

**CIMB BANK PLC**

**FINANCIAL STATEMENTS  
FOR THE PERIOD FROM**

**20 SEPTEMBER 2010 (DATE OF INCORPORATION) TO 31 DECEMBER 2010**

**CIMB BANK PLC**

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\* Appendices do not form part of these audited financial statements.

## **DIRECTORS' REPORT**

The Board of Directors ("the Directors") hereby submit their report and the audited financial statements of CIMB Bank PLC ("the Bank") for the period from 20 September 2010 (date of incorporation) to 31 December 2010.

## **CIMB BANK PLC**

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 (formerly known as Bumiputra-Commerce Holdings Berhad), a quoted 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 period from 20 September 2010 (date of incorporation) to 31 December 2010 are set out in the income statement on page 7.

No dividends were declared or paid during the period ended 31 December 2010.

## **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:

- (a) no charge on the assets of the Bank which has arisen since the end of the period which secures the liabilities of any other person, and
- (b) no contingent liability in respect of the Bank that has arisen since the end of the period 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 period 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 results of the operations of the Bank for the financial period were not, in the opinion of the Directors, materially affected by any item, transaction or event of a material and unusual nature. There has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to substantially affect the results of the operations of the Bank for the current period in which this report is made.

## **THE BOARD OF DIRECTORS**

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

- Dato' Shaarani Ibrahim (Chairman)
- Dato' Wira Zainal Abidin Bin Mahamad Zain
- Mr. Goh Nan Kioh
- Mr. Yew Wan Kup
- Mr. Chong Ming Liang

## **DIRECTORS' BENEFITS**

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

No Director of the Bank has received or become entitled to receive any benefit by reason of a contract made by the Bank with the Director or with a firm of which the Director is a member, or with a company which the Director has a substantial financial interest other than as disclosed in the financial statements.

## **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 2010 and of its financial performance and cash flows for the period then ended. In preparing these financial statements, the Directors are required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- ii) comply with the disclosure requirements and 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;
- iii) maintain adequate accounting records and an effective system of internal controls;

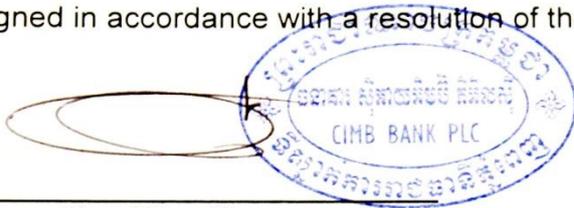
- iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and
- v) effectively control and direct the Bank in all material decisions affecting the operations and performance and ascertain that 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 2010, and of its financial performance and cash flows for the period 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.



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Name: Yew Wan Kup  
Position: General Manager  
Date: 11 March 2011

**Independent auditor's report**

To the shareholder of CIMB BANK PLC

**Report on the financial statements**

We have audited the accompanying financial statements of CIMB BANK PLC which comprise the balance sheet as of 31 December 2010 and the income statement, statement of changes in equity and cash flow statement for the period from 20 September 2010 (date of incorporation) to 31 December 2010 and a summary of significant accounting policies and other explanatory information.

*Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

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

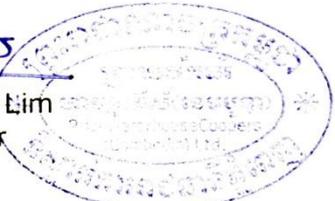
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

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

*Opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2010, and of its financial performance and its cash flows for the period from 20 September 2010 (date of incorporation) to 31 December 2010 in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards.

For PricewaterhouseCoopers (Cambodia) Limited

  
By Kuy Lim  
Director 

Phnom Penh, Kingdom of Cambodia  
Date: 11 March 2011

**CIMB BANK PLC****BALANCE SHEET  
AS AT 31 DECEMBER 2010**

		<b>31 December 2010</b>	
	<b>Note</b>	<b>US\$</b>	<b>KHR'000</b>
			<b><i>Unaudited</i></b>
<b>ASSETS</b>			
Cash on hand	4	256,052	1,037,779
Balances with the Central Bank	5	36,721,591	148,832,608
Deposits and placements with other banks	6	2,799,431	11,346,094
Other assets	7	102,565	415,696
Property and equipment	8	1,576,427	6,389,259
Intangible assets	9	<u>1,094,304</u>	<u>4,435,215</u>
<b>Total assets</b>		<u><u>42,550,370</u></u>	<u><u>172,456,651</u></u>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Deposits from banks		19,990	81,020
Deposits from customers	10	3,011,123	12,204,082
Amount due to suppliers and parent company	11	2,615,805	10,601,858
Current tax liability		129	523
Other liabilities	12	<u>355,573</u>	<u>1,441,137</u>
<b>Total liabilities</b>		<u><u>6,002,620</u></u>	<u><u>24,328,620</u></u>
<b>SHAREHOLDERS' EQUITY</b>			
Statutory capital	13	37,000,000	149,961,000
Deficits		<u>(452,250)</u>	<u>(1,832,969)</u>
<b>Total shareholders' equity</b>		<u><u>36,547,750</u></u>	<u><u>148,128,031</u></u>
<b>Total liabilities and shareholders' equity</b>		<u><u>42,550,370</u></u>	<u><u>172,456,651</u></u>

The accompanying notes on pages 10 to 35 form an integral part of these financial statements.

