regulations, guidelines and industry best practices.

The Bank maintains the AML/CFT Policies and Procedures which has been duly approved by the Board.

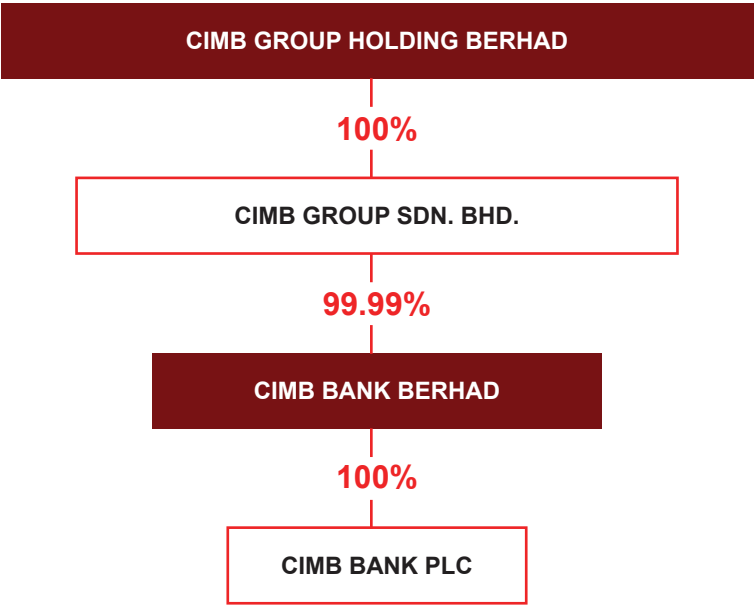
The Bank's AML/CFT systems and supporting systems facilitate AML risk, customer and transaction monitoring including Watchlist Management, CDD or "Know Your Customer" and AML/CFT Alert Monitoring.

Regular training and awareness programmes are conducted. This is supplemented with the latest updates on AML/CFT, real transaction case study on the risk of money laundering and financing terrorism, with emphasis on the roles and responsibilities of employees. The Bank has taken and will continue to undertake on-going measures to reduce the risk of CIMB's exposure to possible money laundering and financing of terrorism activities, and at the same time ensure compliance with regulatory guidelines.

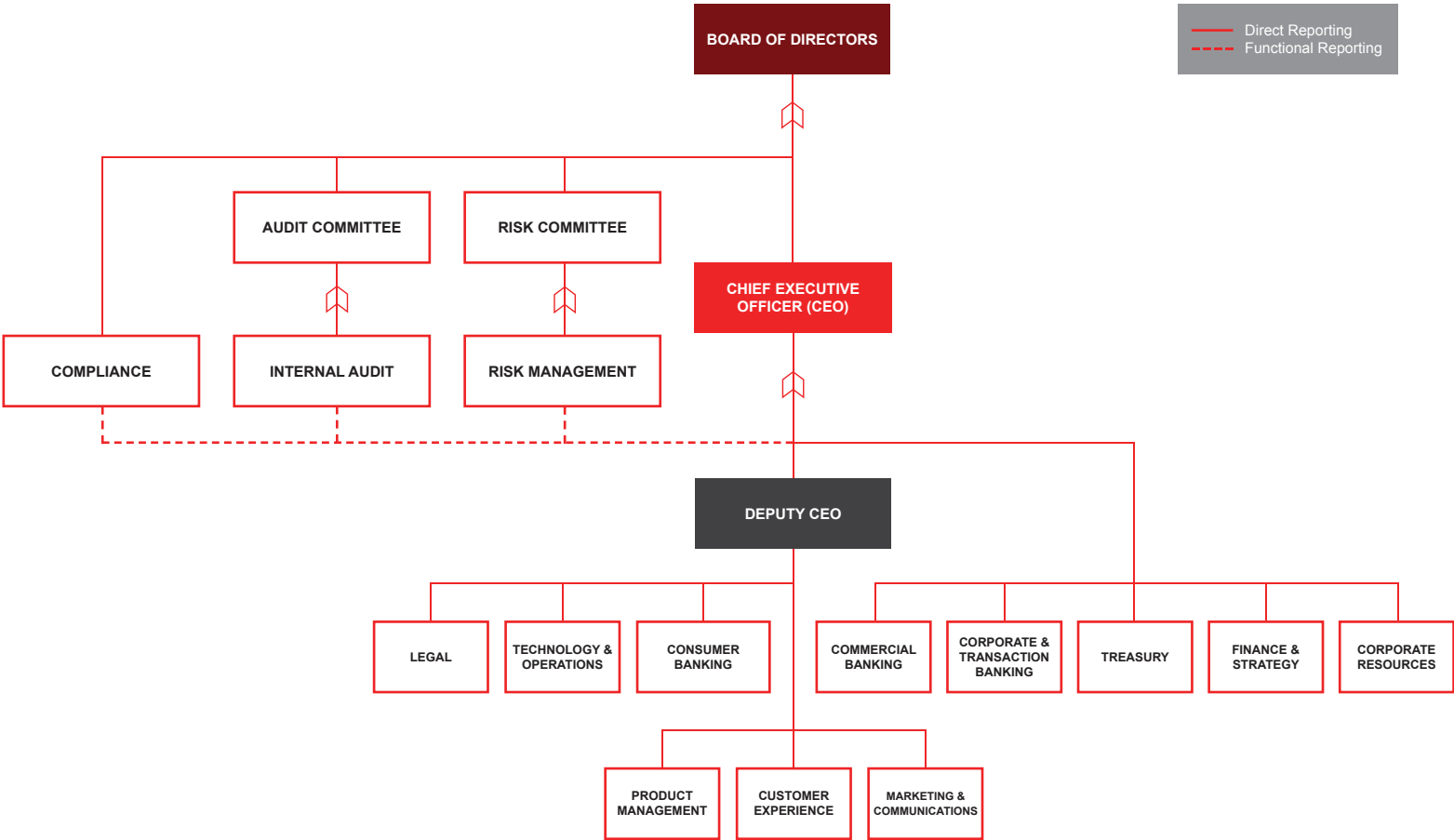
## ➤ CONCLUSION

The Board believes that the system of internal control in place is adequate to safeguard shareholder interests as well as the assets of the Bank. It also acknowledges the effectiveness of the on-going process for the identification, evaluation and management of significant risks in the Bank and is committed to continuing to review the operations and effectiveness of the Bank's internal controls, including financial, operational and compliance controls and risk management.

# CORPORATE STRUCTURE



# ORGANISATION CHART





# CORPORATE INFORMATION

(As at 30 January 2018)

## ➤ BOARD OF DIRECTORS

### **Dato' Shaarani Ibrahim**

Chairman / Independent Non-Executive Director

### **Dato' Wira Zainal Abidin Mahamad Zain**

Independent Non-Executive Director

### **Dr. Mey Kalyan**

Independent Non-Executive Director

### **Kua Wei Jin**

Non-Independent Non-Executive Director  
(Resigned as member on 23 November 2017)

### **Bun Yin**

Non-Independent Executive Director

### **Dato' Shahrul Nazri Abdul Rahim**

Non-Independent Non-Executive Director  
(Appointed as member on 23 November 2017)

### **Yong Jiunn Run**

Non-Independent Non-Executive Director  
(Appointed as member on 23 November 2017)

### **Renzo Christopher Viegas**

Non-Independent Non-Executive Director  
(Appointed as member on 23 November 2017)

## ➤ AUDIT COMMITTEE

### **Dr. Mey Kalyan**

Chairman / Independent Non-Executive Director

### **Dato' Shaarani Ibrahim**

Independent Non-Executive Director

### **Dato' Wira Zainal Abidin Mahamad Zain**

Independent Non-Executive Director

## ➤ RISK COMMITTEE

### **Dato' Shaarani Ibrahim**

Chairman / Independent Non-Executive Director  
(Resigned as Chairman on 24 January 2017)

### **Dato' Wira Zainal Abidin Mahamad Zain**

Chairman / Independent Non-Executive Director  
(Appointed as Chairman on 24 January 2017)

### **Bun Yin**

Chief Executive Officer

### **Neoh Sze Ming**

Deputy Chief Executive Officer  
(Appointed as member on 24 January 2017)

### **Kien Vatana**

Acting Head, Risk Management  
(Appointed on 01 January 2018)

### **Hong Cheap**

Head, Commercial Banking  
(Appointed as member on 30 January 2018)

### **Heng Thida**

Head, Consumer Banking

### **Den Davuth**

Head, Information & Operations  
(Resigned as member on 31 October 2017)

### **Heng Vuthy**

Head, Strategy & Finance

### **Ky Sana**

Head, Corporate & Transaction Banking

## ➤ CAMBODIA CREDIT COMMITTEE

### **Kien Vatana**

Chairman / Acting Head, Risk Management  
(Appointed on 01 January 2018)

### **Bun Yin**

Alternative Chairman / Chief Executive Officer

### **Hong Cheap**

Head, Commercial Banking  
(Appointed as member on 29 January 2018)

### **Heng Thida**

Head, Consumer Banking

### **Chamnan Vanita**

Acting Head, Credit Management  
(Appointed as member on 29 January 2018)

### **John Chuah Keat Kong**

Credit Advisor, Commercial Banking

### **Ky Sana**

Head, Corporate & Transaction Banking

### **Hong Bunroeut**

Commercial Banking

## ➤ ASSETS AND LIABILITIES MANAGEMENT COMMITTEE

### **Bun Yin**

Chairman / Chief Executive Officer

### **Neoh Sze Ming**

Deputy Chief Executive Officer

(Appointed as member on 21 February 2017)

### **Heng Thida**

Head, Consumer Banking

### **Hong Cheap**

Head, Commercial Banking

(Appointed as member on 29 January 2018)

### **Heng Vuthy**

Head, Strategy & Finance

### **Heng Torang**

Vice President, Treasury

### **Ky Sana**

Head, Corporate & Transaction Banking

### **Kien Vatana**

Acting Head, Risk Management

(Appointed on 01 January 2018)

## ➤ MANAGEMENT COMMITTEE

### **Bun Yin**

Chairman / Chief Executive Officer

### **Neoh Sze Ming**

Alternative Chairman / Deputy Chief Executive Officer

### **Heng Thida**

Head, Consumer Banking

### **Heng Torang**

Head, Treasury

### **Hong Cheap**

Head, Commercial Banking

(Appointed as member on 16 January 2018)

### **Kien Vatana**

Acting Head, Risk Management

(Appointed on 01 January 2018)

### **Heng Vuthy**

Head, Strategy & Finance

### **Oum Chendapheakdey**

Head, Corporate Resource

### **Den Davuth**

Head, Information & Operations

(Resigned as member on 31 October 2017)

### **Ky Sana**

Head, Corporate & Transaction Banking

## ➤ COMPANY SECRETARIES

### **Ly Sophea**

Datin Rossaya Mohd Nashir

### **REGISTRATION NO.**

00010524

### **REGISTERED OFFICE**

20AB Corner Preah Norodom Boulevard & Street 118

Sangkat Phsar Chas, Phnom Penh 12203

Cambodia

Tel: +855 23 988388

Fax: +855 23 988099

Website: [www.cimbbank.com.kh](http://www.cimbbank.com.kh)

### **AUDITOR**

**PricewaterhouseCoopers (Cambodia) Ltd.**

58C Sihanouk Blvd, Khan Chamkarmon

Phnom Penh 12210

P.O. Box 1147

Tel: +855 23 860 606

Fax: +855 23 211 594





**50 Corporate Event Highlights**

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# **HIGHLIGHTS & ACHIEVEMENTS 2017**



# CORPORATE EVENT HIGHLIGHTS

## ➤ LAUNCH OF NEW PRODUCTS AND INFRASTRUCTURE

### GRAND OPENING OF CIMB BANK'S NEW CORPORATE OFFICE

22 MAY 2017 @ EXCHANGE SQUARE BUILDING  
& RAFFLES HOTEL LE ROYAL, PHNOM PENH

CIMB Bank PLC celebrated the opening of its new head office at Exchange Square with about 50 of CIMB's valued customers in attendance. The ceremony was graced by the Deputy Governor of the National Bank of Cambodia, the Chairman of CIMB Bank PLC and other stakeholders. The new corporate office will provide a working environment of international standards to CIMB Bank's employees.



### OFFICIAL LAUNCH OF HOMEPRO

08 AUGUST 2017 @ EXCHANGE SQUARE BUILDING, PHNOM PENH

CIMB Bank PLC, in collaboration with Manulife (Cambodia) PLC hosted a press conference in conjunction with the official launch of HomePro; a Home Loan product which bundles free life insurance for CIMB customers. Attended by the nation's top media institutions, management from both CIMB Bank and Manulife officially announced HomePro, the first product bundle of its kind to be offered in the Cambodian market.



### TUEK THLA BRANCH GRAND OPENING

07 SEPTEMBER 2017 @ THE CALIFORNIA SOCIAL HOUSE,  
PHNOM PENH

CIMB Bank PLC officially launched its new Tuek Thla branch at a ceremony which was attended by 150 guests and graced by representatives of the National Bank of Cambodia, the CEO of CIMB Bank PLC, and other stakeholders. The ceremony marked the opening of CIMB Bank's 13th branch in the nation and its 9th in Phnom Penh. In line with our commitment to strengthening the Bank's presence in Cambodia, this new branch will provide greater accessibility to our existing and new customers.



**CIMB BANK TOWN HALL & TEAM BUILDING 2017**  
30 SEPTEMBER 2017 @ SOKHA HOTEL, PHNOM PENH

CIMB Bank PLC organised the CIMB Bank Town Hall & Team Building 2017 event to update all our employees on 1H2017 business performance and to discuss the bank's strategy for the second half of the year. The event provided employees with a platform to have an open dialogue with management, raise their concerns and give constructive feedback. The audience enjoyed presentations from Dato' Hamidah Naziadin, CIMB Group's Chief People Officer and Dato' Dr Lawrence Walter Ng, a well-known motivational speaker.



**CIMB BANK'S CUSTOMER DAY 2017**  
22 NOVEMBER 2017 @ NORTH NORODOM BRANCH, PHNOM PENH

CIMB Bank PLC officially organised its inaugural Customer Day event with the theme "We Love Our Customers". The event pleasantly surprised all walk-in customers who came to our branches nationwide who were offered refreshments and corporate gifts. To demonstrate our appreciation for our customers' constant support, senior management of the Bank including the CEO, Deputy CEO and Head of Consumer Banking were present at the main branch to lead customer service for the day.

**OFFICIAL LAUNCH OF HOME LOAN PARTNERSHIP  
WITH BOREY PENG HUOTH**  
15 DECEMBER 2017 @ EXCHANGE SQUARE BUILDING, PHNOM PENH

CIMB Bank PLC, in collaboration with Borey Peng Huoth, hosted a press conference on the official launch of the Bank's Home Loan Partnership, which allows Borey Peng Huoth's customers to apply for CIMB Bank's Home Loan with special benefits and more favourable terms. Attended by the Nation's top media institutions, the event was graced by management from both CIMB Bank and Borey Peng Huoth.





## ➤ EVENTS AND SPONSORSHIP



### INTERNATIONAL CHILDREN'S DAY

27 MAY 2017 @ CIA FIRST INTERNATIONAL SCHOOL, PHNOM PENH

CIMB Bank PLC sponsored the event to support educational development in Cambodia. The Bank was delighted to join CIA First International School in celebrating International Children's Day and to raise awareness on children's rights in Cambodia. We also organised fun activities for the children and all participants.

### OPENING MEETING 2017 OF THE INTERNATIONAL BUSINESS CHAMBER

07 JUNE 2017 @ HOTEL CAMBODIANA, PHNOM PENH

As the exclusive sponsor from the banking sector, CIMB Bank PLC participated in the event to heighten awareness on the fast-evolving business, legal and regulatory landscape of Cambodia. The meeting was organised with the primary objective of getting direct feedback from industry and Government stakeholders. The event was attended by over 80 participants comprising business leaders and senior Government officials.



### UCMAS INTERNATIONAL GRADING EXAMINATION (IGE)

18 JUNE 2017 @ SOMADEVI ANGKOR HOTEL, SIEM REAP

Education is one of CIMB Bank PLC's pillars of Corporate Responsibility and we regularly engage schools across the nation to organise awareness building events. UCMAS Cambodia is one of our strategic partners in this important area. During the event, the Bank conducted fun activities including "find-the-difference" and drawing & colouring games for children who received prizes such as CIMB Octo soft toys, notepads and other corporate gifts.

### WEDDING FAIR 2017

22-23 JULY 2017 @ KOH PICH EXHIBITION HALL, PHNOM PENH

Wedding Fair 2017 was one of 2017's biggest exhibitions in Cambodia, and was supported by the Ministry of Commerce and the Ministry of Culture and Fine Arts. The primary focus of the event was on wedding packages and services and it was very well-received with over 20,000 visitors. CIMB tailored its offerings to highlight relevant products and services for young couples and parents-to-be.



### CANON PRODUCT LAUNCH 2017

29-30 JULY 2017 @ AEON MALL, PHNOM PENH

CIMB Bank PLC participated in the Canon Product Launch 2017 as the exclusive sponsor from the financial sector to support photography tutorials, and at the same time to promote the Bank's products and services amongst participants. During the event, we offered special promotions for customers who performed same-day account opening with the Bank.



### CAREERS IN BANKING FORUM

29 SEPTEMBER 2017 @ SOFITEL HOTEL, PHNOM PENH

The Careers in Banking Forum was organised by CamEd Business School which gathered approximately 500 university students and representatives from various banks in Cambodia. We sponsored the event with aim of building great brand awareness amongst students and to promote employment opportunities in CIMB Bank Cambodia. The event was honoured by the presence of the His Excellency the Governor of the National Bank of Cambodia.



### NATIONAL CAREER AND PRODUCTIVITY FAIR 2017

27-28 OCTOBER 2017 @ KOH PICH EXHIBITION HALL, PHNOM PENH

The National Career and Productivity Fair 2017 was the biggest career fair of the year, initiated and organised by the National Training Board (NTB) and the Ministry of Labour and Vocational Training (MLVT). CIMB Bank PLC participated in the fair to demonstrate its support of creating more employment opportunities and youth development. During the event, we set up an activation booth and shared career prospects with CIMB Cambodia with over 30,000 visitors.

### ANNUAL FAMILY DAY

16 DECEMBER 2017 @ CIA FIRST INTERNATIONAL SCHOOL, PHNOM PENH

Annual Family Day was organised by CIA First International School and it was attended by about 1,000 participants with the overall objective of bringing families closer together. CIMB Bank PLC was delighted to sponsor the event and contributed further by organising fun activities for children and giving out CIMB Octo soft toys as prizes.



### UCMAS ABACUS & MENTAL ARITHMETIC NATIONAL COMPETITION 2017

In line with its focus on encouraging advances in education, CIMB Bank PLC sponsored the event to support UCMAS Cambodia as one of its partner schools. About 2,500 children competed for the championship in this national-level competition. During the event, the Bank set up a booth and hosted fun activities which included "find-the-difference" and drawing & colouring games to engage students and parents.



27 AUGUST 2017 @ KOH PICH EXHIBITION HALL, PHNOM PENH



30 NOVEMBER 2017 @ BOREY VIMEAN SOPHEAK MONGKUL, PHNOM PENH



## ➤ CIMB ASEAN STOCK CHALLENGE 2017

The CIMB ASEAN Stock Challenge is a unique competition, organised for undergraduate students in 6 ASEAN countries – Cambodia, Malaysia, Indonesia, Singapore, Thailand and Brunei with the objective of exposing the next generation of investors to wealth creation opportunities in their own countries as well as across the region. The competition is in its eighth edition in ASEAN, and CIMB Cambodia has participated since 2014. We are tremendously proud that Cambodian teams have emerged as 1st runner-ups for the first two years; and in the 2017 regional finals in Jakarta, a team from University of Cambodia emerged as the 2nd runner-up.

In collaboration with Cambodia Securities Exchange (CSX), we approached major universities in Phnom Penh to raise awareness about the competition and to encourage undergraduates to participate. We have received an overwhelming response – in total 124 teams from 23 universities registered for the competition, an increase from 116 teams in the previous year. We organised orientation events at following locations in Phnom Penh:

### CIMB ASEAN STOCK CHALLENGE ORIENTATION



08 SEPTEMBER 2017  
@ UNIVERSITY OF CAMBODIA



15 SEPTEMBER 2017  
@ ZAMAN UNIVERSITY



26 SEPTEMBER 2017  
@ ROYAL UNIVERSITY OF LAW AND ECONOMICS



27 SEPTEMBER 2017 @ AMERICAN UNIVERSITY OF PHNOM PENH



28 SEPTEMBER 2017 @ WESTERN UNIVERSITY



28 SEPTEMBER 2017 @ BUILD BRIGHT UNIVERSITY



03 OCTOBER 2017 @ CAMBODIA-JAPAN COOPERATION CENTRE



## ➤ CIMB ASEAN STOCK CHALLENGE 2017

### THE NATIONAL AWARD CEREMONY OF CIMB ASEAN STOCK CHALLENGE 2017

23 NOVEMBER 2017

@ CAMBODIA SECURITIES EXCHANGE HEADQUARTER, PHNOM PENH

CIMB Bank PLC and Cambodia Securities Exchange (CSX) organised the National Award Ceremony of CIMB ASEAN Stock Challenge 2017 to officially announce the winning teams for the national stage of the competition. The event was attended by over 50 students and guests with participation from senior management of Cambodia Securities Exchange and CIMB Bank.



## ➤ CIMB BANK INTERNSHIP PROGRAMME

Furthering its commitment towards local talent development in banking sector, CIMB Bank PLC, in co-operation with international business schools and universities, organised the Internship Roadshow to share internship opportunities with CIMB to undergraduate and recently-graduated students. We also organised a panel discussion platform to expose the audience to real-life working experiences and to discuss career options and opportunities in the financial sector. The sessions were led by CIMB Bank's staff from various management levels.

### CIMB BANK INTERNSHIP ROADSHOW



16 FEBRUARY 2017 @ CamEd BUSINESS SCHOOL, PHNOM PENH



16 JUNE 2017 @ ROYAL UNIVERSITY OF LAW AND ECONOMICS, PHNOM PENH



13 JUNE 2017 @ UNIVERSITY OF CAMBODIA, PHNOM PENH





## ➤ CORPORATE RESPONSIBILITY PROGRAMMES

### “CLEAN CHILDREN ARE CLEVER” PROJECT

02 DECEMBER 2017 @ PONG ROR PRIMARY SCHOOL, SIEM REAP PROVINCE

CIMB Bank PLC organised a community event for the students of Pong Ror Primary School in Siem Reap Province. As part of the Bank's Corporate Responsibility (CR) agenda of giving back to the communities we serve, we themed the event “Clean Children are Clever” to promote hygiene amongst young students. We conducted awareness-building activities with the students on the importance of cleanliness and education. In addition, we donated a washing sink, hygiene kits and study materials for students, and contributed financial assistance to the school.



### CIMB BLOOD DONATION DAY

CIMB Bank PLC, in collaboration with the National Blood Transfusion Donation Centre, organised several Blood Donation Day events with participation from the Bank's management and staff who volunteered to donate blood. This event was organised not only to help save lives, but also to raise awareness amongst employees on the challenges faced by the less fortunate.



24 MARCH 2017 @ VTRUST TOWER, PHNOM PENH



13 OCTOBER 2017 @ VTRUST TOWER, PHNOM PENH



## ➤ SPORTS

### **CIMB CEO'S FUTSAL CUP 2017**

02 SEPTEMBER 2017 @ PHNOM PENH

CIMB Bank PLC organised the CEO's Futsal Cup which aimed to promote a healthy lifestyle and to build greater team spirit and bonding amongst its employees. A total of 5 teams comprising 80 players participated in a series of 10 matches in pursuit of the Championship.



### **ANGKOR WAT INTERNATIONAL HALF MARATHON 2017**

03 DECEMBER 2017 @ ANGKOR WAT, SIEM REAP PROVINCE

CIMB Bank PLC participated in the Angkor Wat International Half Marathon 2017, the 22nd edition of the charity event. The event supports the banning of manufacturing and inhumane use of antipersonnel mines, bringing the nation closer together for a good cause. It also helped to encourage employees to take part in more sports-related activities and to promote a healthy lifestyle.













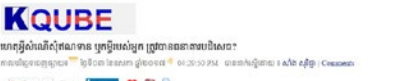


ហេតុអ្វីសំណើសុំផលទានរបស់អតិថិជនមួយចំនួនត្រូវបានធនាគារបដិសេធ?

អតិថិជនមួយចំនួន បានប្រើប្រាស់សេវាផលទានរបស់អតិថិជនមួយចំនួនត្រូវបានធនាគារបដិសេធ...



CIMB និង China Galaxy ចាប់ផ្តើមផ្សព្វផ្សាយសេវាសម្រាប់អតិថិជន



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**KQUBE** ផ្សព្វផ្សាយ កម្ពុជា - កម្ពុជា - កម្ពុជា - កម្ពុជា - កម្ពុជា - កម្ពុជា

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**The Phnom Penh Post**

HOME NATIONAL BUSINESS LIFESTYLE SPORT POST WEEKEND POST PROPERTY

**Business Insider: Banking thrives on innovation**

Mon, 21 August 2017 10:45 Kimsay

Cambodia's financial sector continues to deepen, with banks and microfinance institutions

**ធនាគារ CIMB បើកដំណើរការ សាខាទី១៣ ព្រឹកសែក ហ៊ាញត្រូបនៃមជ្ឈមណ្ឌលអភិវឌ្ឍន៍**

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**គេហទំព័រ ដើមអម្ពិល**

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**កម្មវិធីប្រកួតជួញដូរភាគហ៊ុន CIMB ប្រចាំអំឡុងពេល ២០១៧**

កម្មវិធីប្រកួតជួញដូរភាគហ៊ុនស្តីពីការប្រកួតប្រជែងប្រចាំអំឡុងពេល ២០១៧ (CIMB ASEAN Stock Challenge) បានប្រកួតប្រជែងប្រចាំអំឡុងពេល ២០១៧ នៃការប្រកួតប្រជែងប្រចាំអំឡុងពេល ២០១៧ នៃការប្រកួតប្រជែងប្រចាំអំឡុងពេល ២០១៧

**KQUBE**

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គ្រឿងប្រកួតជួញដូរភាគហ៊ុន CIMB ប្រចាំអំឡុងពេល ២០១៧

**Looking TODAY**

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**CIMB BANK** **Manulife**

**ពិធីសម្ពោធជាផ្លូវការ ផលិតផល HomePro**

សន្និសីទសារព័ត៌មាន ថ្ងៃទី០៨ ខែសីហា ឆ្នាំ២០១៧

**ស៊ីអាយអិមប៊ី** សម្រាប់ផលិតផល HomePro សម្រាប់ប្រជាជនប្រចាំអំឡុងពេល ២០១៧

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ធនាគារ ស៊ីអាយអិមប៊ី បើកសម្ពោធជាផ្លូវការសាខាទី១៣ ព្រឹកសែក ហ៊ាញត្រូបនៃមជ្ឈមណ្ឌលអភិវឌ្ឍន៍

**CIMB GRAND FINALE**

ASEAN STOCK CHALLENGE 2017

**ឡាវីន**

ធនាគារ CIMB ប្រកួតជួញដូរភាគហ៊ុនប្រចាំអំឡុងពេល ២០១៧

**ក្រុមហ៊ុន ប៊ីស៊ី**

HOME ផលិតផល ប្រកួត ប្រកួត ប្រកួត ប្រកួត ប្រកួត ប្រកួត

**ផលិតផលកម្មវិធីប្រកួត CIMB មានផ្តល់ជូនការ ធានាការបង្កើនអាយុជីវិត**

**CIMB BANK** **Manulife**

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**ភ្នំពេញ ប៉ុស្តិ៍**

HOME ផលិតផល ប្រកួត ប្រកួត ប្រកួត ប្រកួត ប្រកួត ប្រកួត

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**ផលិតផលកម្មវិធីប្រកួត CIMB មានផ្តល់ជូនការ ធានាការបង្កើនអាយុជីវិត**

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# BOARD OF DIRECTORS







## DATO' SHAARANI IBRAHIM

### CHAIRMAN / INDEPENDENT NON-EXECUTIVE DIRECTOR

#### ➤ MALAYSIAN

- **Joined the Board on 20 September 2010**
- **Attended all 9 Board meetings held in 2017**
- **Chairman of the Risk Committee**  
(Resigned as Chairman on 24 January 2017)
- **Member of the Audit Committee**

Dato' Shaarani Ibrahim graduated from the University of Malaya with a Bachelor of Arts (Hons) degree in International Relations in 1973.

Dato' Shaarani had sat as the Chairman of the Risk Committee of CIMB Bank PLC (the "Bank") since the Bank started its operations in Cambodia until 24 January 2017. He, has since January 2009, been an Independent Director of CIMB Thai Bank Public Company Limited (CIMB Thai) and also a member of its Audit Committee and Nomination, Remuneration and Corporate Governance Committee. Dato' Shaarani has also been appointed as an Independent Director of CIMB Vietnam from August 2015, as the Chairman of its Risk Committee from December 2016 and also as the Chairman of its Settlement Board Committee from December 2017. From September 2010 to December 2016, Dato' Shaarani was an Independent Director of the Singapore-based Dragon Group International (DGI) where he also served as Chairman of the Remuneration Committee and member of its Audit and Nomination Committees. He also served as the Board member, Chairman of Audit Committee, and member of Investment Committee of Universiti Putra Malaysia (UPM) from January 2011 to August 2014.

Prior to joining the private sector, Dato' Shaarani held office in the Administrative and Diplomatic service of the Government of Malaysia and was attached to the Ministry of Foreign Affairs since 1973, assuming various responsibilities over a span of 35 years.

While working at the Foreign Ministry, Dato' Shaarani served as the Ambassador of Malaysia to the Republic of Uzbekistan from 1996 to 1999. He was also the Ambassador of Malaysia to the Kingdom of Spain from 2002 to 2005 and the Ambassador of Malaysia to the Kingdom of Thailand from 2005 to 2008.



## DATO' WIRA ZAINAL ABIDIN MAHAMAD ZAIN

### INDEPENDENT NON-EXECUTIVE DIRECTOR

#### ➤ MALAYSIAN

- **Joined the Board on 20 September 2010**
- **Attended all 9 Board Meetings held in 2017**
- **Chairman of the Risk Committee**  
(Appointed as Chairman on 24 January 2017)
- **Member of the Audit Committee**

Dato' Wira Zainal holds a Bachelor of Arts (Hons) degree in International Relations from the University of Malaya, Malaysia.

Dato' Wira Zainal is also an Independent Non-Executive Director of Malayan Flour Mills Berhad (MFM). Dato' Wira Zainal is currently the Chairman of the CIMB Vietnam. As of 24 January 2017, Dato' Wira Zainal has been appointed as the Chairman of the Risk Committee of the Bank.

Dato' Wira Zainal has served at the Ministry of Foreign Affairs since 1973, having held various responsibilities over a span of 43 years of public service. He also served as Special Envoy of the Prime Minister of Malaysia to the Islamic Republic of Afghanistan, a responsibility which he assumed from June 2010 till December 2014.

His career during these 43 years to date in serving the Government of Malaysia saw him appointed as Ambassador of Malaysia to Brazil, Vietnam and Indonesia. He also served as Malaysia's first Director-General of the South-East-Asian Centre for Counter-Terrorism based in Kuala Lumpur. He was also Malaysia's First ASEAN Permanent Representative ad-interim in the Republic of Indonesia from March 2009 to July 2009. His other appointments were as Chargé d' Affaires of Malaysia in Tehran, the Islamic Republic of Iran; Consul-General of Malaysia in Abu Dhabi, UAE; Consul-General of Malaysia in Jeddah, Saudi Arabia and Consul General of Malaysia in Vancouver, Canada.





## DR. MEY KALYAN

### INDEPENDENT NON-EXECUTIVE DIRECTOR

#### ⇒ CAMBODIAN

- **Joined the Board on 28 June 2012**
- **Attended 8 out of 9 Board meetings held in 2017**
- **Chairman of the Audit Committee**

Dr. Mey Kalyan finished his doctoral course in Development Economics, Kobe University, Japan in 1984. Afterwards, he received extensive short term training on development from UN agencies, the World Bank, and Harvard University. He has extensive global experience in economic development.

He currently is a Senior Advisor to many institutions in the Royal Government of Cambodia, including the Supreme National Economic Council (SNEC), an economic think tank to the Prime Minister. Prior to this position, Dr. Mey worked for 20 years as a senior economist of the UN/FAO-World Bank Cooperative Program based in Rome, Italy. In the mid-1980s, he was also a finance officer at Kanematsu Goshu Corporation, a general trading house, in Osaka and Tokyo. Since December 2013, Dr. Mey has sat on the Board of Prudential (Cambodia) Life Assurance PLC. He has also been the Chairman of the Board of Royal University of Phnom Penh as of 2 April 2015. During his professional period, Dr. Mey has visited and experienced working in about 100 countries.

With his vast experience and knowledge acquired while serving around the globe, Dr. Mey is honoured to help in the development of Cambodia in both private and public sectors. He is convinced that the development of the financial sector is one of the prime keys to Cambodia's development and success.



## DATO' SHAHRUL NAZRI ABDUL RAHIM

### NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

#### ➤ MALAYSIAN

- **Joined the Board on 23 November 2017**
- **Attended 05 Board meetings (as member for 01 meeting & as permanent invitee for other 04) out of 09 meetings held in 2017**

Dato' Nazri, aged 44, is currently the Group Head, Group Corporate Development of CIMB Group. He joined the Group in January 2014.

Dato' Nazri graduated from the Anglia University, United Kingdom with a Bachelor of Laws (LLB) (Hons). He also attended the University of Malaya, Malaysia, Certificate of Legal Practice, Columbia Business School e-Business Executive Programme and Harvard Executive Programme.

He started his career as an Associate with Peter Clayton & Partners in UK where one of his main tasks was to assist the Managing Partner (Professor Peter Clayton) in the day to day running of the law practice.

In 1996, Dato' Nazri returned to Malaysia where he was involved in the setting up of Cash Management Services with a local bank and gained his vast spectrum of experience in the financial and ICT services.

Before joining CIMB Group, Dato' Nazri was the Group Chief Strategy Officer, Head of International of Maybank Kim Eng and Director, Office of CEO of Maybank Investment Bank Bhd, a merged entity between Maybank Investment Bank Bhd and Kim Eng Ltd, and was actively involved in the Group's Post Merger Integration, Transformation Management and Regional expansion program across 10 countries.

Prior to his role in Maybank, he was the Vice President, Group Strategy & Transformation Management Office in K & N Kenanga Bhd (an Investment Banking Group), Group Vice President, Tune Money Sdn Bhd (Asia's first "no-frills" online financial service) and founding member of iPerintis Sdn Bhd, an enabler for PETRONAS Group (a Global Oil & Gas player) e-business and Managed ICT services that is powering the technological needs of PETRONAS Group.





## RENZO CHRISTOPHER VIEGAS

### NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

#### ⇒ INDIAN

- **Joined the Board on 23 November 2017**
- **Attended 04 Board meetings (as member for 01 meeting & as permanent invitee for other 03) out of 09 meetings held in 2017**

Mr. Renzo Christopher Viegas, a Malaysian Permanent Resident of Indian nationality, holds a Bachelor of Commerce degree from the University of Bombay and is a Fellow member of the Institute of Chartered Accountants of India and has been trained as a chartered accountant.

Mr. Viegas is currently Adviser to Group CEO, CIMB Group advising on group strategies and execution of key business plans.

He has extensive experience in the banking industry and started his working career with Citibank in 1985 where he progressively held senior positions in various Asia Pacific countries including regional responsibilities. In 2008, Mr Viegas joined a Malaysian bank where he rose to the position of Deputy Managing Director before joining CIMB Group in April 2012 as Deputy CEO. He was then designated Regional CEO of Consumer Banking till he moved into his current position in July 2016.

Mr. Viegas held directorships in CIMB Bank Berhad, Sun Life Malaysia Assurance Berhad and Sun Life Malaysia Takaful Berhad. He now sits as a director in Astro Malaysia Holdings Berhad.



## YONG JIUNN RUN

### NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

#### ➤ SINGAPOREAN

- **Joined the Board on 23 November 2017**
- **Attended 03 Board meetings (as a permanent invitee) out of 09 meetings held in 2017**

Yong Jiunn Run holds a Bachelor of Arts degree, majoring in Economics and Political Science, from The National University of Singapore.

Yong Jiunn Run joined CIMB Bank Singapore in 2011 as Head of Department, Commercial Banking, where he strategized and lead the Singapore Commercial Banking business comprising Emerging SME and Mid-Corporate companies; Mr. Yong, with his extensive experience, has helped to drive revenue and customer portfolio growth for Commercial Banking Singapore over the last few years. In addition to his role, he is tasked to assist the Chief Executive Officer of CIMB Singapore to map out the Singapore-China strategy blueprint and execution plans.