**CIMB BANK PLC**

**INCOME STATEMENT  
FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION)  
TO 31 DECEMBER 2010**

	Note	From 20 September to 31 December 2010	
		US\$	KHR' 000
		<u>          </u>	<u>          </u>
			<i>Unaudited</i>
Interest income		9,139	37,040
Interest expense		<u>(4,561)</u>	<u>(18,486)</u>
<b>Net interest income</b>		4,578	18,554
Fee and commission income		3,279	13,290
Personnel expenses	14	(153,209)	(620,956)
Depreciation and amortisation expenses	15	(57,439)	(232,800)
General and administrative expenses	16	(247,752)	(1,004,139)
Other operating expenses		<u>(1,578)</u>	<u>(6,395)</u>
<b>Loss before income tax</b>		(452,121)	(1,832,446)
Income tax expense	17	<u>(129)</u>	<u>(523)</u>
<b>Net loss for the period</b>		<u><u>(452,250)</u></u>	<u><u>(1,832,969)</u></u>

The accompanying notes on pages 10 to 35 form an integral part of these financial statements.

**CIMB BANK PLC**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION)  
TO 31 DECEMBER 2010**

	<b>Statutory capital US\$</b>	<b>Deficits US\$</b>	<b>Total US\$</b>
<b>For the period ended 31 December 2010</b>			
At 20 September 2010 (date of incorporation)	37,000,000		37,000,000
Net loss for the period	<u>-</u>	<u>(452,250)</u>	<u>(452,250)</u>
At 31 December 2010	<u>37,000,000</u>	<u>(452,250)</u>	<u>36,547,750</u>
<i>In KHR' 000 equivalent (unaudited)</i>	<u>149,961,000</u>	<u>(1,832,969)</u>	<u>148,128,031</u>

The accompanying notes on pages 10 to 35 form an integral part of these financial statements.

**CIMB BANK PLC**

**CASH FLOW STATEMENT  
FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION)  
TO 31 DECEMBER 2010**

		<b>From 20 September to 31 December 2010</b>	
	<b>Note</b>	<b>US\$</b>	<b>KHR' 000</b>
			<b><i>Unaudited</i></b>
<b>Cash flows from operating activities</b>			
Losses before taxation		(452,121)	(1,832,446)
<i>Adjustments for:</i>			
Depreciation	8	12,710	51,514
Amortisation	9	44,729	181,287
Cash flows from operating profits before changes in operating assets and liabilities		(394,682)	(1,599,645)
<i>Changes in working capital:</i>			
Other assets		(102,565)	(415,696)
Deposit from banks		19,990	81,019
Deposits from customers		3,011,123	12,204,082
Amount due to suppliers and parent company		2,615,805	10,601,858
Other liabilities		355,573	1,441,137
Net cash generated from operating activities		<u>5,505,244</u>	<u>22,312,754</u>
<b>Cash flows from investing activities</b>			
Capital guarantee deposit with the Central bank		(3,700,000)	(14,996,100)
Reserve requirement with the Central bank		(270,000)	(1,094,310)
Purchase of property and equipment		(1,589,137)	(6,440,772)
Purchase of intangible assets		(1,139,033)	(4,616,501)
Net cash used in investing activities		<u>(6,698,170)</u>	<u>(27,147,683)</u>
<b>Cash flows from financing activities</b>			
Process from issuing of shares		<u>37,000,000</u>	<u>149,961,000</u>
<b>Net increase in cash and cash equivalents</b>		35,807,074	145,126,072
Cash and cash equivalent on 20 September 2010 (date of incorporation)		-	-
<b>Cash and cash equivalents at end of the period</b>	4	<u><u>35,807,074</u></u>	<u><u>145,126,072</u></u>

The accompanying notes on pages 10 to 35 form an integral part of these financial statements.

## **CIMB BANK PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION) TO 31 DECEMBER 2010**

#### **1. BACKGROUND INFORMATION**

The Bank was incorporated in Cambodia on 20 September 2010 under Registration No. Co. 1935E/2010 dated 23 September 2010 granted by the Ministry of Commerce and commenced 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 (formerly known as Bumiputra-Commerce 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 operation 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, Kingdom of Cambodia

The financial statements were authorised for issue by the Board of Directors on XXX.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **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”) 7: Financial Instruments: Disclosures. The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are therefore not intended to present the financial position and results of operations and cash flows in accordance with jurisdictions other than Cambodia. Consequently, these financial statements are addressed 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION)  
TO 31 DECEMBER 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.2 New accounting standards and interpretations**

*(a) New standards, amendments to existing standards and interpretations effective in year 2010*

There were no new accounting standards, amendments to published standards or interpretations to existing standards that were effective and applicable to the Bank for the financial year period 31 December 2010.

*(b) Standards and amendments to existing standards issued but not yet effective*

On 28 August 2009, the National Accounting Council announced the adoption of Cambodian International Financial Reporting Standards ("CIFRS") which are based on all standards published by International Accounting Standard Board including other interpretation and amendment that may occur in any circumstances to each standards by adding "Cambodian". Public accountable entities shall prepare their financial statements in accordance with CIFRS for accounting period beginning on or after 1 January 2012.

The following Cambodian International Accounting Standards ("CIAS") and CIFRS and amendments to existing standards, which have been published are relevant and mandatory for the Bank's accounting period beginning on or after 1 January 2012, but have not been early adopted by the Bank:

- CIAS 1 (Revised), Presentation of Financial Statements  
The revised standard prohibits the presentation of items of income and expenses (i.e., 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are to be shown in a performance statement. Entities can opt to present one performance statement (i.e. statement of comprehensive income) or two statements (i.e. income statement and statement of comprehensive income). Entities which restate or reclassify comparative information are required to present a restated balance sheet as at the beginning of the comparative period. The revised standard also clarifies that potential settlement of a liability by issue of equity is not relevant in determining the classification of a liability as current or non-current liability.

In addition, the standard clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

- CIAS 16 (Amendment), Property, Plant and Equipment (and consequential amendment to CIAS 7, 'Statement of Cash Flows')  
The amended standard requires entities, whose ordinary activities comprise renting and subsequently selling assets, to present proceeds from sale of those assets as revenue and to transfer the carrying amount of an asset to inventories when the asset becomes held for sale. A consequential amendment to CIAS 7 requires cash flows arising from purchase, rental and sale of those assets to be classified as cash flows from operating activities.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION)  
TO 31 DECEMBER 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.2 New accounting standards and interpretations** (continued)

*(b) Standards and amendments to existing standards issued but not yet effective (continued)*

- **CIAS 19, Employee Benefits**  
The objective of this standard is to prescribe the accounting and disclosure requirements for employee benefits. The Standard requires an entity to recognise: (a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and (b) an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.
- **CIAS 24 (Revised), Related Party Disclosures**  
CIAS 24 was revised by (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition; and (b) providing a partial exemption from the disclosure requirements for government-related entities.
- **CIAS 32, Financial Instruments: Presentation**  
The objective of this standard is to establish the principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments as well as classification of related interest, dividends, losses and gains.
- **CIAS 36 (Amendment), Impairment of Assets**  
The amended standard states that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made.
- **CIAS 38 (Amendment), Intangible Assets**  
The revised standard provides clarifications in respect of fair value measurement of an intangible asset acquired via a business combination and permits the grouping of intangible assets as a single asset if every asset has a similar useful economic life.
- **CIAS 39, Financial Instruments: Recognition and Measurement**  
The standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Adoption of CIAS 39 will result in the following revisions to the accounting policies on financial instruments:

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION)  
TO 31 DECEMBER 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.2 New accounting standards and interpretations** (continued)

*(b) Standards and amendments to existing standards issued but not yet effective (continued)*

Impairment of financial assets

The Bank currently follows the mandatory credit classification and provisioning as required by Prakas No. B7-09-074, dated 25 February 2009, issued by the Central Bank. CIAS 39 requires the Bank to assess at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired, either on an individual or collective assessment basis. Impairment loss is measured as the difference between an asset's carrying amount and present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate. For the purposes of collective impairment assessment, assets are grouped on the basis of similar credit risk characteristics.

Deposits from banks and customers

The Bank currently measures deposits from banks and customers at the deposit amount. CIAS 39 requires that financial liabilities (which include deposits from banks and customers) to be measured at amortised cost.

Interest income and interest expense

The Bank currently recognises interest income and expense on an accrual basis at contractual rates, except where serious doubt exists as to the collectibility, when interest is suspended until it is realised on a cash basis. CIAS 39 requires interest income and expense for all interest-bearing financial instruments to be recognised using the effective interest method. In respect of a financial asset or a group of similar financial assets that are impaired, interest income is to be recognised at interest rate used in discounting future cash flows for purpose of measuring the impairment loss.

• **CIFRS 7 (Amendment), Financial instruments - Disclosures**

The revised standard requires enhanced disclosures in respect of fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair values by fair value measurement hierarchy as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly; and
- Level 3 - Inputs for an asset or liability that are not based on observable market data.

The standard also emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.

## CIMB BANK PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION) TO 31 DECEMBER 2010

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- **CIFRS 9, Financial instruments**  
The standard establishes principles for financial reporting of financial assets that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of the entity's future cash flows. CIFRS 9 specifies the bases for classification and measurement of financial assets, including some hybrid contracts. They require all financial assets to be: (a) classified on the basis of an entity's business model for managing the financial assets and the contractual cash flow characteristics of a financial asset; (b) initially measured at fair value, plus transaction costs in the case of a financial asset not at fair value through profit or loss; and (c) subsequently measured at amortised cost or fair value based on asset classification.

Other than the standards, improvement and amendments to existing standards as set out above, the other published standards, amendments and interpretations to existing standards, which are applicable for accounting periods beginning on or after 1 January 2010, are not relevant to the Bank's operations.

#### 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.

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 ("KHR") is provided for the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements as of and for the financial period ended 31 December 2010 using the official rate of exchange regulated by the Central Bank as at the reporting date, which was US\$ 1 to KHR 4,053. 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 KHR at that or any other rate.

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

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate prevailing at the date of transaction. 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 period-end exchange rate, are recognised in the income statement.

#### 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.

**CIMB BANK PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION)  
TO 31 DECEMBER 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 is recognised in the income statement.

**2.6 Provision for loan losses**

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

	Rate of provision (%)
General provision:	
Normal	1
Specific provision:	
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 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.

## CIMB BANK PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION) TO 31 DECEMBER 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Property and equipment (continued)

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.

Work-in-progress is 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:

	%
Leasehold improvements	20
Office equipment	20
Furniture, fixtures and fittings	10 – 20
Computer equipment	20 – 33.33
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.

### 2.9 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.

### 2.10 Interest income and expense

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

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

## **CIMB BANK PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION) TO 31 DECEMBER 2010**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **2.11 Fee and commission income**

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

##### **2.12 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.

##### **2.13 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.

##### **2.14 Employee benefits**

Employee benefits are accrued in the period in which the associated services are rendered by employees of the Bank.

##### **2.15 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.

## **CIMB BANK PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION) TO 31 DECEMBER 2010**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **2.16 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 includes any individual who participates in the administration, direction, management or internal control of the Bank.

##### **2.17 Rounding of amount**

Amounts in the financial statements have been rounded-off to the nearest dollar for US\$ amounts and to the nearest thousand KHR for KHR respectively.