Yong Jiunn Run has accumulated a wealth of experience in corporate and commercial banking business over the last 28 years. He started his career in the front line and progressed to take on several key assignments and management responsibilities in the previous tenures with Maybank, BNP Paribas, and Oversea-Chinese Banking Corporation.





## KUA WEI JIN

### NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

#### ➤ MALAYSIAN

- **Joined the Board on 1 November 2013  
(Resigned on 23 November 2017)**
- **Attended 8 out of 8 Board meetings held in 2017**

Wei Jin graduated with a Master of Arts (Business) and Bachelor of Science in Business Administration from University of Nebraska-Lincoln, USA.

He joined CIMB Investment Bank Berhad as Regional Treasurer in November 2010 with the main task of managing CIMB Group's treasury businesses outside of Malaysia namely CIMB Niaga, CIMB Thai, CIMB Singapore Branch, CIMB Cambodia, and later CIMB Hong Kong Branch, CIMB Shanghai Branch, CIMB London branch and CIMB Vietnam.

Wei Jin was the alternate Chairperson to the setting up of CIMB's overseas branches namely Shanghai and Hong Kong in 2013 and 2014 respectively. Wei Jin had been a member of the Board of the Bank from 1 November 2013 until 23 November 2017. He currently sits in the Board of CIMB Vietnam as a Non-Independent Non-Executive Director. He is also currently a member of CIMB Group Asset and Liability Committee GALCO since 2013.

Wei Jin has more than 27 years' experience in various disciplines of treasury management, business and products including Money Market, Funding, Foreign Exchange, Rates and Derivative Trading, Structured Products and Debt Capital Markets. He began his career with Union Bank of Switzerland based out of Singapore and Hong Kong as an Assistant Vice President, Global Fixed Income Derivatives and subsequently worked in Bankers Trust Company Hong Kong as Vice President, Asia Trading and Distribution from 1993 to 1996.

He then moved to Barclays Capital, Singapore in 1999 as Director of Asia Fixed Income Derivatives Trading. In April 2001, he joined Standard Chartered Bank, Singapore as Regional Head, Interest Rate Derivative - South Asia. Thereafter, Wei Jin returned to Malaysia and joined Hong Leong Bank Berhad in February 2004 as Chief Operating Officer tasked to manage its Wholesale Banking Business prior of joining CIMB Group.



## BUN YIN

### CHIEF EXECUTIVE OFFICER / NON-INDEPENDENT EXECUTIVE DIRECTOR

#### ➤ CAMBODIAN

- **Joined the Board on 29 January 2015**
- **Attended all 9 Board meetings held in 2017**
- **Member of the Risk Committee**

Bun Yin earned a Bachelor Degree from the Faculty of Finance, Accounting and Banking of the Ministry of Finance in Cambodia in 1987.

He was appointed as Chief Executive Officer (CEO) on 1 January 2015 after serving as Deputy General Manager since the inception of the Bank in Cambodia. Bun Yin was appointed as the Bank's Executive Director (ED) on 29 January 2015. He is also a member of the Bank's Risk Committee.

As ED/CEO, Bun Yin has overall responsibility for the implementation of the Bank's strategy, and for carrying out the Board's direction, managing the Bank's businesses and driving performance within strategic goals and commercial objectives. He leads the Management team in carrying out the corporate strategy and vision of the Bank. He is also accountable to the Board for the day-to-day operations of the Bank's business.

Bun Yin has been working in the banking industry for more than 36 years. With his extensive experience in banking and deep relationships with local and regional customers, Bun Yin has played a central role in driving the Bank's business agenda. He has been recognised as one of the pioneers in the Cambodia's banking industry.





## DATIN ROSSAYA MOHD NASHIR

### JOINT COMPANY SECRETARY

#### ➤ MALAYSIAN

Datin Rossaya Mohd Nashir is the Group Company Secretary and works with the Chairman and the Board, advising them on their duties and responsibilities, governance matters, and ensuring CIMB's compliance to laws and regulatory requirements. She ensures that a corporate governance framework is deployed in a manner that supports the Group's vision and aspirations. She plays a liaison role between the Board and its key stakeholders, both in Malaysia and in the Group's regional operations. She was appointed as the Joint Company Secretary of CIMB Cambodia on 20 September 2010.

She has more than 20 years' experience in corporate secretarial practice and has been with CIMB since 2002, when she joined the Corporate Legal Services Unit and was instrumental in setting up the Company Secretarial Department in 2004. Prior to working in CIMB, Datin Rossaya was with Permodalan Nasional Berhad, where she was assumed the position of Joint Company Secretary for several of its subsidiaries. She began her career with Time Engineering Group.

Datin Rossaya holds a Bachelor of Laws degree (majoring in Business Law) from Coventry University, United Kingdom. She is also an affiliate of the Malaysian Institute of Chartered Secretaries and Administrators and serves as a member of the Companies Commission of Malaysia's Corporate Practice Consultative Forum, representing the interests of Government Linked Companies under the auspices of Khazanah Nasional Berhad. She actively advocates greater participation of women in the boardroom.



## LY SOPHEA

### JOINT COMPANY SECRETARY

#### ➤ CAMBODIAN

LY Sophea is the Joint Company Secretary of CIMB Bank PLC. She also acts as the Joint Secretary to the Board of Directors and the Audit Committee of CIMB Bank PLC. She is the Secretary to the Management Committee and also sits as a permanent invitee of other committees of the Bank which includes the Risk Committee and Cambodia Credit Committee.

Prior to joining CIMB Bank PLC, Sophea was an Assistant to the Senior Vice President and Head of Legal and Corporate Affairs at a major Bank in Cambodia. She simultaneously studied and worked for six years in legal and corporate secretarial roles in Legal and Corporate Affairs Division at her previous place of work.

Sophea graduated in 2004 from the Royal University of Law and Economics with a Bachelor of Law and in that same year, received a Bachelor of Accounting from the Faculty of Business Administration of the Institution of Technology and Management (now Puthisastras University). In 2007, she obtained her Master of Private Law. In 2017, she was qualified for the certificate in AML/CFT from Asian Institute of Chartered Bankers (AICB), Malaysia.







# MANAGEMENT TEAM







## NEOH SZE MING

### DEPUTY CHIEF EXECUTIVE OFFICER

#### ➤ MALAYSIAN

Neoh Sze Ming was appointed as Deputy Chief Executive Officer (DCEO) of CIMB Bank PLC on 21 November 2016. Following a re-organisation of CIMB Bank PLC's reporting structure, the following areas have been placed under his purview: Consumer Banking, Customer Experience, Product Management & Digital Banking, Legal & Compliance, Marketing & Communications, and Information & Operations. Neoh also served as Acting Head of Commercial Banking from 1st January 2017 to 31st December 2017.

Prior to joining CIMB Bank PLC, Neoh was Director of Business Development, Commercial Banking in CIMB Bank Malaysia from 2012 to 2016. In this role, his areas of responsibility included Business Strategy Development, Regional Office and Product Development and Marketing. Neoh also led the cross-selling and deposits coordination department within Commercial Banking Malaysia.

Neoh joined CIMB Group in 2008 where he was appointed as Special Officer to the Group's Chief Executive Officer (CEO). During his four-year tenure with the Group CEO's Office, he assisted CIMB Group's CEO with the coordination and communication of business initiatives across the Group. He also served as Secretary to CIMB Group's International Advisory Panel (IAP).

Neoh graduated from the University of Bristol in the United Kingdom in 2006 and holds a BSc (first class honours) in Chemistry. He enjoys photography and travelling in his free time.



## HENG THIDA

### HEAD, CONSUMER BANKING

#### ➤ CAMBODIAN

Heng Thida is responsible for the overall management and financial performance of CIMB Consumer Banking, and her duties include; customer experience, product development, sales and distribution, and credit management. Thida devises business strategies and also takes care of Branch Distribution, Preferred Banking, Mortgage, Auto Loan and Credit Cards Portfolios.

She started her career as a salesperson in the import/ export industry and later took on the challenge of becoming an Account Executive in an international advertising agency for four years before she left for Japan to further her studies. On her return to Cambodia, Thida was a consultant to the Mekong Private Development Facility on a World Bank programme.

Before joining CIMB Bank PLC, Thida worked for a major Bank in Cambodia for seven years where she assumed various management positions, from Head of Marketing to Head of Retail Support and then Head of Sales and Distribution.

Thida earned her Bachelor's Degree from the National University of Management in Phnom Penh and then continued her major in marketing with an MBA from the International University of Japan.



## HENG TORANG

### HEAD, TREASURY

#### ➤ CAMBODIAN

Heng Torang is the Treasurer of CIMB Bank PLC. His primary duties include funding sales, balance sheet management, foreign currency sales, investment or structured products sales, financial institutions limits and relationship. In the course of his work, he is constantly in contact with clients, servicing both retails and wholesales segment. Torang has developed his expertise in market products i.e. foreign exchange, derivatives, money and interbank market and day to day collaboration with each business unit to optimize the Bank's profit. He joined CIMB Bank PLC since September 2010 and served in the Risk Management function and Secretary to the Risk Committee until mid-2013 before he moved to head the Treasury Division.

Prior to joining CIMB Bank PLC, Torang was Assistant Vice President and Manager of Market and Treasury Risk in Risk Management department and experienced in Cash Management in Treasury department at a major Bank in Cambodia for 6 years.

Torang graduated from Pannasastra University of Cambodia in 2011 with a Master of Business Administration in Finance and achieved Accelerated Universal Bankers Programme, Nanyang Technological University, Singapore, in 2014. He is currently pursuing the Association of Chartered Certified Accountants (ACCA) degree from the United Kingdom Licensing Centre in Cambodia.





## KY SANA

### HEAD, CORPORATE & TRANSACTION BANKING

#### ➤ CAMBODIAN

Sana has over 16 years of experience in banking services covering various disciplines. She started her career with international banks and served in various positions, both front line and in back office support. As FVP for Corporate and Transaction Banking, Sana is responsible for banking relationship with large corporate clients and overall performance of Corporate Banking.

In performing her duties, Sana was recipient of the following awards:

- 1.) Best Branch of the Year Award 2011 from CIMB Cambodia;
- 2.) Most Admired Employee Award 2011 from CIMB Cambodia; and
- 3.) Emerald Award 2013 for high performing middle managers from CIMB Group.

Sana holds a Bachelor degree in accounting from National Institute of Management and Accelerated Universal Bankers Programme, Nanyang Technological University, Singapore.



## HONG CHEAP

### HEAD, RISK MANAGEMENT

#### ➤ CAMBODIAN

With a large body of experience in commercial banking sector, frontline customer facing and risk management, Hong Cheap has equipped himself with strong customer and industry knowledge to provide valuable insight to the Bank on business and risk management matters. Hong Cheap also has experience in risk management in Laos in the position of Chief Risk Officer for an international Bank. As Head of Risk for CIMB Bank PLC, Hong Cheap holds responsibility for overall risk management and works closely with other business units and Group Risk to embed a strong risk culture and have risks strongly controlled within the Bank.

As Chairman of the Credit Committee, Hong Cheap provides direction and guidance from a lending point of view to maintain and attract creditworthy customers while maintaining quality books. He also oversees other risk matters, including but not limited to operational risk, market risk, and liquidity risk. He holds a Bachelor's and a Master's degree in Business Administration and has also completed CIMB-INSEAD Leadership Programme.

On 1st January 2018, Hong Cheap started his new management role as Head of Commercial Banking of CIMB Bank PLC.



## OUM CHENDA PHEAKDEY

### HEAD, CORPORATE RESOURCES

#### ➤ CAMBODIAN

As the pioneer of CIMB Bank PLC, Pheakdey is responsible for people strategy which includes talent acquisition, performance & rewards, employee engagement/relation, culture building, and learning & development.

She has been continuously building employees and top talents to create competitiveness and productivity for the bank. She focuses on talent attraction and retention to drive and sustain the business in the short, mid and long-term strategy. To remain relevant in the era of digitalization and technology, she immerses employees with new skills, knowledge and ability to deliver to the best via intensive and enriching learning and development programs within/outside the region.

She works with the leadership team to ensure the bank has succession planning in place and supported by regional development and/or attachment program.

Aside from Human Resource, she is also responsible for the Administration and Property Management as well as Strategic Procurement. She oversees key property projects to ensure they are effectively managed in term of cost-efficiency and deliverables.

Prior to joining CIMB Bank PLC, she brings with her 13 years of experience holding HR leadership roles in various industries. She holds a Bachelor of Business Administration from the National Institute of Management, Cambodia.



## HENG VUTHY

### HEAD, STRATEGY & FINANCE

#### ➤ CAMBODIAN

He was one of the pioneers in the management team of CIMB Bank PLC, joining the Bank in 2010 as Head of Finance and was promoted to Head, Strategy & Finance in 2013. His primary duties are to manage financial functions, plan, organize, direct and manage subordinate personnel involved in developing, implementing and maintaining policies and practices for the financial management, budgeting, taxation, accounting and regulatory reporting, and business strategy of the Bank.

Vuthy also has oversight of the accounting system and reporting, financial controlling, business planning, and serves as liaison to the Group Head Office in Malaysia. Prior to joining CIMB Bank PLC, he had eight years' experience in financial management, and was Deputy Head of the Finance Division in his last post with a major Bank in Cambodia.

Vuthy holds a Master of Business Administration in Finance from Pannasastra University of Cambodia and an Association of Chartered Certified Accountants (ACCA) degree from CamEd Business School, Official ACCA Platinum Tuition Provider.





## LY SOPHEA

### HEAD, LEGAL & COMPLIANCE

#### ➤ CAMBODIAN

LY Sophea has been the Head of Legal and Compliance since CIMB Bank PLC started operations in November 2010. Sophea is responsible for the compliance functions of the Bank, and manage functions of Legal and Corporate Secretarial. She is the joint company secretary to the Board of Directors and the Audit Committee of CIMB Bank PLC. She also acts as the Secretary to the Management Committee and sits as a permanent invitee of other committees of the Bank, including the Risk Committee and Cambodia Credit Committee.

Prior to joining CIMB Bank PLC, Sophea was an Assistant to the Senior Vice President and Head of Legal and Corporate Affairs at a major Bank in Cambodia. She simultaneously studied and worked for six years in legal and corporate secretarial role in Legal and Corporate Affairs Division at her previous place of work.

Sophea graduated in 2004 from the Royal University of Law and Economics with a Bachelor of Law and in that same year, earned a Bachelor of Accounting from the Faculty of Business Administration of Institution of the Technology and Management (now known as Puthisastras University). In 2007, she obtained her Master's Degree in Private Law from the Royal University of Law and Economics.

In 2017, she was qualified for the certificate in AML/CFT from Asian Institute of Chartered Bankers (AICB), Malaysia.



## KIEN VATANA

### ACTING HEAD, RISK MANAGEMENT

#### ➤ CAMBODIAN

Kien Vatana was appointed as Acting Head, Risk Management on 1 January 2018 to hold responsibility for overall risk management and work closely with other business units and Group Risk to embed a strong risk culture and control within the Bank.

He was one of the pioneers in credit management team, joining the Bank in 2010 covering credit portfolio of all business units (Consumer Banking, Commercial Banking and Corporate Banking). He has a profound knowledge and experience in the credit management. He has equipped himself with strong customer and industry knowledge through regional attachment with Credit Management in Malaysia and Singapore reviewing all the credit proposals from Cambodia, Thailand and Malaysia.

Kien Vatana has been recently appointed as Chairman of the Credit Committee based on his lengthy experience in credit management for over 12 years in banking industry. He provides direction and guidance from a lending point of view to maintain and attract creditworthy customers while maintaining quality books. He also oversees other risk matters, including but not limited to operational risk, market risk, and liquidity risk. He holds two Bachelor's degrees in (i) Banking and Finance and (ii) Science Mathematics and has also completed Omega's Core Credit Assessment Skills Programme.



## CHHUN PUTHKOMPHEAKVATTEY

HEAD, COMPLIANCE\*

### ➤ CAMBODIAN

Vatthey joined CIMB Bank PLC as Head of Compliance in August 2017. She is responsible for the overall management of the Compliance function of the Bank and reports to the Board of Directors of CIMB Bank PLC. As the Head of the Compliance Department, Vatthey oversees and supervises Compliance-related activities within the Bank, and is the primary liaison for the National Bank of Cambodia and other regulators.

Vatthey started her career as an auditor in an international audit firm and she subsequently took on a compliance-related role in the financial sector. Vatthey possesses 7 years of working experience in the banking industry, specialising in compliance and operational risk management. Prior to joining CIMB Bank PLC, Vatthey was Head of Operational Risk Management and Internal Control with a major Bank in Cambodia.

Vatthey holds a Bachelor degree in Finance and Banking from Pannasastra University of Cambodia. She is currently pursuing the Association of Chartered Certified Accountants (ACCA) from the United Kingdom Licensing Centre in Cambodia.

(\*Cambodian Financial Intelligence Unit and National Bank of Cambodia acknowledged and approved the appointment on 19 February 2018 and 21 May 2018, respectively.)



## KHIEU LANIN

HEAD, INTERNAL AUDIT

### ➤ CAMBODIAN

Being one of the pioneers in the management team of CIMB Bank PLC in 2010, Lanin's responsibility includes developing, overseeing audit plans, strategies, standards and policies as well as overall management of Internal Audit Department.

Lanin has 15 years of working experience in banking industry, especially in internal audit, which enables him to effectively execute his roles along with assisting Audit Committee and management in establishing cost-effective controls, assessing risks, recommending measures to mitigate risks, and assuring proper governance process.

Lanin holds Bachelor's degree in Finance and Banking from National University of Management and Master's degree in Accounting and Finance from Build Bright University.





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# AUDITED FINANCIAL STATEMENTS



# DIRECTORS' REPORT

The Board of Directors ("the Directors") hereby submits their report together with the audited financial statements of CIMB Bank PLC ("the Bank") for the year ended 31 December 2017.

## ➤ THE BANK

The Bank was incorporated on 20 September 2010 and is a wholly-owned subsidiary of CIMB Bank Berhad, a licensed bank incorporated in Malaysia. CIMB Group Holdings Berhad, a publicly listed company incorporated in Malaysia, is the ultimate holding company.

## ➤ PRINCIPAL ACTIVITIES

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

## ➤ RESULTS OF OPERATIONS AND DIVIDEND

The results of operations for the year ended 31 December 2017 are set out in the income statement on page 89.

No dividends were declared or paid during the year ended 31 December 2017.

## ➤ BAD AND DOUBTFUL LOANS

Before the financial statements 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. The Directors satisfied themselves that all known bad loans and advances had been written off and that adequate provisions have been made for bad and doubtful loans and advances.