# CIMB BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION) TO 31 DECEMBER 2010

### 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.

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

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

### 4. CASH ON HAND

	31 December 2010	
	US\$	KHR' 000
		<i>Unaudited</i>
Cash on hand	256,052	1,037,779

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

	31 December 2010	
	US\$	KHR' 000
		<i>Unaudited</i>
Cash on hand	256,052	1,037,779
Balances with the Central Bank		
Current account	3,751,591	15,205,198
Term deposit (maturity less than three months)	29,000,000	117,537,000
Balances with other banks:		
Current account	19,431	78,754
Term deposit (maturity less than three months)	2,780,000	11,267,340
	<u>35,807,074</u>	<u>145,126,072</u>

**CIMB BANK PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
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**5. BALANCES WITH THE CENTRAL BANK**

	<b>31 December 2010</b>	
	<b>US\$</b>	<b>KHR' 000</b>
		<b><i>Unaudited</i></b>
Current account	3,751,591	15,205,198
Fixed deposit	29,000,000	117,537,000
Reserve requirement (a)	270,000	1,094,310
Statutory deposit (b)	3,700,000	14,996,100
	<u>36,721,591</u>	<u>148,832,608</u>

(a) Reserve requirement

The reserve requirement represents the minimum reserve which is calculated at 8% and 12% of customers' deposits in KHR and other currencies respectively. Four percent of the 12% reserve requirement on customers' deposits in currencies other than KHR earns interest at three-quarters of one-month SIBOR while the remaining 8% and the reserve requirement on customers' deposits in KHR bear no interest.

(b) Statutory deposit

Pursuant to Prakas No. B7-01-136 on Bank's Capital Guarantee dated 15 October 2001 issued by the Central Bank, 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.

Interest rates

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

	<b>%</b>
Term deposits	0.13
Reserve requirement	0.11
Statutory deposit	0.13

**CIMB BANK PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
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**6. DEPOSITS AND PLACEMENTS WITH OTHER BANKS**

	<b>31 December 2010</b>	
	<b>US\$</b>	<b>KHR' 000</b>
		<b><i>Unaudited</i></b>
Current accounts	19,431	78,754
Placements with other bank	<u>2,780,000</u>	<u>11,267,340</u>
	<u>2,799,431</u>	<u>11,346,094</u>

Placements are with CIMB Bank Berhad, Malaysia. Placements are short term and earn interest at 0.3% per annum.

**7. OTHER ASSETS**

	<b>31 December 2010</b>	
	<b>US\$</b>	<b>KHR' 000</b>
		<b><i>Unaudited</i></b>
Accrual interest receivable	1,629	6,602
Receivable from CIMB Bank Berhad	10,823	43,866
Deposits(a)	85,445	346,309
Others	<u>4,668</u>	<u>18,919</u>
	<u>102,565</u>	<u>415,696</u>

(a) 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.

**CIMB BANK PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
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**8. PROPERTY AND EQUIPMENT**

	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Assets under construction US\$	Total US\$
<b>Financial period ended 31 December 2010</b>					
<b>Cost</b>					
At 20 September 2010 (incorporation date)	-	-	-	-	-
Additions	44,876	4,444	260,400	1,279,417	1,589,137
At 31 December 2010	44,876	4,444	260,400	1,279,417	1,589,137
<b>Accumulated depreciation</b>					
At 20 September 2010 (incorporation date)	-	-	-	-	-
Depreciation charge	338	236	12,136	-	12,710
At 31 December 2010	338	236	12,136	-	12,710
<b>Net book value</b>	<u>44,538</u>	<u>4,208</u>	<u>248,264</u>	<u>1,279,417</u>	<u>1,576,427</u>
Net book value in KHR' 000 equivalent (Unaudited)	<u>180,513</u>	<u>17,055</u>	<u>1,006,214</u>	<u>5,185,477</u>	<u>6,389,259</u>

**9. INTANGIBLE ASSETS**

	Computer software US\$
<b>Financial period ended 31 December 2010</b>	
<b>Cost</b>	
At 20 September 2010 (incorporation date)	-
Additions	1,139,033
At 31 December 2010	<u>1,139,033</u>
<b>Accumulated amortisation</b>	
At 20 September 2010 (incorporation date)	-
Amortisation charge	(44,729)
At 31 December 2010	<u>(44,729)</u>
<b>Net book value</b>	<u>1,094,304</u>
Net book value in KHR' 000 equivalent (Unaudited)	<u>4,435,215</u>

**CIMB BANK PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
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**10. DEPOSITS FROM CUSTOMERS**

	<b>31 December 2010</b>	
	<b>US\$</b>	<b>KHR' 000</b>
		<b><i>Unaudited</i></b>
Current accounts	406,456	1,647,366
Savings accounts	497,916	2,018,054
Fixed deposits	<u>2,106,751</u>	<u>8,538,662</u>
	<u>3,011,123</u>	<u>12,204,082</u>

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

Current accounts are non-interest-bearing. Savings and fixed deposits bear the following interest rates per annum:

	<b>%</b>
Savings accounts	0.5% - 0.75%
Fixed deposits	2.25% - 4.25%

**11. AMOUNT DUE TO SUPPLIERS AND PARENT COMPANY**

	<b>31 December 2010</b>	
	<b>US\$</b>	<b>KHR' 000</b>
		<b><i>Unaudited</i></b>
Amount due to suppliers (i)	1,144,146	4,154,848
Amount due to CIMB Bank Berhad (ii)	<u>1,471,659</u>	<u>6,447,010</u>
	<u>2,615,805</u>	<u>10,601,858</u>

(i) The amount was payable to suppliers of the license for the core banking system and computer equipments. The amount is subsequently settled in January 2011.

(ii) The amount was payable to CIMB Bank Berhad in relation to the payments made by CIMB Bank Berhad on behalf of CIMB Bank PLC for the office renovation and purchases of assets. The amount due is non-interest-bearing and is payable on demand.

**CIMB BANK PLC****NOTES TO THE FINANCIAL STATEMENTS  
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TO 31 DECEMBER 2010****12. OTHER LIABILITIES**

	<b>31 December 2010</b>	
	<b>US\$</b>	<b>KHR' 000</b>
		<b><i>Unaudited</i></b>
Accrual interest payable	2,377	9,634
Banker's cheque and other collection accounts	214,980	871,314
Other tax payable	7,584	30,738
Other	130,632	529,451
	<u>355,573</u>	<u>1,441,137</u>

**13. STATUTORY CAPITAL**

The registered statutory capital of the Bank as at 31 December 2010 is 37 million shares at a par value of US\$ 1 per share. All shares are fully paid-up.