At the date of this report, to the best of their 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 Bank inadequate to any material extent.

## ➤ CURRENT AND NON-CURRENT ASSETS

Before the financial statements of the Bank were drawn up, the Directors took reasonable steps to ensure that any current and non-current 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 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 Bank misleading in any material respect.

## ➤ CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

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

No contingent or other liability of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Directors, will or may have a material effect on the ability of the Bank 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 Bank, which would render any amount stated in the financial statements misleading in any material respect.

## ➤ ITEMS OF AN UNUSUAL NATURE

The result of the operations of the Bank for the year was 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 Bank for the year in which this report is made.

## ➤ THE BOARD OF DIRECTORS

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

- Dato' Shaarani Ibrahim (Chairman)
- Dato' Wira Zainal Abidin Bin Mahamad Zain
- Dr. Mey Kalyan
- Mr. Bun Yin
- Mr. Yong Jiunn Run (Appointed on 23 November 2017)
- Mr. Renzo Christopher Viegas (Appointed on 23 November 2017)
- Dato' Shahrul Nazri Bin Abdul Rahim (Appointed on 23 November 2017)
- Mr. Kua Wei Jin (Resigned on 23 November 2017)

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

The Directors are responsible to ensure that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Bank as at 31 December 2017 and of its financial performance and cash flows for the year then ended. In preparing these financial statements, the Directors are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- comply with the disclosure requirements and guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards or, if there have been any departures in the interests of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal controls;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and
- effectively control and direct 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 Bank has complied with the above requirements in preparing the financial statements.

## ➤ APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements, which present fairly, in all material respects, the financial position of the Bank as at 31 December 2017, and of its 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, were approved by the Board of Directors.

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



Bun Yin  
Executive Director/Chief Executive Officer

Date: 30 March 2018

# INDEPENDENT AUDITOR'S REPORT

To the shareholders of CIMB Bank PLC

## ➤ OUR OPINION

In our opinion, the financial statements of CIMB Bank PLC ("the Bank") present fairly, in all material respects, the financial position of the Bank as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the guidelines issued by the National Bank of Cambodia ("the Central Bank") and Cambodian Accounting Standards.

## ➤ WHAT WE HAVE AUDITED

The Bank's financial statements comprise:

- Balance sheet as at 31 December 2017;
- Income statement for the year then ended;
- Statement of changes in equity for the year then ended;
- Cash flow statement for the year then ended; and
- The notes to the financial statements, which include a summary of significant accounting policies

## ➤ BASIS FOR OPINION

We conducted our audit in accordance with Cambodian International Standards on Auditing (CISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

## ➤ INDEPENDENCE

We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the requirements of Kampuchea Institute of Certified Public Accountants and Auditors' Code of Ethics for Certified Public Accountants and Auditors ("KICPAA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and ethical requirements of the KICPAA Code.

## ➤ OTHER INFORMATION

Management is responsible for the other information. The other information obtained at the date of this auditor's report is directors' report and appendix notes on requirement of the Central Bank's Prakas but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## ➤ RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the guidelines issued by the Central Bank 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.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

## ➤ AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For PricewaterhouseCoopers (Cambodia) Ltd.



By Kuy Lim  
Partner

Phnom Penh, Kingdom of Cambodia  
Date: 30 March 2018



# BALANCE SHEET

AS AT 31 DECEMBER 2017

		2017		2016	
	Note	US\$	KHR' 000	US\$	KHR' 000
ASSETS					
Cash on hand		17,904,402	72,280,071	18,416,674	74,348,113
Balances with the Central Bank	4	190,777,180	770,167,476	99,732,653	402,620,720
Deposits and placements with banks	5	56,377,957	227,597,812	42,098,769	169,952,730
Loans and advances to customers	6	398,588,197	1,609,100,551	301,412,961	1,216,804,124
Amounts due from immediate parent	7	57,695	232,915	38,883	156,971
Other assets	8	3,627,237	14,643,156	3,039,796	12,271,656
Property and equipment	9	2,968,651	11,984,444	2,176,032	8,784,641
Intangible assets	10	420,591	1,697,926	393,849	1,589,968
Deferred tax assets	11	1,354,499	5,468,112	1,274,922	5,146,860
Total assets		672,076,409	2,713,172,463	468,584,539	1,891,675,783
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks	12	18,386,044	74,224,460	36,690,552	148,119,758
Deposits from customers	13	541,748,977	2,187,040,620	352,463,382	1,422,894,673
Subordinated debt	14	7,000,000	28,259,000	7,000,000	28,259,000
Amounts due to immediate parent		-	-	40,145	162,065
Amounts due to suppliers	15	856,187	3,456,427	626,870	2,530,674
Current income tax liabilities		1,821,167	7,352,051	2,110,073	8,518,365
Other liabilities	16	25,556,131	103,170,101	13,275,994	53,595,188
Total liabilities		595,368,506	2,403,502,659	412,207,016	1,664,079,723
SHAREHOLDERS' EQUITY					
Capital	17	62,500,000	252,312,500	50,000,000	201,850,000
Retained earnings		14,207,903	57,357,304	6,377,523	25,746,060
Total shareholders' equity		76,707,903	309,669,804	56,377,523	227,596,060
Total liabilities and shareholders' equity		672,076,409	2,713,172,463	468,584,539	1,891,675,783

The accompanying notes on pages 92 to 111 form an integral part of these financial statements.

# INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017		2016	
		US\$	KHR' 000	US\$	KHR' 000
Interest income	18	27,384,222	110,550,104	22,603,352	91,249,732
Interest expense	18	(9,383,453)	(37,881,000)	(8,506,368)	(34,340,208)
<b>Net interest income</b>		18,000,769	72,669,104	14,096,984	56,909,524
Fee and commission income	19	4,540,911	18,331,658	3,735,151	15,078,805
Other operating (expenses) / income		(25,682)	(103,678)	523,053	2,111,565
Personnel expenses	20	(5,627,028)	(22,716,312)	(4,577,206)	(18,478,181)
Depreciation and amortisation charges	21	(1,165,398)	(4,704,712)	(950,957)	(3,839,013)
General and administrative expenses	22	(4,235,112)	(17,097,147)	(4,248,336)	(17,150,532)
Provision for loan losses	6 (a)	(1,544,998)	(6,237,157)	(548,695)	(2,215,082)
<b>Profit before income tax</b>		9,943,462	40,141,756	8,029,994	32,417,086
Income tax expense	23	(2,113,082)	(8,530,512)	(1,659,891)	(6,700,980)
<b>Profit for the year</b>		7,830,380	31,611,244	6,370,103	25,716,106
<b>Profit attributable to:</b>					
Equity holders of the Bank		7,830,380	31,611,244	6,370,103	25,716,106

The accompanying notes on pages 92 to 111 form an integral part of these financial statements.



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Attributable to equity holder of the parent		
	Capital	Retained earnings	Total
	US\$	US\$	US\$
<b>For the year ended 31 December 2016</b>			
At 1 January 2016	50,000,000	7,420	50,007,420
Profit for the year	-	6,370,103	6,370,103
At 31 December 2016	50,000,000	6,377,523	56,377,523
<i>In KHR' 000 equivalent</i>	201,850,000	25,746,060	227,596,060
<b>For the year ended 31 December 2017</b>			
At 1 January 2017	50,000,000	6,377,523	56,377,523
Additional capital	12,500,000	-	12,500,000
Profit for the year	-	7,830,380	7,830,380
At 31 December 2017	62,500,000	14,207,903	76,707,903
<i>In KHR' 000 equivalent</i>	252,312,500	57,357,304	309,669,804

The accompanying notes on pages 92 to 111 form an integral part of these financial statements.

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017		2016	
	Note	US\$	KHR' 000	US\$	KHR' 000
<b>Cash flows from operating activities</b>					
Cash generated from/(used in) operations	24	56,484,834	228,029,274	(26,156,705)	(105,594,618)
Interest received		26,570,869	107,266,598	22,313,282	90,078,719
Interest paid		(8,977,375)	(36,241,663)	(7,658,699)	(30,918,168)
Income tax paid		(2,481,565)	(10,018,078)	(902,925)	(3,645,108)
Cash generated from/(used in) operating activities		71,596,763	289,036,131	(12,405,047)	(50,079,175)
<b>Cash flows from investing activities</b>					
Additional statutory deposit		(1,250,000)	(5,046,250)	-	-
Proceed from disposal of property and equipment		-	-	500	2,019
Purchases of property and equipment *	9	(1,640,350)	(6,622,093)	(1,384,160)	(5,587,854)
Purchases of intangible assets	10	(308,668)	(1,246,093)	(53,620)	(216,464)
Net cash used in investing activities		(3,199,018)	(12,914,436)	(1,437,280)	(5,802,299)
<b>Cash flows from financing activities</b>					
Repayments of borrowings		-	-	(20,000,000)	(80,740,000)
Additional capital		12,500,000	50,462,502	-	-
Cash generated from/(used in) financing activities		12,500,000	50,462,502	(20,000,000)	(80,740,000)
<b>Net increase/(decrease) in cash and cash equivalents</b>		80,897,745	326,584,197	(33,842,327)	(136,621,474)
Cash and cash equivalents at beginning of the year		108,138,184	436,553,848	141,980,511	575,021,070
Currency translation differences		-	-	-	(1,845,748)
<b>Cash and cash equivalents at end of year</b>	25	189,035,929	763,138,045	108,138,184	436,553,848

(\*) For cash and non-cash transactions relating to the purchase of property and equipment, please refer to Note 9.

The accompanying notes on pages 92 to 111 form an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## 1. BACKGROUND INFORMATION

The Bank was incorporated in Cambodia on 20 September 2010 under the Registration No. 00010524, granted by the Ministry of Commerce and commenced its operations on 19 November 2010. The Bank is a wholly owned subsidiary of CIMB Bank Berhad, a licensed bank incorporated in Malaysia. CIMB Group Holdings Berhad, a publicly listed company incorporated in Malaysia, is the ultimate holding company.

The Bank is principally engaged in all aspects of banking business and the provision of related financial services in Cambodia. The Bank holds a banking licence that was issued by the National Bank of Cambodia ("the Central Bank") on 11 November 2010.

The registered office of the Bank is located at No. 20AB Corner Phreah Norodom Boulevard & Street 118, Sangkat Phsar Chas, Phnom Penh, the Kingdom of Cambodia.

The financial statements were authorised for issue by the Board of Directors on 30 March 2018.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with the guidelines issued by the Central Bank and Cambodian Accounting Standards ("CAS"). In applying CAS, the Bank also applies the Cambodian Financial Reporting Standard ("CFRS") CFRS7: 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 only to those who are informed about Cambodia accounting principles, procedures and practices.

The financial statements are prepared using the historical cost convention.

The preparation of financial statements in accordance with 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 period. Although these estimates are based on management's best knowledge of current event 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.

### 2.2 Changes in 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.

Circular 058 MoEF.NAC dated 24 March 2016 issued by the National Accounting Council allowed banks and financial institutions to delay adoption of CIFRS until periods beginning on or after 1 January 2019.

CAS, the current accounting standard used, is different to CIFRS in many areas. Hence, the adoption of CIFRS will have some impact on the financial statements of the Bank.

### 2.3 Foreign currencies

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

Transactions in currencies other than US\$ are translated into US\$ at the exchange rates prevailing at the dates of transactions. 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.

#### (iii) Presentation in Khmer Riel

For the sole regulatory purpose of complying with the Prakas No. B7-07-164 dated 13 December 2007 of the Central Bank, a translation to Khmer Riel is provided for the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes to the financial statements as of and for the year ended 31 December 2017 using the official rates of exchange published by the Central Bank as at the reporting date, which was United States dollars ("US\$") 1 to Khmer Riel ("KHR") 4,037 (31 December 2016: US\$1 to KHR4,037). Such translation 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.

### 2.4 Cash and cash equivalents

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

### 2.5 Loans and advances to customers

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

### 2.6 Provision for loan losses

On 1 December 2017, the Central Bank issued a new Prakas No.B7-017-344 on credit risk classification and provision on impairment for banks and financial institutions.

Loans and advances, other financial products and off balance sheet financial commitments are classified into five classifications and the regulatory provision is made depending on the classification concerned, regardless of the assets (except cash) pledged as collateral, unless other information is available to indicate worsening.

On 16 February 2018, the Central Bank issued Circular No.B7-018-001 on implementation of credit risk classification and provision on impairment for banks and financial institutions. Banks and financial institutions are allowed to follow the previous Prakas No. B7-09-074 on loan classification and provisioning for the financial statements for the year ended 31 December 2017 if they have difficulties to implement the new Prakas No. B7-017-344.

The Bank opted to implement and follow the previous Prakas No. B7-09-074 dated on 25 February 2009 for recognising provision for the year ended 31 December 2017 on assets classification and provisioning for banks and financial institutions. It applies for loans and advances or other assets with similar nature.

The table below shows loan classifications and minimum provisioning requirements:

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

## 2.7 Other credit-related commitments

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

## 2.8 Staff pension fund

The Bank established a staff pension fund for the benefit of all permanent employees. Both the employees and the employer contribute 5% each of the employee's monthly salary. Staff who have been working for three years or less will receive only their accumulated contributions. After three years, they will receive both their and the Bank's contributions. The staff pension fund is maintained in its customer deposit account under the Bank's name earmarked for individual employees and the interest rate is a 12-month fixed deposit rate. The contribution expense (5% from the Bank) is recognised in the income statement on monthly basis.

## 2.9 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 Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Assets under construction are not depreciated. 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:

	Depreciation rate
Leasehold improvements	20% or lower of lease terms
Office equipment	10% – 20%
Computer equipment	20% – 33%
Motor vehicles	20%

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.

## 2.10 Intangible assets

Intangible assets, which comprise acquired computer software licenses and related costs, 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 three years using the straight-line method.

Costs associated with maintaining computer software are recognised as an expense when incurred.

## 2.11 Subordinated debts

Subordinated debts are treated as financial liabilities when there are contractual obligations to deliver cash or financial assets to the other entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank, if otherwise, it is treated as equity. The subordinated debts which are approved by the Central Bank are included as a Tier II line item in the calculation of the Bank's net worth in accordance with the guidelines of the Central Bank.

## 2.12 Interest income and expense

Interest earned on loans and advances to customers, balances with the Central Bank and deposits and placements with other banks is recognised on an accrual basis, except where serious doubt exists as to the collectability of loans and advances to customers, in which case, interest is suspended until it is realised on a cash basis. The policy on the suspension of interest is in conformity with the Central Bank's guidelines on the suspension of interest on non-performing loans and provision for loan losses.

Interest expense on deposits from banks and customers is recognised on an accrual basis.

## 2.13 Fee and commission income

Fees and commissions are recognised as income when the service has been provided. Fee and commission income comprise income received from inward and outward bank transfers, ATM fee charges, trade finance and others.

Loan processing fee is recognised as income when loan is disbursed.



## 2.14 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.

## 2.15 Provisions

Provisions are recognised when 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 when 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 passage of time is recognised as interest expense.

## 2.16 Income taxes

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

Deferred tax liability will be provided in full, using the liability method, on temporary differences arising between 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 temporary differences can be utilised.

## 2.17 Related-party transactions

Parties are considered to be related if one party has the ability to control the other party or can exercise significant influence over the other party in making financial and operating decisions.

In accordance with the Law on Banking and Financial Institutions, related parties are defined as parties who hold, directly or indirectly, at least 10% of the capital or voting rights and include any individual who participates in the administration, direction, management or internal control of the Bank.

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

### a) Impairment losses on loans and advances

The Bank follows the mandatory assets classification and provisioning as required by Prakas No. B7-09-074 dated 25 February 2009 on asset classification and provisioning in the 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. The Directors believe that the loan aging (by past due days) as a basis to determine the loan classification is appropriate to determine the adequacy of its impairment losses on loans and advances so as to follow this Prakas.

## b) Taxes

Taxes are calculated on the basis of current interpretation of the tax regulations enacted as at reporting date. The management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation.

It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

However, these regulations are subject to periodic variation and the ultimate termination of tax liabilities will be made following inspection by the tax authorities. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the taxes liabilities and balances in the period in which the determination is made.

## 4. BALANCES WITH THE CENTRAL BANK

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Current accounts	74,753,570	301,780,162	27,622,741	111,513,005
Reserve requirement (a)	66,053,610	266,658,424	44,109,912	178,071,715
Negotiable Certificate of				
Deposits (b)	43,720,000	176,497,640	23,000,000	92,851,000
Statutory deposit (c)	6,250,000	25,231,250	5,000,000	20,185,000
	190,777,180	770,167,476	99,732,653	402,620,720

### (a) Reserve requirement

Reserve deposits represent the minimum reserve requirement which is calculated at 8% and 12.5% of customers' deposits and borrowings in KHR and other currency respectively. The 4.50% 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 bear no interest.

### (b) Negotiable certificate of deposits

Negotiable Certificate of Deposits (NCDs) with the Central Bank are short term deposits with maturity less than three months. Included in NCDs, the Bank pledged US\$ 3,720,000 with Central Bank as collateral for settlement clearing facility. It bears interest rate at 1.00% per annum. The remaining amount of US\$ 40,000,000 bears interest rate at 0.24% per annum.

### (c) Statutory deposit

Pursuant to Prakas No. B7-01-136 on Bank's Capital Guarantee dated 15 October 2001 issued by the Central Bank, banks are required to maintain 10% of their paid up 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.

### (d) Interest rates

The current accounts are non-interest bearing. Annual interest rates on other balances with the Central Bank are summarised as follows:

	2017	2016
Reserve requirement	0.21% - 0.38%	0.21% - 0.38%
Negotiable certificate of deposits	0.24% - 1.00%	0.29% - 0.66%
Statutory deposit	0.20% - 0.22%	0.20% - 0.22%

## 5. DEPOSITS AND PLACEMENTS WITH OTHER BANKS

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Placements	50,906,821	205,510,836	38,877,116	156,946,917
Current accounts	5,471,136	22,086,976	3,221,653	13,005,813
<b>Total deposits and placements with other banks - current</b>	<b>56,377,957</b>	<b>227,597,812</b>	<b>42,098,769</b>	<b>169,952,730</b>

Current accounts earn no interest. Placements are short term and earn interest from 0.25% to 2.60% per annum.