**14. PERSONNEL EXPENSES**

	<b>From 20 September to 31 December 2010</b>	
	<b>US\$</b>	<b>KHR' 000</b>
		<b><i>Unaudited</i></b>
Salaries and wages	135,606	549,611
Other short-term benefits	17,603	71,345
	<u>153,209</u>	<u>620,956</u>

**15. DEPRECIATION AND AMORTISATION EXPENSES**

	<b>From 20 September to 31 December 2010</b>	
	<b>US\$</b>	<b>KHR' 000</b>
		<b><i>Unaudited</i></b>
Depreciation (note 8)	12,710	51,514
Amortisation (note 9)	44,729	181,286
	<u>57,439</u>	<u>232,800</u>

**CIMB BANK PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION)  
TO 31 DECEMBER 2010****16. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>From 20 September to 31 December 2010</b>	
	<b>US\$</b>	<b>KHR' 000</b>
		<b><i>Unaudited</i></b>
Legal and professional fees	95,315	386,312
Travelling and accommodation	21,562	87,391
Rental	46,718	189,348
Utilities	12,389	50,213
Office supplies	12,216	49,511
Advertising and public relations	10,973	44,474
Communication expenses	8,781	35,589
Repair and maintenance	7,432	30,122
Other expenses	32,366	131,179
	<u>247,752</u>	<u>1,004,139</u>

**17. INCOME TAX EXPENSE**

	<b>From 20 September to 31 December 2010</b>	
	<b>US\$</b>	<b>KHR' 000</b>
		<b><i>Unaudited</i></b>
Current tax	<u>129</u>	<u>523</u>

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

**CIMB BANK PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
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**17. INCOME TAX EXPENSE** (continued)

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:

	<b>From 20 September to 31 December 2010</b>	
	<b>US\$</b>	<b>KHR' 000</b>
		<i>Unaudited</i>
Loss before income tax	<u>(407,392)</u>	<u>(1,651,160)</u>
Tax calculated at 20%	(81,478)	(330,232)
Tax effects in respect of:		
Expenses not deductible for tax purposes	<u>310</u>	<u>1,256</u>
Tax on profit at 20%	<u>-</u>	<u>-</u>
Minimum tax at 1% of turnover	<u>129</u>	<u>523</u>

b) Minimum Tax

Tax on profit of the Bank is computed based on minimum tax. Minimum tax is calculated at the rate of 1% of the annual turnover inclusive of all the taxes. Taxes are paid either:

- at 20% of taxable profit, or
- at the Minimum Tax rate of 1% of total revenue inclusive of value added tax, whichever is higher.

c) Other tax matters

The Bank's tax returns are subject to periodic examination by the General Department of Taxation. As the application of tax laws and regulations to various types of transactions are susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date, upon final determination by the General Department of Taxation.

## CIMB BANK PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION) TO 31 DECEMBER 2010

#### 18. COMMITMENTS AND CONTINGENT LIABILITIES

a) Commitments to extend credit

As of 31 December 2010, the Bank does not have a commitment to extend credit facilities to any customer.

b) Operating lease commitments

As at 31 December 2010, 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:

	31 December 2010	
	US\$	KHR' 000
		<i>Unaudited</i>
Not later than one year	243,115	985,345
Later than one year but not more than five years	875,458	3,548,232
	<u>1,118,573</u>	<u>4,533,577</u>

#### 19. RELATED-PARTY TRANSACTIONS AND BALANCES

a) Related-parties and relationship

The Bank is a wholly-owned subsidiary of CIMB Bank Berhad, a licensed bank incorporated in Malaysia. CIMB Group Holdings Berhad (formerly known as Bumiputra-Commerce Holdings Berhad), a quoted company incorporated in Malaysia, is the ultimate holding company.

Key management personnel of the Bank are 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

	31 December 2010	
	US\$	KHR' 000
		<i>Unaudited</i>
Due to:		
Amounts due to parent company (Note 11)	1,471,659	5,964,632
Deposits and placements from key management personnel	10,036	40,676
	<u>1,481,695</u>	<u>6,005,308</u>
Due from:		
Deposit and placement with CIMB Bank Berhad	<u>2,799,431</u>	<u>11,346,094</u>

**CIMB BANK PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
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**19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

c) Related-party transactions

	<b>From 20 September to 31 December 2010</b>	
	<b>US\$</b>	<b>KHR' 000</b>
	<i>Unaudited</i>	
Expenses:		
Interest expense paid/payable on deposits from key management personnel	4	16

d) Key management personnel remuneration

	<b>From 20 September to 31 December 2010</b>	
	<b>US\$</b>	<b>KHR' 000</b>
	<i>Unaudited</i>	
Salaries and short-term benefits	53,938	218,611

**20. 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:

	<b>31 December 2010</b>	
	<b>US\$</b>	<b>KHR' 000</b>
	<i>Unaudited</i>	
<b>Financial assets</b>		
Cash on hand	256,052	1,037,779
Balances with the Central Bank	36,721,591	148,832,608
Deposits and placements with other banks	2,799,431	11,346,094
Other assets	97,897	396,777
	<u>39,874,971</u>	<u>161,613,258</u>
<b>Financial liabilities</b>		
Deposits from banks	19,990	81,019
Deposits from customers	3,011,123	12,204,082
Amount due to suppliers and parent company	2,615,805	10,601,858
Other liabilities	347,989	1,410,399
	<u>5,994,907</u>	<u>24,297,358</u>
<b>Net financial assets</b>	<u>33,880,064</u>	<u>137,315,900</u>

## **CIMB BANK PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION) TO 31 DECEMBER 2010**

#### **20. FINANCIAL RISK MANAGEMENT** (continued)

##### **20.1 Credit risk**

Credit risk is the risk suffering from financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from deposit and placement with other banks.

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

As at 31 December 2010, the Bank did not expose itself to significant credit risk as it had not granted any loans or advances to customers.

##### 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.

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**20. FINANCIAL RISK MANAGEMENT** (continued)

**20.1 Credit risk** (continued)

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.

As at 31 December 2010, the Bank had not provided a loan and advance to any customer.

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

	<b>31 December 2010</b>	
	<b>US\$</b>	<b>KHR' 000</b>
		<i>Unaudited</i>
<b>At 31 December 2010</b>		
On-balance sheet assets:		
Deposits and placements with other banks	2,799,431	11,346,094
Other assets	97,897	396,777
	<u>2,897,328</u>	<u>11,742,871</u>

e) Concentration of financial assets with credit risk exposure

(i) *Geographical sector*

The following table breaks down the Bank's main credit exposure at their carrying amount, as categorised by geographical region as at 31 December 2010. For this table, the Bank has allocated exposure to regions based on the country of domicile of our counterparties

	<b>Cambodia</b>	<b>Malaysia</b>	<b>Total</b>
<b>At 31 December 2010</b>			
Deposits and placements with other banks	-	2,799,431	2,799,431
Other assets	87,074	10,823	97,897
	<u>87,074</u>	<u>2,810,254</u>	<u>2,897,328</u>
<b>Total financial assets</b>			
In KHR'000 equivalent (unaudited)	<u>352,911</u>	<u>11,389,959</u>	<u>11,742,870</u>

(ii) *Industry sector*

The credit exposure of the Bank as at 31 December 2010 is derived from deposit and placement with the parent company which is a licensed Bank and from other receivables from private counterparties.

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**20. FINANCIAL RISK MANAGEMENT** (continued)

**20.2 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 2010.

	<u>US\$</u>	<u>RM</u>	<u>KHR</u>	<u>Total</u>
<b>At 31 December 2010</b>				
<b>Financial assets</b>				
Cash on hand	254,494	-	1,558	256,052
Balances with Central Bank	36,718,788	-	2,803	36,721,591
Deposits and placements with other banks	2,799,431	-	-	2,799,431
Other assets	97,897	-	-	97,897
	<u>39,870,610</u>	<u>-</u>	<u>4,361</u>	<u>39,874,971</u>
<b>Financial liabilities</b>				
Deposits from banks	19,990	-	-	19,990
Deposits from customers	3,011,123	-	-	3,011,123
Amount due to suppliers and parent company	999,105	1,616,700	-	2,615,805
Other liabilities	340,448	-	7,541	347,989
	<u>4,370,666</u>	<u>1,616,700</u>	<u>7,541</u>	<u>5,994,907</u>
<b>Net on-balance sheet position</b>	<u>35,499,944</u>	<u>(1,616,700)</u>	<u>(3,180)</u>	<u>33,880,064</u>
Net on-balance sheet position in KHR'000 equivalent ( <i>unaudited</i> )	<u>143,881,273</u>	<u>(6,552,485)</u>	<u>(12,889)</u>	<u>137,315,899</u>

**CIMB BANK PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
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**20. FINANCIAL RISK MANAGEMENT** (continued)

**20.2 Market risk** (continued)

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 2010</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	256,052	256,052
Balances with the Central Bank	29,000,000	-	-	-	3,835,000	3,886,591	36,721,591
Deposits and placements with other banks	2,780,000	-	-	-	-	19,431	2,799,431
Other assets	-	-	-	-	-	97,897	97,897
	<u>31,780,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,835,000</u>	<u>4,259,971</u>	<u>39,874,971</u>
<b>Financial liabilities</b>							
Deposits from banks	-	-	-	-	-	19,990	19,990
Deposits from customers	2,011,367	311,000	282,300	-	-	406,456	3,011,123
Amount due to suppliers and parent company	-	-	-	-	-	2,615,805	2,615,805
Other liabilities	-	-	-	-	-	347,989	347,989
	<u>2,011,367</u>	<u>311,000</u>	<u>282,300</u>	<u>-</u>	<u>-</u>	<u>3,390,240</u>	<u>5,994,907</u>
<b>Total interest rate repricing gap - US\$</b>	<u>29,768,633</u>	<u>(311,000)</u>	<u>(282,300)</u>	<u>-</u>	<u>3,835,000</u>	<u>869,731</u>	<u>33,880,064</u>
<b>Total interest rate repricing gap - in KHR' 000 equivalent (unaudited)</b>	<u>120,652,270</u>	<u>(1,260,483)</u>	<u>(1,144,162)</u>	<u>-</u>	<u>15,543,255</u>	<u>3,525,019</u>	<u>137,315,899</u>

**CIMB BANK PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION)  
TO 31 DECEMBER 2010**

**20. FINANCIAL RISK MANAGEMENT** (continued)

**20.3 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 2010</b>						
<b>Liabilities</b>						
Deposits from banks	19,990	-	-	-	-	19,990
Deposits from customers	2,420,660	312,931	291,010	-	-	3,024,601
Amount due to suppliers and parent company	2,615,805	-	-	-	-	2,615,805
Other liabilities	345,612	-	-	-	-	345,612
<b>Total financial liabilities</b> (contractual maturity dates)	<u>5,402,067</u>	<u>312,931</u>	<u>291,010</u>	<u>-</u>	<u>-</u>	<u>6,006,008</u>
<b>Total financial assets</b> (contractual maturity dates)	<u>36,039,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,835,000</u>	<u>39,874,971</u>
<b>Net liquidity gap - US\$</b>	<u>30,637,904</u>	<u>(312,931)</u>	<u>(291,010)</u>	<u>-</u>	<u>3,835,000</u>	<u>33,868,963</u>
<b>Net liquidity gap - KHR' 000</b> equivalent ( <i>unaudited</i> )	<u>124,175,423</u>	<u>(1,268,308)</u>	<u>(1,179,465)</u>	<u>-</u>	<u>15,543,255</u>	<u>137,270,905</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION)  
TO 31 DECEMBER 2010**

**20. FINANCIAL RISK MANAGEMENT** (continued)

**20.3 Liquidity risk** (continued)

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 extend credit to customers and other facilities. As at 31 December 2010, the Bank did not have credit commitment to customers.