## 6. LOANS AND ADVANCES TO CUSTOMERS

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Commercial loans:				
Long-term loans	159,742,248	644,879,455	135,709,856	547,860,689
Overdrafts	58,066,306	234,413,677	58,976,095	238,086,496
Short term loans	47,646,741	192,349,893	13,648,710	55,099,842
	265,455,295	1,071,643,025	208,334,661	841,047,027
Consumer loans:				
Mortgage loans	137,272,405	554,168,699	95,991,120	387,516,151
Credit cards	705,386	2,847,644	387,071	1,562,606
	137,977,791	557,016,343	96,378,191	389,078,757
<b>Total loans and advances - gross</b>	<b>403,433,086</b>	<b>1,628,659,368</b>	<b>304,712,852</b>	<b>1,230,125,784</b>
Provisions for doubtful loans:				
General provision	(4,025,351)	(16,250,342)	(3,041,228)	(12,277,437)
Specific provision	(819,538)	(3,308,475)	(258,663)	(1,044,223)
	(4,844,889)	(19,558,817)	(3,299,891)	(13,321,660)
	398,588,197	1,609,100,551	301,412,961	1,216,804,124

### (a) Provision for doubtful loans

Movements in the provisions for loan losses are as follows:

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
At beginning of the year	3,299,891	13,321,660	2,792,646	11,310,217
Provision for loan losses for the year	1,544,998	6,237,157	548,695	2,215,082
Written off during the year	-	-	(41,450)	(167,334)
Currency translation difference	-	-	-	(36,305)
<b>At the end of the year</b>	<b>4,844,889</b>	<b>19,558,817</b>	<b>3,299,891</b>	<b>13,321,660</b>



**(b) Analysis by classification**

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Standard loans				
Secured	401,418,312	1,620,525,726	303,099,109	1,223,611,103
Unsecured	1,116,760	4,508,359	1,023,737	4,132,826
Special mention loans				
Secured	-	-	50,532	203,998
Substandard loans				
Secured	98,095	396,010	41,967	169,421
Doubtful loans				
Secured	-	-	497,507	2,008,436
Loss loans				
Secured	799,919	3,229,273	-	-
	<u>403,433,086</u>	<u>1,628,659,368</u>	<u>304,712,852</u>	<u>1,230,125,784</u>

**(c) Interest rate**

These loans and advances to customers earn interest at annual rates ranging from 3.5% to 12% (2016: 3.5% to 12%).

**7. AMOUNTS DUE FROM/TO IMMEDIATE PARENT**

The amounts due from immediate parent are mainly related to the payments (trainees in Cambodia) made by the Bank on behalf of immediate parent.

**8. OTHER ASSETS**

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Accrued interest receivables	2,588,388	10,449,322	1,775,035	7,165,816
Deposits (*)	540,018	2,180,053	524,184	2,116,131
Outstanding inward transactions	171,579	692,664	453,764	1,831,845
Office supplies	41,549	167,733	29,566	119,358
Others	285,703	1,153,384	257,247	1,038,506
	<u>3,627,237</u>	<u>14,643,156</u>	<u>3,039,796</u>	<u>12,271,656</u>

(\*) This represents office rental deposits which are only refundable at the end of the lease term. The lease term is more than one year and the deposits are non-interest-bearing. Only deposits of US\$540,018 (2016: US\$524,184) are expected to realise more than 12 months while the remaining balances of other assets are expected to realise within 12 months.

## 9. PROPERTY AND EQUIPMENT

	Leasehold improvements	Office equipment	Computer equipment	Motor vehicles	Assets under construction	Total
	US\$	US\$	US\$	US\$	US\$	US\$
<b>Year ended 31 December 2016</b>						
Opening net book value	552,947	203,561	181,596	182,531	197,483	1,318,118
Additions	9,130	46,723	34,137	165,800	1,263,732	1,519,522
Transferred in/(out)	984,336	89,403	175,853	-	(1,249,592)	-
Depreciation charge	(335,849)	(107,104)	(140,405)	(78,250)	-	(661,608)
<b>Closing net book value</b>	<b>1,210,564</b>	<b>232,583</b>	<b>251,181</b>	<b>270,081</b>	<b>211,623</b>	<b>2,176,032</b>
As at 31 December 2016						
Cost	4,770,012	1,043,852	2,493,715	778,646	211,623	9,297,848
Accumulated depreciation	(3,559,448)	(811,269)	(2,242,534)	(508,565)	-	(7,121,816)
Net book value	1,210,564	232,583	251,181	270,081	211,623	2,176,032
<i>Net book value in KHR' 000 equivalent</i>	<i>4,887,047</i>	<i>938,938</i>	<i>1,014,018</i>	<i>1,090,317</i>	<i>854,321</i>	<i>8,784,641</i>
<b>Year ended 31 December 2017</b>						
Opening net book value	1,210,564	232,583	251,181	270,081	211,623	2,176,032
Additions	-	-	128,525	208,310	1,339,256	1,676,091
Transferred in/(out)	927,807	97,296	-	-	(1,025,103)	-
Depreciation charge	(511,965)	(111,003)	(148,286)	(112,218)	-	(883,472)
<b>Closing net book value</b>	<b>1,626,406</b>	<b>218,876</b>	<b>231,420</b>	<b>366,173</b>	<b>525,776</b>	<b>2,968,651</b>
As at 31 December 2017						
Cost	5,697,819	1,141,148	2,622,370	986,956	525,776	10,974,069
Accumulated depreciation	(4,071,413)	(922,272)	(2,390,950)	(620,783)	-	(8,005,418)
Net book value	1,626,406	218,876	231,420	366,173	525,776	2,968,651
<i>Net book value in KHR' 000 equivalent</i>	<i>6,565,801</i>	<i>883,602</i>	<i>934,243</i>	<i>1,478,240</i>	<i>2,122,558</i>	<i>11,984,444</i>

Total fixed assets addition of US\$ 1,676,091 for the year ended 31 December 2017 comprised of cash payment US\$1,640,350 and outstanding payable of US\$42,625.



## 10. INTANGIBLE ASSETS

	Computer software	Assets under construction	Total
	US\$	US\$	US\$
<b>Year ended 31 December 2016</b>			
Open net book value	629,578	-	629,578
Additions	-	53,620	53,620
Transferred in/(out)	53,620	(53,620)	-
Amortisation charge	(289,349)	-	(289,349)
Closing net book value	393,849	-	393,849
As at 31 December 2016			
Cost	3,139,516	-	3,139,516
Accumulated amortisation	(2,745,667)	-	(2,745,667)
Net book value	393,849	-	393,849
<i>Net book value in KHR' 000 equivalent</i>	1,589,968	-	1,589,968
<b>Year ended 31 December 2017</b>			
Open net book value	393,849	-	393,849
Additions	308,668	-	308,668
Amortisation charge	(281,926)	-	(281,926)
Closing net book value	420,591	-	420,591
As at 31 December 2017			
Cost	3,448,056	-	3,448,056
Accumulated amortisation	(3,027,465)	-	(3,027,465)
Net book value	420,591	-	420,591
<i>Net book value in KHR' 000 equivalent</i>	1,697,926	-	1,697,926

## 11. DEFERRED TAX ASSETS

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Deferred tax assets	1,354,499	5,468,112	1,274,922	5,146,860
	1,354,499	5,468,112	1,274,922	5,146,860

The gross movement in the deferred tax account:

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
As at 1 January	1,274,922	5,146,860	581,153	2,353,670
Credit to the income statement	79,577	321,252	693,769	2,793,190
	1,354,499	5,468,112	1,274,922	5,146,860

The movement of deferred tax assets:

	Accelerated depreciation US\$	Pension fund US\$	Net unrealised exchange different US\$	Accrued Bonus to be paid in more than 60 days US\$	General provision 1% US\$	Specific provision 3% US\$	Total US\$
As at 1 January 2017	478,103	78,507	90,303	19,460	608,246	303	1,274,922
Credit to the statement of comprehensive income	40,277	27,109	(198,119)	13,789	196,521	-	79,577
As at 31 December 2017	518,380	105,616	(107,816)	33,249	804,767	303	1,354,499
In KHR'000 equivalent	2,092,700	426,372	(435,254)	134,226	3,248,844	1,224	5,468,112

## 12. DEPOSITS FROM BANKS

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Fixed deposits	10,764,309	43,455,515	31,765,128	128,235,822
Current accounts	7,621,735	30,768,945	4,925,424	19,883,936
	18,386,044	74,224,460	36,690,552	148,119,758

Fixed deposits are short-term and have maturities of twelve months or less. The fixed deposits bear interest from 0.50% to 4.50% per annum (2016: 0.50% to 4.50%).

## 13. DEPOSITS FROM CUSTOMERS

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Current accounts	214,627,342	866,450,580	185,397,420	748,449,385
Fixed deposits	281,169,169	1,135,079,935	133,035,914	537,065,984
Savings accounts	45,952,466	185,510,105	34,030,048	137,379,304
	541,748,977	2,187,040,620	352,463,382	1,422,894,673

Current accounts are non-interest-bearing for normal customers and interest bearing for preferred customers.

Fixed deposits are short-term and have maturities of 12 months or less.



Savings, fixed deposits and current accounts bear the following interest rates per annum:

	2017	2016
Fixed deposits	1.50% to 4.00%	1.20% to 5.50%
Savings deposits	0.50% to 1.50%	0.50% to 1.50%
Current accounts	1.00% to 1.75%	0.00% to 1.75%

## 14. SUBORDINATED DEBT

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
CIMB BANK BERHAD	7,000,000	28,259,000	7,000,000	28,259,000
	7,000,000	28,259,000	7,000,000	28,259,000

On 30 July 2015, the Bank signed a subordinated debt agreement with CIMB Bank Berhad, the shareholder and borrowed US\$7 million with a maturity of ten years. The subordinated debt will be payable at the maturity date and bears interest rate of 3% per annum.

The subordinated debt was also approved National Bank of Cambodia on 28 August 2015 for the purpose of Tier 2 capital computation.

## 15. AMOUNTS DUE TO SUPPLIERS

The amounts were mainly the payables to suppliers of the office renovation and guarantee deposits from constructors. These payables will be settled within 12 months after balance sheet date.

## 16. OTHER LIABILITIES

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Banker's cheque and other				
collection accounts (*)	3,445,098	13,907,861	6,231,292	25,155,726
Outstanding outward transactions (**)	9,332,907	37,676,946	1,348,623	5,444,391
Balance for capital injection (***)	6,200,000	25,029,400	-	-
Accrual interest payable	3,194,959	12,898,049	2,788,881	11,258,713
Accrual bonus payable	1,166,000	4,707,142	940,000	3,794,780
Accrued tax payable	107,036	432,104	140,178	565,899
Staff pension fund payable	1,056,155	4,263,698	785,073	3,169,340
Other liabilities	1,053,976	4,254,901	1,041,947	4,206,339
	25,556,131	103,170,101	13,275,994	53,595,188

(\*) These are outstanding check clearances which were subsequently cleared at the Central Bank's clearing house.

(\*\*) These are outstanding outward remittances which were subsequently settled to correspondence banks.

(\*\*\*) This is the balance from the parent company for the purpose of additional capital injection. The Central Bank approved the additional capital injection on 19 January 2018.

Except for staff pension fund payable, all other liabilities are expected to be settled within one year.

## 17. CAPITAL

The registered capital of the Bank as at 31 December 2017 is 62.5 million shares (31 December 2016: 50 million shares) at a par value of US\$ 1 per share. All authorised shares are fully paid.

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Opening balance	50,000,000	201,850,000	50,000,000	202,500,000
Additional paid up capital	12,500,000	50,462,500	-	-
Currency translation differences	-	-	-	(650,000)
Closing balance	62,500,000	252,312,500	50,000,000	201,850,000

## 18. NET INTEREST INCOME

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
<b>Interest income:</b>				
Loans and advances				
to customers	26,329,211	106,291,025	22,047,442	89,005,523
Placements with the Central				
Bank and other banks	810,170	3,270,656	372,836	1,505,139
Loans and advances to staff	244,841	988,423	183,074	739,070
Total interest income	27,384,222	110,550,104	22,603,352	91,249,732
<b>Interest expense:</b>				
Fixed deposits	(7,688,106)	(31,036,884)	(7,595,918)	(30,664,722)
Current accounts (*)	(1,462,514)	(5,904,169)	(761,896)	(3,075,774)
Savings deposits	(232,833)	(939,947)	(148,554)	(599,712)
Total interest expense	(9,383,453)	(37,881,000)	(8,506,368)	(34,340,208)
<b>Net interest income</b>	<b>18,000,769</b>	<b>72,669,104</b>	<b>14,096,984</b>	<b>56,909,524</b>

(\*) Current accounts of preferred customers and corporate customers are interest-bearing.

## 19. FEE AND COMMISSION INCOME

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Remittance fees	1,215,700	4,907,781	1,325,465	5,350,902
Trade finance fee	755,665	3,050,620	901,461	3,639,198
Loan processing fees	848,865	3,426,868	436,678	1,762,869
Loan commitment fees	323,937	1,307,734	287,553	1,160,851
Other commissions and				
service charges	1,396,744	5,638,655	783,994	3,164,985
	4,540,911	18,331,658	3,735,151	15,078,805

## 20. PERSONNEL EXPENSES

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Salaries and wages	3,995,819	16,131,121	3,233,671	13,054,330
Bonuses and incentives	1,199,693	4,843,161	940,000	3,794,780
Other benefits	431,516	1,742,030	403,535	1,629,071
	<u>5,627,028</u>	<u>22,716,312</u>	<u>4,577,206</u>	<u>18,478,181</u>

## 21. DEPRECIATION AND AMORTISATION CHARGES

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Depreciation charge (Note 9)	883,472	3,566,577	661,608	2,670,911
Amortisation charge (Note 10)	281,926	1,138,135	289,349	1,168,102
	<u>1,165,398</u>	<u>4,704,712</u>	<u>950,957</u>	<u>3,839,013</u>

## 22. GENERAL AND ADMINISTRATIVE EXPENSES

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Rental	1,135,443	4,583,783	1,015,249	4,098,560
Repairs and maintenance	523,411	2,113,010	451,071	1,820,974
Bank charges	445,293	1,797,648	480,319	1,939,048
Advertising and public relations	358,669	1,447,947	271,591	1,096,413
Security expense	290,214	1,171,594	279,043	1,126,497
License fee expenses	276,823	1,117,534	252,761	1,020,396
Communication expenses	270,846	1,093,405	259,383	1,047,129
Utilities	255,142	1,030,008	235,657	951,347
Office supplies	191,310	772,318	133,106	537,349
Travelling and accommodation	176,617	713,003	210,941	851,569
Directors' fee	129,624	523,292	99,822	402,981
Legal and professional fees	104,108	420,284	122,628	495,049
Trade finance expense	3,719	15,014	88,126	355,765
Others expenses	73,893	298,307	348,639	1,407,455
	<u>4,235,112</u>	<u>17,097,147</u>	<u>4,248,336</u>	<u>17,150,532</u>

## 23. INCOME TAX EXPENSE

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Current tax	2,111,214	8,522,971	2,353,660	9,501,725
Adjustment in respect of prior years	81,445	328,793	-	-
Increase in deferred tax assets	(79,577)	(321,252)	(693,769)	(2,800,745)
	<u>2,113,082</u>	<u>8,530,512</u>	<u>1,659,891</u>	<u>6,700,980</u>

## a) Reconciliation of income tax

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

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Profit before income tax	9,943,462	40,141,756	8,029,994	32,417,086
Tax calculated at 20%	1,988,692	8,028,350	1,605,999	6,483,417
Tax effects in respect of:				
Expenses not deductible				
for tax purposes	42,945	173,369	53,892	217,563
Adjustment in respect				
of prior years	81,445	328,793	-	-
Tax on profit at 20%	<u>2,113,082</u>	<u>8,530,512</u>	<u>1,659,891</u>	<u>6,700,980</u>
Income tax expense	<u>2,113,082</u>	<u>8,530,512</u>	<u>1,659,891</u>	<u>6,700,980</u>

## 24. CASH GENERATED FROM/(USED IN) OPERATIONS

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Profit before income tax	9,943,462	40,141,756	8,029,994	32,417,086
Adjustments for:				
Provision for loan losses (Note 6.a)	1,544,998	6,237,157	548,695	2,215,082
Depreciation charge (Note 9)	883,472	3,566,577	661,608	2,670,911
Amortisation charge (Note 10)	281,926	1,138,135	289,349	1,168,102
Gain on disposal of property				
and equipment	-	-	(500)	(2,019)
Net interest income	(17,593,494)	(71,024,935)	(14,096,984)	(56,909,524)
Operating loss before changes in				
operating assets and liabilities	(4,939,636)	(19,941,310)	(4,567,838)	(18,440,362)
Changes in operating assets and				
liabilities				
Reserve deposits with				
the Central Bank	(21,943,698)	(88,586,709)	(6,583,443)	(26,577,359)
Negotiable certificate of deposits	(720,000)	(2,906,640)	(3,000,000)	(12,111,000)
Loans and advances				
to customers	(98,720,234)	(398,533,585)	(37,879,289)	(152,918,690)
Other assets	(225,912)	(912,007)	(469,185)	(1,894,100)
Deposits from banks	(18,304,508)	(73,895,299)	(42,510,415)	(171,614,545)
Deposits from customers	189,285,595	764,145,947	66,399,251	268,053,776
Amounts due from				
related company	21,333	86,121	6,619	26,721
Amounts due to suppliers	193,576	781,466	27,079	109,318
Other liabilities	11,838,318	47,791,290	2,420,516	9,771,623
Cash generated from/(used in)				
operations	<u>56,484,834</u>	<u>228,029,274</u>	<u>(26,156,705)</u>	<u>(105,594,618)</u>



## 25. CASH AND CASH EQUIVALENTS

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Cash on hand	17,904,402	72,280,071	18,416,674	74,348,113
Balances with the Central Bank: (Note 4)				
Current account	74,753,570	301,780,162	27,622,741	111,513,005
NCDs (unpledged)	40,000,000	161,480,000	20,000,000	80,740,000
Deposit and placements with other banks: (Note 5)				
Placements	5,471,136	22,086,976	3,221,653	13,005,813
Current accounts	50,906,821	205,510,836	38,877,116	156,946,917
	<u>189,035,929</u>	<u>763,138,045</u>	<u>108,138,184</u>	<u>436,553,848</u>

## 26. COMMITMENTS

### a) Commitments to extend credit

At 31 December 2017, the Bank had the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers as follows:

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Bank guarantees	98,776,528	398,760,844	91,014,581	367,425,863
Unused portion of overdrafts	33,678,444	135,959,878	27,883,290	112,564,842
Loan commitments	<u>12,322,453</u>	<u>49,745,743</u>	<u>7,380,661</u>	<u>29,795,728</u>
	<u>144,777,425</u>	<u>584,466,465</u>	<u>126,278,532</u>	<u>509,786,433</u>

### b) Operating lease commitments

As at 31 December 2017, the Bank has non-cancellable lease commitments in respect of its leases of premises.