(ii) *Other financial facilities*

The Bank did not have other financial facilities outstanding as at 31 December 2010.

(iii) *Operating lease commitments*

The table below presents the cash outflows arising from the financial commitments of the Bank as at 31 December 2010 based on the contractual maturity dates:

	<b>Not later than 1 year</b>	<b>1 to 5 years</b>	<b>Total</b>
Lease commitments US\$	<u>243,115</u>	<u>875,458</u>	<u>1,118,573</u>
Lease commitments - KHR' 000 equivalent (unaudited)	<u>985,345</u>	<u>3,548,232</u>	<u>4,533,577</u>

**20.4 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 Group's Audit Committee and senior management of the Bank.

## **CIMB BANK PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION) TO 31 DECEMBER 2010**

#### **20. FINANCIAL RISK MANAGEMENT** (continued)

##### **20.5 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, which are non-interest bearing and short term fixed deposits. The fair values of deposits and placements with other banks approximates their carrying amounts.

b) 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

c) 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.

##### **20.6 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.

## CIMB BANK PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION) TO 31 DECEMBER 2010

#### 20. FINANCIAL RISK MANAGEMENT (continued)

##### 20.6 Capital management (continued)

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

	31 December 2010	
	US\$	KHR' 000
		<i>Unaudited</i>
<b>Tier 1 capital</b>		
Statutory capital	37,000,000	149,961,000
Losses	<u>(452,250)</u>	<u>(1,832,969)</u>
	36,547,750	148,128,031
Less:		
Intangible assets	1,094,304	4,435,214
Loans and advances to related parties	<u>-</u>	<u>-</u>
Net worth	<u>35,453,446</u>	<u>143,692,817</u>

As at 31 December 2010, the Bank's net worth fell below minimum capital due to the losses during the period. However, the Bank obtained an approval letter from the Central Bank on 17 September 2010 on exemption from injecting additional capital to fulfil the shortfall for the first three years. If the accumulated losses for the first three years is in exceed of projected losses submitted to the Central Bank, the Bank will be required to cover the excesses.

#### 21. COMPARATIVE FIGURES

No comparative figures have been produced as this is the first set of audited financial statements for the financial period from 20 September 2010 (date of incorporation) to 31 December 2010.

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**APPENDIX: NOTES ON COMPLIANCE WITH THE CENTRAL BANK'S PRAKAS**

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**APPENDIX : NOTES ON COMPLIANCE WITH THE CENTRAL BANK PRAKAS  
FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION)  
TO 31 DECEMBER 2010**

**1. LIQUIDITY RATIO, Prakas No. B7-04-207**

The Bank was in compliance with this Prakas which requires a Liquidity Ratio of at least 50%. As at 31 December 2010, the Bank's Liquidity Ratio was 1,789%.

The Liquidity Ratio calculation is detailed in Schedule 1.

**2. MINIMUM CAPITAL REQUIREMENT, Prakas No. B7-00-39**

The Central Bank's Prakas No. B 7-08-139 on new capital requirement and criteria for licensing approval of banks requires that commercial banks locally incorporated as companies that have at least one influential shareholder, being a bank or financial institution with an "investment grade" rating, extended by a reputable rating agency must have minimum capital equal to at least KHR 50 billion (or US\$13 million) and commercial banks having as shareholders individuals or companies must have a minimum capital of at least KHR 150 billion (approximately US\$37 million) by the end of year 2010.

As at 31 December 2010, the Bank has a paid-up statutory capital of US\$37million.

**3. NET WORTH, Prakas No. B7-00-47**

The Bank must maintain their net worth at least equal to the minimum capital.

The Bank's Net Worth as at 31 December 2010 amounted to **US\$35,453,446** as computed in Schedule 2. The Bank's net worth fell below the minimum capital by US\$1,546,554.

As at 31 December 2010, the Bank's net worth fell below minimum capital due to the losses during the period. However, the Bank obtained an approval letter from the Central Bank on 17 September 2010 on exemption from injecting additional capital to fulfil the shortfall for the first three years. Under this letter, the Bank is allowed to have its net worth falls below minimum capital for the period of three years but limited to the projected losses submitted to the Central Bank.

The Central Bank issued a new Prakas No. B7-010-182 dated 15 October 2010 ("New Prakas") which prescribes the revised regulatory net worth calculation that will be enforced with effect from 31 May 2011. Based on the revised regulatory net worth calculation as set out in the New Prakas, there is no difference from the existing method for net worth calculation (see detailed calculation in Schedule 3).

**4. SOLVENCY RATIO, Prakas No. B7-04-206**

As at 31 December 2010, the Bank maintained a Solvency Ratio of 636.20%, representing the Bank's net worth as a percentage of its risk-weighted assets and off-balance sheet items.

The Bank was in compliance with this Prakas which requires a Solvency Ratio of at least 15%.

The Solvency Ratio calculation is detailed in Schedule 4.

**APPENDIX : NOTES ON COMPLIANCE WITH THE CENTRAL BANK PRAKAS  
FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION)  
TO 31 DECEMBER 2010**

**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 2010, 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.

As at 31 December 2010, the Bank had no commitments of this nature.