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

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Not later than one year	2,441,213	9,855,177	1,238,613	5,000,281
Later than one year but not more than five years	3,909,740	15,783,620	3,692,487	14,906,570
More than five years	<u>2,891,998</u>	<u>11,674,996</u>	<u>2,619,007</u>	<u>10,572,931</u>
	<u>9,242,951</u>	<u>37,313,793</u>	<u>7,550,107</u>	<u>30,479,782</u>

## 27. RELATED-PARTY TRANSACTIONS AND BALANCES

### a) Related-parties and relationship

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

Related parties	Relationship
CIMB Group Holdings Berhad	Ultimate parent company
CIMB Bank Berhad	Immediate parent company
Related companies	All entities under the same ultimate parent company
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

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
<b>Due to:</b>				
<i>Amounts due to immediate parent company (Note 7)</i>	-	-	40,145	162,065
Deposits and placements from key management personnel (Note 13)	385,051	1,554,451	489,921	1,977,811
Deposits from banks (Note 12)				
Fellow subsidiaries	9,983	40,301	110,030	444,191
Accrued interest payable	-	-	26,868	108,466
	<u>9,983</u>	<u>40,301</u>	<u>136,898</u>	<u>552,657</u>
Immediate parent company				
Subordinate debt (Note 14)	7,000,000	28,259,000	7,000,000	28,259,000
Accrued interest payable	68,466	276,396	68,466	276,397
	<u>7,068,466</u>	<u>28,535,396</u>	<u>7,068,466</u>	<u>28,535,397</u>
<b>Due from:</b>				
<i>Deposits and placements with other banks (Note 5)</i>				
Immediate parent company	15,311,306	61,811,742	18,404,574	74,299,265
Fellow subsidiaries	<u>1,376,016</u>	<u>5,554,977</u>	-	-
	<u>16,687,322</u>	<u>67,366,719</u>	<u>18,404,574</u>	<u>74,299,265</u>
<i>Loans and advances to customers (Note 6)</i>				
Loans and advances to related parties	1,088,609	4,394,715	1,173,338	4,736,766
Accrued interest receivable	1,163	4,695	2,476	9,996
	<u>1,089,772</u>	<u>4,399,410</u>	<u>1,175,814</u>	<u>4,746,762</u>
<i>Amounts due from related company (Note 7)</i>				
	<u>57,695</u>	<u>232,915</u>	<u>38,883</u>	<u>156,971</u>

### c) Related-party transactions

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Expenses:				
Interest expense paid/payable deposits				
from key management personnel	5,086	20,532	8,835	35,667
Interest expense paid/payable on				
deposits from fellow subsidiaries	36,845	148,744	23,985	96,827
Interest expense paid/payable on				
subordinate debt from immediate				
parent company	239,400	966,458	240,056	969,106
	<u>281,331</u>	<u>1,135,734</u>	<u>272,876</u>	<u>1,101,600</u>
Incomes:				
Interest income received from deposits				
and placements with immediate				
parent company and fellow				
subsidiaries	35,501	143,318	41,546	167,721
Interest income received from loan				
and advances to related parties	31,850	128,578	42,519	171,649
	<u>67,351</u>	<u>271,896</u>	<u>84,065</u>	<u>339,370</u>

### d) Key management personnel remuneration

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Directors' fee	129,624	523,292	99,822	402,981
Defined contribution benefits	9,864	39,821	9,570	38,634
Salaries and short-term benefits	313,816	1,266,875	292,030	262,966
	<u>453,304</u>	<u>1,829,988</u>	<u>401,422</u>	<u>704,581</u>

## 28. FINANCIAL RISK MANAGEMENT

The Bank's activities expose it to a variety of financial risks: credit risk, market risk (including foreign exchange risk and interest rate risk), liquidity risk and operational risk. Taking risk is core to the financial business, and the operational risks are 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 Bank are as follows:

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
<b>Financial assets</b>				
<b>(Loan and receivables)</b>				
Cash on hand	17,904,402	72,280,071	18,416,674	74,348,113
Balances with the Central Bank (*)	118,473,570	478,277,802	50,622,741	204,364,005
Deposits and placements				
with other banks	56,377,957	227,597,812	42,098,769	169,952,730
Loans and advances to customers	398,588,197	1,609,100,551	301,412,961	1,216,804,124
Amounts due from related company	57,695	232,915	38,883	156,971
Other assets	3,299,985	13,322,039	2,752,983	11,113,792
	<u>594,701,806</u>	<u>2,400,811,190</u>	<u>415,343,011</u>	<u>1,676,739,735</u>
<b>Financial liabilities</b>				
<b>(Other liabilities at amortised costs)</b>				
Deposits from banks	18,386,044	74,224,460	36,690,552	148,119,758
Deposits from customers	541,748,977	2,187,040,620	352,463,382	1,422,894,673
Borrowings	-	-	-	-
Subordinated debt	7,000,000	28,259,000	7,000,000	28,259,000
Amounts due to related company	-	-	40,145	162,065
Amounts due to suppliers	856,187	3,456,427	626,870	2,530,674
Other liabilities	17,026,940	68,737,757	11,410,743	46,065,169
	<u>585,018,148</u>	<u>2,361,718,264</u>	<u>408,231,692</u>	<u>1,648,031,339</u>
<b>Net financial assets</b>	<u>9,683,658</u>	<u>39,092,926</u>	<u>7,111,319</u>	<u>28,708,396</u>

(\*) excludes statutory deposit and reserve requirement which are not financial asset.

### 28.1 Credit risk

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

Exposure to credit is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations. Exposure to credit risk is also managed in part by obtaining collateral and personal guarantees.

#### 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 programmes that 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 groups of borrowers, and industry segments. Such risks are monitored on a revolving basis and are subject to an annual or more frequent review, when considered necessary. Limits on level of credit risk by product and industry sector are approved by Board of Directors.

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 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 aggregation 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 2.6 to the financial statements.

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

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

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
<i>Credit risks exposures relating to on-balance sheet assets:</i>				
Balances with other banks	56,377,957	227,597,812	42,098,769	169,952,730
Loans and advances to customers	398,588,197	1,609,100,551	301,412,961	1,216,804,124
Amounts due from related company	57,695	232,915	38,883	156,971
Other assets	3,299,985	13,322,039	2,752,983	11,113,792
	458,323,834	1,850,253,317	346,303,596	1,398,027,617
<i>Credit risk exposures relating to off-balance sheet items:</i>				
Bank guarantees	98,776,528	398,760,844	91,014,581	367,425,863
Unused portion of approved credit facilities	33,678,444	135,959,878	27,883,290	112,564,842
Loan commitments	12,322,453	49,745,743	7,380,661	29,795,728
	144,777,425	584,466,465	126,278,532	509,786,433
	603,101,259	2,434,719,782	472,582,128	1,907,814,050

The above table represents a worst case scenario of credit risk exposure to the Bank at 31 December 2017 and 2016, without taking account of any collateral held or other credit enhancement attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts less general provision.

As shown above, 66% (2016: 64%) of total maximum exposure is derived from loans and advances to customers.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from its loans and advances on the followings:

- Most of loans and advances of the Bank are collateralised and credit is generally given at 60% to 70% of collateral value.
- Most of loans portfolios are considered neither past due nor impaired.
- The Bank has in place a credit evaluation process for granting of loans and advances to customers.

e) *Loans and advances*

Loans and advances are summarised as follows:

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Loans and advances				
Loans and advances neither past due nor impaired (i)	402,535,072	1,625,034,085	304,122,846	1,227,743,928
Loans and advances past due but not impaired (ii)	-	-	50,532	203,998
Loans and advances individually impaired (iii)	898,014	3,625,283	539,474	2,177,858
	403,433,086	1,628,659,368	304,712,852	1,230,125,784
<b>Less:</b>				
Provision for doubtful loans				
General provision	(4,025,351)	(16,250,342)	(3,041,228)	(12,277,437)
Specific provision	(819,538)	(3,308,475)	(258,663)	(1,044,223)
	(4,844,889)	(19,558,817)	(3,299,891)	(13,321,660)
<b>Net loans and advances</b>	<b>398,588,197</b>	<b>1,609,100,551</b>	<b>301,412,961</b>	<b>1,216,804,124</b>

For the purpose of loan provisioning, expected recovery from collateral (except cash) is not taken into consideration in accordance with the Central Bank's requirement. The total provision for doubtful loans represents 1% general provision, 3%, 20%, 50% and 100% specific provisions for all outstanding loans and advances and specific provision rate follow NBC Prakas.

(i) *Loans and advances neither past due nor impaired*

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

(ii) *Loans and advances past due but not impaired*

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary.

(iii) *Loans and advances individually impaired*

In accordance with Prakas No. B7-09-074 dated 25 February 2009 on the classification and provisioning for loan losses, loans and advances past due 90 days and more are considered impaired and a minimum level of specific provision for impairment is made depending on the classification concerned, unless other information is available to indicate the contrary.

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
Past due 90 days or more	898,014	3,625,283	539,474	2,177,858
	898,014	3,625,283	539,474	2,177,858

(iv) *Loans and advances renegotiated*

There were no renegotiated loans and advances at 31 December 2017.

f) *Reposessed collateral*

During the year ended 31 December 2017, the Bank did not obtain assets by taking possession of collateral held as security.



(g) Concentration of financial assets with credit risk exposure

(i) Geographical sector

The following table breaks down the Bank's main credit exposure at their gross carrying amount less impairment if any, as categorised by geographical region as at 31 December 2017. For this table, the Bank has allocated exposure to countries based on the country of domicile of our counterparties.

	Cambodia	Malaysia	Thailand	America	Singapore	Indonesia	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>At 31 December 2017</b>							
Deposits and placements with other banks	36,309,337	15,312,844	1,345,037	3,356,051	30,980	23,708	56,377,957
Loans and advances to customers	398,588,197	-	-	-	-	-	398,588,197
Amounts due from related company	-	57,695	-	-	-	-	57,695
Other assets	3,299,985	-	-	-	-	-	3,299,985
<b>Total financial assets</b>	<b>438,197,519</b>	<b>15,370,539</b>	<b>1,345,037</b>	<b>3,356,051</b>	<b>30,980</b>	<b>23,708</b>	<b>458,323,834</b>
In KHR'000 equivalent	1,769,003,384	62,050,866	5,429,914	13,548,378	125,066	95,709	1,850,253,317
<b>At 31 December 2016</b>							
Deposits and placements with other banks	22,624,487	18,404,574	30,085	849,554	176,322	13,747	42,098,769
Loans and advances to customers	301,412,961	-	-	-	-	-	301,412,961
Amounts due from related company	-	38,883	-	-	-	-	38,883
Other assets	2,752,983	-	-	-	-	-	2,752,983
<b>Total financial assets</b>	<b>326,790,431</b>	<b>18,443,457</b>	<b>30,085</b>	<b>849,554</b>	<b>176,322</b>	<b>13,747</b>	<b>346,303,596</b>
In KHR'000 equivalent	1,319,252,970	74,456,236	121,453	3,429,649	711,812	55,497	1,398,027,617

(ii) Industry sector

The following table breaks down the Bank's main credit exposure at their gross carrying amounts less impairment if any, as categorised by the industry sectors of our counterparties.

	Financial institution	Services	Real estate business	Wholesales and retails	Constructions	Import	Other industries	Individuals	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>31 December 2017</b>									
Deposits and placements with other banks	56,377,957	-	-	-	-	-	-	-	56,377,957
Loans and advances to customers	363,579	21,773,521	15,333,082	151,833,466	15,657,404	-	37,166,304	156,460,841	398,588,197
Amounts due from related company	57,695	-	-	-	-	-	-	-	57,695
Other assets	752,821	115,344	78,871	963,491	46,849	-	309,772	1,032,837	3,299,985
As at 31 December 2017	57,552,052	21,888,865	15,411,953	152,796,957	15,704,253	-	37,476,076	157,493,678	458,323,834
In KHR '000 equivalents	232,337,634	88,365,348	62,218,054	616,841,315	63,398,069	-	151,290,919	635,801,978	1,850,253,317
<b>31 December 2016</b>									
Deposits and placements with other banks	42,098,769	-	-	-	-	-	-	-	42,098,769
Loans and advances to customers	1,154,009	19,957,348	16,157,243	66,525,042	17,424,525	33,996,759	46,314,456	99,883,579	301,412,961
Amounts due from related company	38,883	-	-	-	-	-	-	-	38,883
Other assets	31,527	118,411	70,305	349,938	47,648	191,266	302,640	1,641,248	2,752,983
As at 31 December 2016	43,323,188	20,075,759	16,227,548	66,874,980	17,472,173	34,188,025	46,617,096	101,524,827	346,303,596
In KHR '000 equivalents	174,895,710	81,045,839	65,510,611	269,974,294	70,535,162	138,017,057	188,193,217	409,855,727	1,398,027,617

## 28.2 Market risk

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rates, 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 is not exposed to securities price risk because it does not hold any investment that is classified in the balance sheet either as available-for-sale or at fair value through profit or loss.

### b) Foreign exchange risk

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

The Bank mainly transacts in US\$, which is the Bank's functional currency and the Bank does not have significant exposure to foreign exchange risk.

The table below summarises the financial assets and financial liabilities of the Bank by currency as at 31 December 2017.

	US\$	EUR	IDR	THB	JPY	CHI	Others	TOTAL US\$
<b>At 31 December 2017</b>								
<b>Financial assets</b>								
Cash on hand	17,476,400	-	-	-	-	-	430,002	17,906,402
Balances with Central Bank	189,051,897	-	-	-	-	-	1,725,283	190,777,180
Deposits and placements with other banks	53,101,438	871,632	23,709	1,345,073	38,498	34,971	962,636	56,377,957
Loans and advances to customers	398,588,197	-	-	-	-	-	-	398,588,197
Amounts due from related company	57,695	-	-	-	-	-	-	57,695
Other assets	3,299,429	-	-	-	-	-	556	3,299,985
	<u>661,575,056</u>	<u>871,632</u>	<u>23,709</u>	<u>1,345,073</u>	<u>38,498</u>	<u>34,971</u>	<u>3,118,477</u>	<u>667,007,416</u>
<b>Financial liabilities</b>								
Deposits from banks	18,008,945	306,915	-	2,519	-	-	67,665	18,386,044
Deposits from customers	538,791,389	395,840	-	69,004	13,256	34,971	2,444,517	541,748,977
Subordinated debt	7,000,000	-	-	-	-	-	-	7,000,000
Amounts due to related company	-	-	-	-	-	-	-	-
Amounts due to suppliers	856,187	-	-	-	-	-	-	856,187
Other liabilities	17,026,552	-	-	-	-	-	388	17,026,940
	<u>581,683,073</u>	<u>702,755</u>	<u>-</u>	<u>71,523</u>	<u>13,256</u>	<u>34,971</u>	<u>2,512,570</u>	<u>585,018,148</u>
<b>Net on-balance sheet position</b>	<u>79,891,983</u>	<u>168,877</u>	<u>23,709</u>	<u>1,273,550</u>	<u>25,242</u>	<u>-</u>	<u>605,907</u>	<u>81,989,268</u>
In KHR'000 equivalent	<u>322,523,935</u>	<u>681,756</u>	<u>95,713</u>	<u>5,141,321</u>	<u>101,902</u>	<u>-</u>	<u>2,446,047</u>	<u>330,990,674</u>
Credit commitments	<u>138,252,755</u>	<u>778,858</u>	<u>-</u>	<u>2,822,499</u>	<u>2,875,113</u>	<u>-</u>	<u>48,200</u>	<u>144,777,425</u>
In KHR'000 equivalent	<u>558,126,372</u>	<u>3,144,250</u>	<u>-</u>	<u>11,394,428</u>	<u>11,606,831</u>	<u>-</u>	<u>194,584</u>	<u>584,466,465</u>



	US\$	EUR	IDR	THB	JPY	CHI	Others	TOTAL US\$
<b>At 31 December 2016</b>								
<b>Financial assets</b>								
Cash on hand	18,187,093	-	-	-	-	-	229,581	18,416,674
Balances with Central Bank	50,003,734						619,007	50,622,741
Deposits and placements with other banks	40,156,175	1,291,464	13,747	30,118	39,041	32,051	536,173	42,098,769
Loans and advances to customers	301,412,961	-	-	-	-	-	-	301,412,961
Amounts due from related company	38,883							38,883
Other assets	2,312,392	389,056	9,404	3,639	-	-	38,492	2,752,983
	412,111,238	1,680,520	23,151	33,757	39,041	32,051	1,423,253	415,343,011
<b>Financial liabilities</b>								
Deposits from banks	36,254,447	430,818	-	2,315	-	-	2,972	36,690,552
Deposits from customers	349,751,961	1,166,332	-	43,091	38,963	32,051	1,430,984	352,463,382
Subordinated debt	7,000,000	-	-	-	-	-	-	7,000,000
Amounts due to related company	40,145	-	-	-	-	-	-	40,145
Amounts due to suppliers	447,419	-	2,794	-	-	-	176,657	626,870
Other liabilities	11,133,134	80,816	15,157	6,382	-	-	175,254	11,410,743
	404,627,106	1,677,966	17,951	51,788	38,963	32,051	1,785,867	408,231,692
<b>Net on-balance sheet position</b>	7,484,132	2,554	5,200	(18,031)	78	-	(362,614)	7,111,319
In KHR'000 equivalent	30,213,442	10,310	20,992	(72,791)	315	-	(1,463,873)	28,708,395
Credit commitments	124,881,738	505,323	-	878,467	-	-	13,004	126,278,532
In KHR'000 equivalent	504,147,576	2,039,989	-	3,546,371	-	-	52,497	509,786,433

*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. The management regularly monitors any mismatch of interest rate re-pricing undertaken.

The table below summarises the Bank's exposure to interest rate risks. The assets and liabilities at carrying amount are categorised by the earlier of contractual re-pricing or maturity dates.

	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 Years US\$	Non-interest bearing US\$	Total US\$
<b>At 31 December 2017</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	17,904,402	17,904,402
Balances with the Central Bank	43,720,000	-	6,250,000	-	-	68,503,570	118,473,570
Deposits and placements with other banks	15,906,821	35,000,000	-	-	-	5,471,136	56,377,957
Loans and advances to customers	12,035,389	28,275,316	70,806,826	108,404,011	179,066,655	-	398,588,197
Amounts due from related company	-	-	-	-	-	57,695	57,695
Other assets	-	-	-	-	-	3,299,985	3,299,985
	71,662,210	63,275,316	77,056,826	108,404,011	179,066,655	95,236,788	594,701,806
<b>Financial liabilities</b>							
Deposits from banks	58,152	6,012,765	4,693,392	-	-	7,621,735	18,386,044
Deposits from customers	71,222,565	60,443,167	128,063,280	852,797	-	281,167,168	541,748,977
Borrowings	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	7,000,000	-	7,000,000
Amounts due to related company	-	-	-	-	-	-	-
Amounts due to suppliers	-	-	-	-	-	856,187	856,187
Other liabilities	-	-	-	-	-	17,026,940	17,026,940
	71,280,717	66,455,932	132,756,672	852,797	7,000,000	306,672,030	585,018,148
<b>Total interest rate re-pricing gap</b>	381,493	(3,180,616)	(55,699,846)	107,551,214	172,066,655	(211,435,242)	9,683,658
In KHR' 000 equivalent	1,540,087	(12,840,147)	(224,860,278)	434,184,251	694,633,086	(853,564,073)	39,092,926

	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 Years US\$	Non-interest bearing US\$	Total US\$
<b>At 31 December 2016</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	18,416,674	18,416,674
Balances with the Central Bank	23,000,000	-	-	-	-	27,622,741	50,622,741
Deposits and placements with other banks	16,878,102	22,000,000	-	-	-	3,220,667	42,098,769
Loans and advances to customers	10,598,314	17,117,179	47,720,486	101,425,490	124,551,492	-	301,412,961
Amounts due from related company	-	-	-	-	-	38,883	38,883
Other assets	-	-	-	-	-	2,752,983	2,752,983
	50,476,416	39,117,179	47,720,486	101,425,490	124,551,492	52,051,948	415,343,011
<b>Financial liabilities</b>							
Deposits from banks	5,000,000	14,100,000	11,709,088	-	-	5,881,464	36,690,552
Deposits from customers	143,313,601	48,159,196	96,042,269	1,671,626	-	63,276,690	352,463,382
Borrowings	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	7,000,000	-	7,000,000
Amounts due to related company	-	-	-	-	-	40,145	40,145
Amounts due to suppliers	-	-	-	-	-	626,870	626,870
Other liabilities	-	-	-	-	-	11,410,743	11,410,743
	148,313,601	62,259,196	107,751,357	1,671,626	7,000,000	81,235,912	408,231,692
<b>Total interest rate re-pricing gap</b>	(97,837,185)	(23,142,017)	(60,030,871)	99,753,864	117,551,492	(29,183,964)	7,111,319
In KHR' 000 equivalent	(394,968,716)	(93,424,323)	(242,344,626)	402,706,349	474,555,373	(117,815,663)	28,708,394

### 28.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its obligation 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 profile of debt maturities as well as the movements of main depositors and projection of their withdrawals.

#### b) Funding approach

The Bank's main sources of funding are from shareholder's paid-up capital and deposits from banks 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 cash flows arising from non-derivative financial assets and liabilities by remaining contractual maturities as at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash flows.

	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 Years US\$	Total US\$
<b>At 31 December 2017</b>						
<b>Liabilities</b>						
Deposits from banks	10,881,464	14,100,000	11,719,132	-	-	36,700,596
Deposits from customers	206,599,905	48,217,160	99,146,349	1,671,626	-	355,635,040
Subordinated debt	-	105,000	105,000	840,000	7,840,000	8,890,000
Amounts due to suppliers	856,187	-	-	-	-	856,187
Other liabilities	17,026,940	-	-	-	-	17,026,940
<b>Total financial liabilities</b>						
<b>(contractual maturity dates)</b>	235,364,496	62,422,160	110,970,481	2,511,626	7,840,000	419,108,763
<b>Total financial assets</b>						
<b>(contractual maturity dates)</b>	174,125,673	78,277,374	128,742,677	195,667,372	130,040,326	706,853,422
<b>Net liquidity gap - US\$</b>	61,238,823	(15,855,214)	(17,772,196)	(193,155,746)	(122,200,326)	(287,744,659)
<b>In KHR' 000 equivalent</b>	247,221,128	(64,007,499)	(71,746,355)	(779,769,747)	(493,322,716)	(1,161,625,189)



	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 Years US\$	Total US\$
<b>At 31 December 2016</b>						
<b>Liabilities</b>						
Deposits from banks	10,890,094	14,140,877	12,030,774	-	-	37,061,745
Deposits from customers	205,345,141	49,139,781	101,134,899	-	-	355,619,821
Subordinated debt	-	105,000	105,000	840,000	7,840,000	8,890,000
Amounts due to related company	40,145	-	-	-	-	40,145
Amounts due to suppliers	626,870	-	-	-	-	626,870
Other liabilities	11,410,743	-	-	-	-	11,410,743
<b>Total financial liabilities</b> (contractual maturity dates)	228,312,993	63,385,658	113,270,673	840,000	7,840,000	413,649,324
<b>Total financial assets</b> (contractual maturity dates)	103,255,061	52,000,864	95,137,912	157,704,716	91,167,461	499,266,014
<b>Net liquidity gap - US\$</b>	125,057,932	11,384,794	18,132,761	(156,864,716)	(83,327,461)	(85,616,690)
In KHR' 000 equivalent	504,858,871	45,960,413	73,201,956	(633,262,858)	(336,392,960)	(345,634,578)

*d) Off-balance sheet items*

*(i) Loan commitments*

The dates of the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extent credit to customers and other facilities (Note 26), are summarised in below table.

*(ii) Other financial facilities*

Other financial facilities are also included below based on the earliest contractual date.

The table below presents the cash outflows arising from the financial commitments of the Bank as at 31 December 2017 based on the contractual maturity dates:

	Not later than 1 year	Total US\$
<b>At 31 December 2017</b>		
Bank guarantees (US\$)	98,776,528	98,776,528
Unused portion of approved overdraft (US\$)	33,678,444	33,678,444
Loan commitments (US\$)	12,322,453	12,322,453
	144,777,425	144,777,425
Financial commitments - KHR' 000 equivalent	584,466,465	584,466,465
<b>At 31 December 2016</b>		
Bank guarantees (US\$)	91,014,581	91,014,581
Unused portion of approved overdraft (US\$)	27,883,290	27,883,290
Loan commitments (US\$)	7,380,661	7,380,661
	126,278,532	126,278,532
Financial commitments - KHR' 000 equivalent	509,786,434	509,786,434

## 28.4 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 parameters 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 immediate holding company's 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 Audit Committee and senior management of the Bank.

## 28.5 Fair value of financial assets and liabilities

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

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

### a) Deposits and placements with other banks

Deposits and placements with other banks include current accounts and short term fixed deposits. The fair values of deposits and placements with other banks approximate their carrying amounts.

### b) Loans and advances to customers

Loans and advances are net of provision for loan losses. The provision of loan losses is made under the requirements of Central Bank's Prakas.

### c) Deposits from banks 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 and customers.

### d) Other 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.

## 28.6 Capital management

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

- To comply with the capital requirement set by the Central Bank;
- To safeguard the Bank's ability 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.

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

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

	2017		2016	
	US\$	KHR' 000	US\$	KHR' 000
<b>Tier 1 (core capital)</b>				
Statutory capital	62,500,000	252,312,500	50,000,000	201,850,000
Retained earnings	14,207,903	57,357,304	6,377,523	25,746,060
	<u>76,707,903</u>	<u>309,669,804</u>	<u>56,377,523</u>	<u>227,596,060</u>
Less:				
Intangible assets	(420,591)	(1,697,926)	(393,849)	(1,589,968)
Loan and advance to related party	<u>(1,088,609)</u>	<u>(4,394,715)</u>	<u>(1,173,338)</u>	<u>(4,736,766)</u>
	<u>75,198,703</u>	<u>303,577,163</u>	<u>54,810,336</u>	<u>221,269,326</u>
<b>Tier 2 (complementary capital)</b>				
General provision	4,025,351	16,250,342	3,041,228	12,277,437
Subordinated debts approved by the Central Bank	<u>7,000,000</u>	<u>28,259,000</u>	<u>7,000,000</u>	<u>28,259,000</u>
Regulated capital/ net worth	<u>86,224,054</u>	<u>348,086,505</u>	<u>64,851,564</u>	<u>261,805,763</u>

## 29. SUBSEQUENT EVENTS

On 19 January 2018, the Central Bank approved the additional capital of US\$12,500,000 which US\$6,300,000 was converted from retained earnings and US\$6,200,000 was injected in cash from the parent company.



# APPENDIX: NOTES ON REQUIREMENTS OF THE CENTRAL BANK'S PRAKAS

FOR THE YEAR ENDED 31 DECEMBER 2017

## 1. LIQUIDITY COVERAGE RATIO, PRAKAS NO. B7-015-349

The Central Bank's Prakas No. B7-015-349 requires the Bank to maintain minimum Liquidity Coverage Ratio ("LCR") at the following schedules:

Effective	1 Sep 2016	1 Sep 2017	1 Sep 2018	1 Sep 2019	1 Jan 2020
<b>Minimum LCR</b>	<b>60%</b>	<b>70%</b>	<b>80%</b>	<b>90%</b>	<b>100%</b>

As at 31 December 2017, the Bank's Liquidity Coverage Ratio was 102.04%. The Liquidity Ratio calculation is detailed in Schedule 1.

## 2. MINIMUM CAPITAL REQUIREMENT, PRAKAS NO. B7-08-193

The National Bank of Cambodia issued a Prakas No. B7-016-117, dated 22 March 2016, on "new minimum registered capital requirement for banks and financial institutions". It requires that commercial banks being a local entity or a subsidiary of foreign bank must have a minimum registered capital of at least KHR 300 billion (equivalent to US\$75 million). The Prakas allows commercial banks to increase its capital to meet the new minimum registered capital requirement within 2 years from the date this Prakas.

On 16 June 2016, NBC issued an Instruction on the implementation of its Prakas No. B7-016-117, dated 22 March 2016, on "new minimum registered capital requirement for banks and financial institutions". The Instruction requires the banks to increase the additional capital at least 50% of the amount to fulfil the minimum registered capital by end of March 2017 and the remaining amount by end of March 2018.

As at 31 December 2017, the Bank has a paid-up statutory capital of US\$62.50 million.

On 19 January 2018, the Central Bank approved the additional capital of US\$12,500,00, which US\$6,300,000 was converted from retained earnings and US\$6,200,000 was injected in cash from the parent company.

## 3. NET WORTH, PRAKAS NO. B7-010-182

The Bank's net worth as at 31 December 2017 amounted to US\$86,224,054 as computed in Schedule 2.

The Banks must maintain their net worth at least equal to the minimum capital. As at 31 December 2017, the Bank's net worth of US\$86,224,054 is higher by US\$23,724,054 compared to the minimum capital of US\$62,500,000.

## 4. SOLVENCY RATIO, PRAKAS NO. B7-04-206

As at 31 December 2017, the Bank maintained a Solvency Ratio of 18.44%, representing the Bank's net worth as a percentage of its risk-weighted assets and off-balance sheet items.

The Bank is required to maintain a Solvency Ratio of at least 15%. The Solvency Ratio calculation is detailed in Schedule 3.

## 5. FOREIGN CURRENCY TRANSACTIONS, PRAKAS NO. B7-00-50

The Bank transacts its business primarily in United States dollars (US\$) and maintains its books of accounts in US\$. Accordingly, all currencies other than US\$ are considered as foreign currencies.

### Balance sheet items

As at 31 December 2017, in accordance with Prakas No. B7-00-50, all assets and liabilities of the Bank that were denominated in foreign currencies were translated using the year end exchange rate.

### Off-balance sheet items

The Bank is required to record off-balance sheet items from the commitments arising from the purchase and sale of foreign currencies relating to spot transactions (with a completion period of two days) and forward foreign exchange transactions.

## 6. NET OPEN POSITION IN FOREIGN CURRENCY, PRAKAS NO. B7-07-134

Net open position in foreign currencies in either any foreign currency or overall net open position in all foreign currencies, whether long or short, shall not exceed 20% of Bank's net worth.

As at 31 December 2017, the Bank did not have net open position in foreign currencies exceeding 20% of the Bank's net worth. The calculation is detailed in Schedule 4.

## 7. CLASSIFICATION OF AND PROVISIONING FOR LOSSES ON LOANS AND ADVANCES, PRAKAS NO. B7-00-51, ITS AMENDMENT PER PRAKAS B7-02-145 AND CIRCULAR B7-04-01

The Bank is in requirement with the Central Bank's requirement, with respect to the minimum level of specific provisioning to be applied on the respective classification of loans and advances, as defined by this Prakas.

The details of the computation of the required loan provision to comply with the Central Bank's requirements are provided in Schedule 5.

## 8. LARGE CREDIT EXPOSURES, PRAKAS NO. B7-00-52 AND B7-06-226 BK

Banks are required, under the conditions of the above Prakas, to maintain at all times a maximum ratio of 20% between their overall exposure resulting from their operations with each individual beneficiary and their net worth and the aggregate individual large credit exposure must not be more than 300% of the Bank's net worth.

Banks are required, under the conditions of this Prakas, to maintain at all times a maximum ratio of 20% between their overall exposure resulting from their operations with each individual beneficiary and their net worth.

As at 31 December 2017, the Bank had no exposure with a single beneficiary where such exposure exceeded 20% and 300% as aggregate of individual large credit exposure of the regulatory net worth.

## 9. LOANS TO RELATED PARTIES, PRAKAS NO. B7-02-146

The Bank was in requirement with this Prakas which requires the total of the weighted outstanding balances of loans to related parties to be not more than 10% of the Bank's net worth.

As at 31 December 2017, loans to related parties exposure did not exceed 10% of the net worth.

## 10. FIXED ASSETS, PRAKAS NO. B7-01-186

Fixed assets acquired by banks for operational purposes shall be less than 30% of the Bank's total net worth as defined in Prakas B7-00-47. Fixed assets with no direct link to operating the Bank shall be sold not later than one year after the date they became the property of the Bank.

As at 31 December 2017, the Bank's fixed assets amounting to US\$2,968,651 were equivalent to 3.44% of the Bank's net worth.

# SCHEDULE 1

LIQUIDITY COVERAGE RATIO AS AT 31 DECEMBER 2017

In USD				Non weighted amounts			Weighted amounts			Total
ASSETS	No.	Weight		KHR	US\$	Other currencies	KHR	US\$	Other currencies	
HQLA	1.11	1.00	Notes and coins	430,002	17,474,420	-	430,002	17,474,420	-	17,904,422
	1.13	1.00	Reserves requirement with the NBC in KHR	151,610	-	-	151,610	-	-	151,610
	1.14	0.70	Reserves requirement with the NBC in USD	-	65,902,000	-	-	46,131,400	-	46,131,400
	1.15	1.00	Amounts deposited at the NBC excluding settlement account and capital guarantee account	1,220,631	60,445,080	-	1,220,631	60,445,080	-	61,665,711
	1.16	1.00	NCDs (and any other securities) issued by the NBC	-	40,000,000	-	-	40,000,000	-	40,000,000
	1.24	0.75	Gold for own account	-	-	34,971	-	-	26,228	26,228
<b>TOTAL ASSETS</b>				<b>Total 1</b>	1,802,243	183,821,500	34,971	1,802,243	164,050,900	26,228 165,879,371
CASH OUTFLOWS	2.12	0.15	Less stable deposits	77,625	361,213,637	697,191	11,644	54,182,045	104,579	54,298,268
	2.22	0.40	Non-operational deposits from non-financial corporation not qualifying for reporting in 2.11 to 2.12	2,182,772	178,185,615	-	873,109	71,274,246	-	72,147,355
	2.24	1.00	Non-operational deposits from banks and financial institutions (as defined in Annex 2)	67,666	12,128,352	-	67,666	12,128,352	-	12,196,018
	2.51	0.05	Credit facilities	-	9,506,722	-	-	475,336	-	475,336
	2.53	0.10	Credit facilities	-	51,957,202	-	-	5,195,720	-	5,195,720
	2.71	0.10	Unconditional revocable credit and liquidity facilities' agreements	-	36,159,317	-	-	3,615,932	-	3,615,932
	2.72	1.00	Trade finance related obligations (report average of monthly net outflows in last 12 month period)	-	14,303,719	-	-	14,303,719	-	14,303,719
<b>TOTAL CASH OUTFLOWS</b>				<b>Total 2</b>	2,328,063	663,790,676	697,191	952,419	161,511,462	104,579 162,568,460
CASH INFLOWS	3.31	0.50	From retail customers	-	2,123,638	-	-	1,061,819	-	1,061,819
	3.33	0.50	From non-financial corporates	-	3,007,833	-	-	1,503,916	-	1,503,916
	3.39	1.00	Deposits with banks and financial institutions as defined in Annex 2	-	15,846,050	-	-	15,846,050	-	15,846,050
<b>TOTAL CASH INFLOWS</b>				<b>Total 3</b>	-	20,977,521	-	-	18,411,785	- 18,411,785
<b>TOTAL NET CASH OUTFLOWS</b>				<b>Total 4 = Total 2 - Min (Total 3 ; 75% Total 2)</b>	2,328,063	684,768,197	697,191	952,418	161,511,462	104,579 162,568,460
<b>LIQUIDITY COVERAGE RATIO</b>							189.23%	101.57%	25.08%	102.04%

# SCHEDULE 2

NET WORTH AS AT 31 DECEMBER 2017

## NET WORTH

	US\$
<b>Tier (Core Capital)</b>	
<b>I. Subtotal - A</b>	
Paid-up capital	62,500,000
Reserves (other than revaluation: Translation reserve, general reserve and capital reserve)	-
Audited net income for the last financial period	7,830,380
Retained earnings brought forward (restated)	6,377,523
Other Item (NBC approved)	
Premiums related to capital	-
Other items approved by the Central Bank	-
<b>Total (A)</b>	<b>76,707,903</b>
Limited check on retained earnings: Max 20% of Total A	18.52%
<b>II. Subtotal - B</b>	
Own shares held (at Book Value)	-
Accumulated losses	420,591
Intangible assets to be deducted	
Shareholders, Directors, Related Parties (deduct)	
1. Unpaid portion(s) of capital (a)	-
2. Loans, overdrafts and other advances (b)	1,088,609
3. Debt instruments held bearing signature of shareholders, directors, related parties (c)	-
Other losses	-
<b>Total (B)</b>	<b>1,509,200</b>
<b>Total Tier 1 (Core Capital) (A) - (B)</b>	<b>75,198,703</b>
<b>Tier (Complementary Capital)</b>	
<b>III. Sub-Total C</b>	
Revaluation reserves approved by the Central Bank	-
Provisions for general banking risks	
1% General provision (Prakas on Asset Class.)	4,025,351
Subordinated debts approved by the Central Bank	7,000,000
Other items approved by the Central Bank	-
<b>Total (C)</b>	<b>11,025,351</b>
Limit check on Subordinated Debt (max. 50 % of Tier 1 Capital)	9.31%
<b>IV. Sub-Total D (Tier 2, Deductions)</b>	
Equity participation banking & Fin. Institution	-
Other items to be deducted (def. charge...)	-
<b>Total (D)</b>	<b>-</b>
<b>Total Tier 2 (Complementary Capital) (C) - (D)</b>	<b>11,025,351</b>
Limit check on Tier 2 capital (Tier 2 = max. 100 % of Tier 1)	14.66%
<b>Regulatory Net Worth (A)- (B) + (C) - (D)</b>	<b>86,224,054</b>



# SCHEDULE 3

SOLVENCY RATIO AS AT 31 DECEMBER 2017

## SOLVENCY RATIO

				US\$
<b>Numerator</b>				
<b>Net Worth as computed above (N)</b>				86,224,054
				US\$
<b>Denominator</b>				
Total gross assets				
- Cash, gold and claims on NBC	208,681,582	0%	-	
- Assets collateralised by deposits	178,636	0%	-	
- Claims on sovereign rated AAA to AA-	-	0%	-	
- Claims on sovereign rated A+ to A-	-	20%	-	
- Claims on banks rated AAA to AA-	-	20%	-	
- Claims on sovereign rated BBB+ to BBB-	-	50%	-	
- Claims on banks rated A+ to A-	48,701,171	50%	24,350,586	
- Other assets	417,031,171	100%	417,031,171	
<b>Total assets as reported in the balance sheet</b>	<b>674,592,560</b>		<b>441,381,757</b>	
<b>Off balance sheet items</b>				
- Full risk	-	100%	-	
- Medium risk	56,394,969	50%	28,197,485	
- Moderate risk	9,849,424	20%	1,969,885	
- Low risk	78,533,032	0%	-	
	<b>144,777,425</b>		<b>30,167,370</b>	
<b>Denominator (D1)</b>				471,549,127
<b>SOLVENCY RATIO: (S = N / D1)</b>				18.29%

# SCHEDULE 4

NET OPEN POSITION IN FOREIGN CURRENCY AS AT 31 DECEMBER 2017

N°	Currency	Elements after deduction of affected provision				Net open position	Net open position / Net worth (%)	Limit (%)	Excess (1)
		Assets	Liabilities and Capital	Currencies Receivable Off-balance sheet	Currencies Payable Off-balance sheet				
		1	2	3	4	5 = 1 - 2 + 3 - 4			
1	USD	670,632,697	670,528,078	138,252,755	138,252,755	104,619	0.00	20%	-
2	KHR	2,354,419	2,395,632	46,772	46,772	(41,213)	(0.00)	20%	-
3	EUR	881,920	879,034	778,858	778,858	2,886	0.00	20%	-
4	SGD	61,812	70,620	-	-	(8,808)	(0.00)	20%	-
5	HKD	423,750	423,754	-	-	(4)	(0.00)	20%	-
6	THB	1,356,998	1,288,683	2,822,499	2,822,499	68,315	0.00	20%	-
7	JPY	38,498	38,318	2,875,113	2,875,113	180	0.00	20%	-
8	PHP	-	-	-	-	-	-	20%	-
9	AUD	136,049	132,948	-	-	3,101	0.00	20%	-
10	CAD	74	-	-	-	74	0.00	20%	-
11	GBP	41,538	40,257	1,428	1,428	1,281	0.00	20%	-
12	CNY	4,373	-	-	-	4,373	0.00	20%	-
13	KRW	-	-	-	-	-	-	20%	-
14	VND	-	-	-	-	-	-	20%	-
15	OTHERS	254,612	389,416	-	-	(134,804)	(0.00)	20%	-
<b>Total</b>		676,186,740	676,186,740	144,777,425	144,777,425	-	-	-	-

# SCHEDULE 5

## CLASSIFICATION OF AND PROVISIONING FOR LOAN LOSSES AS AT 31 DECEMBER 2017

The details of the Central Bank's required provision following its mandatory provisioning requirements based on the prescribed credit classification of loans and advances to customers are provided in the following table.

		The Central Bank required					
Loan Amount		Classification	Rate	Provision	Provision recorded by the Bank	Estimated collateral value	Over/(Under) provision amount
US\$			%	US\$	US\$	US\$	US\$
Loans and advances	402,535,072	General provision	1%	4,025,351	4,025,351	1,605,743,676	-
Loans and advances	-	Special mention	3%	-	-	-	-
Loans and advances	98,095	Substandard	20%	19,619	19,619	202,000	-
Loans and advances	-	Doubtful	50%	-	-	-	-
Loans and advances	799,919	Loss	100%	799,919	799,919	2,424,000	-
<b>Grand Total</b>	<b>403,433,086</b>			<b>4,844,889</b>	<b>4,844,889</b>	<b>1,608,369,676</b>	<b>-</b>



# COMPUTATION OF OTHER RATIOS

AS AT 31 DECEMBER 2017

(Amounts in US\$)

CAPITAL		ASSET QUALITY	
1 Equity to total asset (A/B)	11.41%	14 Classified asset to total loan (A/B)	0.22%
A- Equity	76,707,903	A- Classified assets	898,014
B- Total assets	672,076,409	B- Total loans (gross)	403,433,086
2 Capital Tier I to total asset (A/B)	11.19%	15 Classified asset to total asset (A/B)	0.13%
A- Capital Tier I	75,198,703	A- Classified assets	898,014
B- Total assets	672,076,409	B- Total assets	672,076,409
3 Capital Tier I to risk weighted asset (A/B)	15.95%	16 Classified asset to total equity (A/B)	1.17%
A- Capital Tier I	75,198,703	A- Classified assets	898,014
B- Risk Weighted Assets	471,549,127	B- Equity	76,707,903
4 Capital Tier I + Tier 2 to risk weighted asset (A/B)	18.29%	17 Loan to related parties to total loan (A/B)	0.27%
A- Capital Tier I + Tier 2	86,224,054	A- Loan to related parties	1,088,609
B- Risk Weighted Assets	471,549,127	B- Total loans (gross)	403,433,086
5 Net Worth to total assets (A/B)	12.83%	18 Large exposure to total loan (A/B)	13.80%
A- Net worth	86,224,054	A- Large exposure	55,690,242
B- Total assets	672,076,409	B- Total loans (gross)	403,433,086
6 Solvency Ratio (A/B)	18.29%	19 Loan to related parties to net worth (A/B)	1.26%
A- Net worth	86,224,054	A- Loan to related parties	1,088,609
B- Risk Weighted Assets	471,549,127	B- Net worth	86,224,054
7 Debt to total asset (A/B)	88.59%	20 Large exposure to net worth (A/B)	64.59%
A- Total liabilities	595,368,506	A- Large exposure	55,690,242
B- Total assets	672,076,409	B- Net worth	86,224,054
8 Debt to equity (A/B)	776.15%	21 General provision to total loan (A/B)	0.00%
A- Total liabilities	595,368,506	A- General provision	-
B- Equity	76,707,903	B- Total loans (gross)	403,433,086
9 Dividend to net profit (A/B)	0.00%	22 Specific provision to total loan (A/B)	0.00%
A- Dividend	-	A- Specific provision	-
B- Net profit	7,830,380	B- Total loans (gross)	403,433,086
ASSET QUALITY		23 Specific provision to NPL (A/B)	0.00%
10 Banking reserve to total loans (A/B)	0.00%	A- Specific provision	-
A- Banking reserves	-	B- NPL	898,014
B- Total loans (gross)	403,433,086	24 All allowances to total assets (A/B)	0.00%
11 Banking reserve to total assets (A/B)	0.00%	A- Total all allowances	-
A- Banking reserves	-	B- Total assets	672,076,409
B- Total assets	672,076,409	25 Loans to deposits (A/B)	73.51%
12 NPL to total loan (A/B)	0.22%	A- Total loans to non-bank customers (gross)	398,224,618
A- NPL	898,014	B- Customer's deposits	541,748,977
B- Total loans (gross)	403,433,086		
13 NPL to total asset (A/B)	0.13%		
A- NPL	898,014		
B- Total assets	672,076,409		

**EARNINGS**

26 ROA (A/B)	1.17%
A- Net profit	7,830,380
B- Total assets	672,076,409
27 ROE (A/B)	10.21%
A- Net profit	7,830,380
B- Equity	76,707,903
28 Gross Yield (A/B)	4.07%
A- Interest income	27,384,222
B- Total assets	672,076,409
29 Net Interest margin (NIM) to total asset ((A-B)/C)	2.68%
A- Interest income	27,384,222
B- Interest expense	9,383,453
C- Total assets	672,076,409
30 Other Income (OTNC) = (A/B)	0.67%
A- Other income	4,515,229
B- Total assets	672,076,409
31 Provision to total assets (A/B)	0.72%
A- Provision	4,844,889
B- Total assets	672,076,409
32 Overhead (OHEAD) = (A/B)	1.64%
A- Non-interest expenses	11,027,538
B- Total assets	672,076,409
33 Net income/(losses) before tax (NIBT) = (A/B)	1.48%
A- Net income/(losses) before tax	9,943,462
B- Total assets	672,076,409
34 Tax to total assets (A/B)	0.31%
A- Tax	2,113,082
B- Total assets	672,076,409
35 Interest margin to gross income ((A-B)/C)	56.43%
A- Interest income	27,384,222
B- Interest expense	9,383,453
C- Gross income	31,899,451
36 Non-interest income to gross income (A/B)	14.15%
A- Non-interest income	4,515,229
B- Gross income	31,899,451
37 Non-interest expense to Gross Income (A/B)	34.57%
A- Non-interest expense	11,027,538
B- Gross income	31,899,451
38 Time interest earned ((A+B)/C)	205.97%
A- Income/(losses) before tax	9,943,462
B- Interest expense	9,383,453
C- Interest expense	9,383,453

**LIQUIDITY**

39 Liquid asset (A/B)	20.08%
A- Liquid asset (less than 3 months)	134,937,526
B- Total assets	672,076,409
40 Short-term Liabilities (A/B)	40.25%
A- Short-term liabilities (less than one year)	270,493,321
B- Total assets	672,076,409
41 Net Liquid asset ((A-B)/C)	-22.77%
A- Liquid asset (less than 3 months)	134,937,526
B- Short-term liabilities	270,493,321
C- Total liabilities	595,287,061
42 Quick Ratio (A/B)	49.89%
A- Quick assets (including cheque waiting for clearance a mounting)	134,937,526
B- Current liabilities	270,493,321
43 Deposit to total loans (A/B)	136.04%
A- Total customers' deposits	541,748,977
B- Total loans to non-bank customers (gross)	398,224,618



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# CORPORATE DIRECTORY

# BRANCH NETWORK 2017



## ➤ BRANCH LOCATIONS

### **Norodom North Branch**

20A/B, Preah Norodom Boulevard Corner of Street 118, Sangkat Phsar Chas, Khan Daun Penh, Phnom Penh

### **Norodom South Branch**

216 (iCON), Preah Norodom Boulevard, Sangkat Tonle Basac, Khan Chamkarmon, Phnom Penh

### **Preah Sihanouk Boulevard Branch**

57F, Preah Sihanouk Boulevard, Sangkat Chaktomok, Khan Daun Penh, Phnom Penh

### **Mao Tse Toung Boulevard Branch**

187 E0E1, Mao Tse Toung Boulevard, Sangkat Toul Svay Prey I, Khan Chamkarmon, Phnom Penh

### **Olympic Branch**

201, Jawaharlal Nehru Boulevard, Sangkat Phsar Doeum Kor, Khan Toul Kork, Phnom Penh

### **Toul Kork Branch**

150F2D E0E1, Street 289, Sangkat Boeung Kak I, Khan Toul Kork, Phnom Penh

### **Phsar Hengly Branch**

12Z, Street 271, Sangkat Teuk Laark III, Khan Toul Kork, Phnom Penh

### **Bak Touk Branch**

Ground Floor, Building VTrust Tower, Street 169, Sangkat Veal Vong, Khan 7 Makara, Phnom Penh

### **Tuek Thla Branch**

Unit 1E&F, Ground Floor, California Social House, Russian Federation Boulevard, Sangkat Tuek Thla, Khan Sen Sok, Phnom Penh

### **Krong Preah Sihanouk Branch**

90, Ek Reach Boulevard, Sangkat No 4, Krong Preah Sihanouk, Preah Sihanouk Province

### **Krong Siem Reap Branch**

38-39-40, Sivatha Street, Sangkat Svay Dangkom, Krong Siem Reap, Siem Reap Province

### **Krong Kampong Cham Branch**

Village 4, Sangkat Veal Vong, Krong Kampong Cham, Kampong Cham Province

### **Krong Battambang Branch**

98-99, Sangkat Svay Por, Krong Battambang, Battambang Province



## ➤ CIMB PREFERRED CENTRE

### **Norodom North**

20A/B, Preah Norodom Boulevard Corner of Street 118, Sangkat Phsar Chas, Khan Daun Penh, Phnom Penh

### **Norodom South**

216 (iCON), Preah Norodom Boulevard, Sangkat Tonle Basac, Khan Chamkarmon, Phnom Penh

### **Olympic**

201, Jawaharlal Nehru Boulevard, Sangkat Phsar Doeum Kor, Khan Toul Kork, Phnom Penh

### **Mao Tse Toung**

187 E0E1, Mao Tse Toung Boulevard, Sangkat Toul Svay Prey I, Khan Chamkarmon, Phnom Penh

### **Phsar Hengly**

12Z, Street 271, Sangkat Teuk Laark III, Khan Toul Kork, Phnom Penh

### **Bak Touk**

Ground Floor, Building VTrust Tower, Street 169, Sangkat Veal Vong, Khan Makara, Phnom Penh

### **Tuek Thla**

Unit 1E&F, Ground Floor, California Social House, Russian Federation Boulevard, Sangkat Tuek Thla, Khan Sen Sok, Phnom Penh

### **Krong Siem Reap**

38-39-40, Sivatha Street, Sangkat Svay Dangkom, Krong Siem Reap, Siem Reap Province



## ➤ OFFSITE ATMS

### **Phnom Penh International Airport**

New Arrivals Terminal Area, National Road 4, Khan Posenchey, Phnom Penh

### **AEON Mall**

Behind Adidas, AEON mall, No.132, Samdech Sothearos Boulevard, Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh

### **AEON Mall 2 (Sen Sok)**

#2nd floor of AEON MALL, Bayarb Village, Phnom Penh Thmey Commune, Sen Sok District, Phnom Penh Capital

### **Makro Mall**

No 5734, Street 1003, Sangkat Phnom Penh Thmey, Khan Sen Sok, Phnom Penh

### **Exchange Square**

A1, B1 Building, Street 102, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh

### **Naga World**

Samdech Techo Hun Sen Park, Phnom Penh

### **T&C Samdech Pan**

No. 35-37, Street 214, Samdech Pan Avenue, Sangkat Boeung Raing, Khan Daun Penh, Phnom Penh

### **Bonna Business Center**

No.126, Preah Norodom Boulevard, Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh

### **Royal Inn**

No.128D6-7-8, Samdech Sothearos Boulevard, Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh

### **TK Avenue (Toul Kork)**

No.80, Street 315 Corner Street 516, Sangkat Boeung Kak I, Khan Toul Kork, Phnom Penh

### **Pochentong**

No.7A, Russian Boulevard, Sangkat Kakab, Khan Posenchey, Phnom Penh

### **Tela (Toul Kork)**

Corner Mao Tse Toung Boulevard & Russian Boulevard, Sangkat Phsa Depo III, Khan Toul Kork, Phnom Penh

### **Total (Steung Mean Chey)**

Monireth Boulevard, Sangkat Steung Mean Chey, Khan Mean Chey, Phnom Penh

### **Total (Santhormok)**

#798, Street 128, Sangkat Teuk Laark, Khan Toul Kork, Phnom Penh

### **Total (Phnom Penh Thmey)**

Street 1986, Sangkat Phnom Penh Thmey, Khan Sen Sok, Phnom Penh

### **Total (Monivong)**

No. 370, Corner Street 93 & 310, Sangkat Boeung Keng Kang I, Khan Chamkarmon, Phnom Penh

### **Total (Road 271)**

Street 271, Sangkat Toul Tom Pong II, Khan Chamkarmon, Phnom Penh

### **Cambrew (Preah Sihanouk Province)**

Phum 3, Sangkat 1, Krong Preah Sihanouk, Preah Sihanouk Province

### **Angkor Mini Mart (Siem Reap Province)**

Along Sivatha Street, Sangkat Svay Dangkom, Krong Siem Reap, Siem Reap Province



# GROUP CORPORATE DIRECTORY 2017

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**CIMB GROUP HOLDINGS BERHAD**  
**CIMB INVESTMENT BANK BERHAD**  
**CIMB FUTURES SDN. BHD.**

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**CIMB ISLAMIC BANK BERHAD**

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Website : www.touchngo.com.my

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Chanthabury District  
Vientiane, Lao PDR  
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**CIMB BANK (L) LIMITED**  
**CIMB BANK BERHAD,**  
**LABUAN OFFSHORE BRANCH**

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Financial Park Labuan, Jalan Merdeka  
87000 W P Labuan  
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Fax : 6087 410 313  
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**CIMB INVESTMENT BANK BERHAD**  
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**CGS-CIMB SECURITIES INTERNATIONAL PTE. LTD.**  
**CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.**

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Tower II, 20th Floor  
Jl. Jend. Sudirman Kav. 52-53  
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and Sindhorn Tower 3, 12th Floor  
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**iCIMB (MSC) SDN. BHD.**

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**CIMB TRUST LIMITED**

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**CIMB ISLAMIC TRUSTEE BERHAD**  
**CIMB COMMERCE TRUSTEES BERHAD**

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**CAPITAL ADVISORS PARTNERS**  
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**CIMB INVESTMENT BANK (PRIVATE) LIMITED**

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Colombo 01, Sri Lanka  
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Fax : 94 11 244 1801  
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**CIMB BANK (VIETNAM) LIMITED**

Level 2, CornerStone Building  
16 Phan Chu Trinh  
Hoan Kiem District  
Hanoi, Vietnam  
Tel : 84 4 3266 3388  
Fax : 84 4 3266 3389  
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**[www.cimbbank.com.kh](http://www.cimbbank.com.kh)**

**CIMB Bank PLC in Cambodia**

20AB Corner Preah Norodom

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