**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 2010, the Bank is in compliance with the Prakas of net open position in foreign currency.

**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 compliance 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.

As at 31 December 2010, there was no loan or advance granted to any customer.

**8. LARGE CREDIT EXPOSURES, Prakas No. B7-00-52 and B706-226 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.

**APPENDIX : NOTES ON COMPLIANCE WITH THE CENTRAL BANK PRAKAS  
FOR THE PERIOD FROM 20 SEPTEMBER 2010 (DATE OF INCORPORATION)  
TO 31 DECEMBER 2010**

**8. LARGE CREDIT EXPOSURES, Prakas No. B7-00-52 and B706-226 BK (continued)**

As at 31 December 2010, 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 net worth as computed in Schedule 2.

**9. LOANS TO RELATED PARTIES, Prakas No. B7-02-146**

The Bank was in compliance 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 2010, the Bank was in compliance with this Prakas.

**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 2010, the Bank's fixed assets amounting to US\$2,670,731 were equivalent to **7.53%** of the Bank's net worth and this is therefore in compliance with the fixed asset ratio required by this Prakas.

**SCHEDULE 1**  
**LIQUIDITY RATIO AS AT 31 DECEMBER 2010**

**LIQUIDITY RATIO**

	<u>US\$</u>
<b>NUMERATOR</b>	
<b>1. Treasury balance</b>	
<b>- Debit items</b>	
- Cash on hand	256,052
- Deposits with the Central Bank (excluding statutory deposit and reserve requirement )	32,751,591
- Deposits with other banks and financial institutions	2,799,431
- Portion of lending to banks and FI with not more than one month to run	-
	<u>35,807,074</u>
<b>Less:</b>	
<b>- Credit items</b>	
- Sight accounts maintained by the Central Bank, banks or financial Institutions	19,990
- Borrowings from the Central Bank with not more than one month to run	-
	<u>35,787,084</u>
<b>Net balance - Lender position</b>	
1. Lending with not more than one month to run (exclude loans with no maturity)	-
2. Treasury bills with not more than one month to run (double)	<u>-</u>
<b>TOTAL NUMERATOR (A)</b>	<u><u>35,787,084</u></u>
<b>DENOMINATOR</b>	
1. 80% of FD & CD having not more than one month to run	1,210,761
2. 50% of FD & CD having more than one month to run	296,650
3. 50% of savings deposits	248,958
4. 60% of demand deposits	<u>243,874</u>
<b>TOTAL DENOMINATOR (B)</b>	<u><u>2,000,243</u></u>
<b>LIQUIDITY RATIO (A/B)</b>	<u><u>1,789%</u></u>

**SCHEDULE 2**  
**NET WORTH AS AT 31 DECEMBER 2010**

<b>NET WORTH (Previous method)</b>	<b>US\$</b>
Paid-up capital	37,000,000
Reserves other than revaluation ( <i>translation reserve, general reserve and capital reserve</i> )	-
Audited net profit for the last financial year	-
Retained earnings brought forward (restated)	-
Premiums related to capital	-
Provisions for general banking approved by the Central Bank	-
Other items approved by the Central Bank	-
<b>Total (A)</b>	<b>37,000,000</b>
<b>Less :</b>	
Unpaid portion of capital	-
Advances and loans to shareholders or managers and their next of kin	-
Treasury stocks (holding of own shares)	-
Accumulated loss brought forward	-
Loss incurred for the financial period	452,250
Intangible assets including formation expenses	1,094,304
Dividends payable	-
Provisions to be constituted for doubtful debts and securities	-
<b>Total (B)</b>	<b>1,546,554</b>
<b>Base Net Worth (C) = (A – B)</b>	<b>35,453,446</b>
Revaluation surplus approved by the Central Bank	-
Subordinated debts approved by the Central Bank	-
Other items approved by the Central Bank	-
<b>Total Items to be Added (D)</b>	<b>-</b>
<b>Less :</b>	
Assets representing the net worth of another bank	-
Other items	-
<b>Total Items to be Deducted (E)</b>	<b>-</b>
<b>Net Worth (F) = (C + D - E)</b>	<b>35,453,446</b>

**SCHEDULE 3  
NET WORTH AS AT 31 DECEMBER 2010**

**NET WORTH (New method)**

	<u>US\$</u>
<b>Tier (Core Capital)</b>	
<b>I. Subtotal - A</b>	
Paid-up capital	37,000,000
Reserves (other than revaluation: translation reserve, general reserve and capital reserve)	-
Audited net income for the last financial period	-
Retained earnings brought forward (restated)	-
Other Item (NBC approved)	-
Premiums related to capital	-
Other items approved by the Central Bank	-
<b>Total (A)</b>	<u>37,000,000</u>
Limited check on retained earnings: Max 20% of Total A	<b>0.00%</b>
<b>II. Subtotal - B</b>	
Own shares held (at Book Value)	-
Accumulated losses	452,250
Intangible assets to be deducted	1,094,304
Shareholders, directors, related parties (deduct)	
1. Unpaid portion(s) of capital (a)	-
2. Loans, overdrafts and other advances (b)	-
3. Debt instruments held bearing signature of shareholders, directors, related parties (c)	-
Other losses	-
<b>Total (B)</b>	<u>1,546,554</u>
<b>Total Tier 1 (Core Capital) (A) - (B)</b>	<b>35,453,446</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.)	-
Subordinated debts approved by the Central Bank	-
Other items approved by the Central Bank	-
<b>Total (C)</b>	<u>-</u>
Limit check on Subordinated Debt (max. 50 % of Tier 1 Capital)	<b>0.00%</b>
<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>	<u>-</u>
<b>Total Tier 2 (Complementary Capital) (C) - (D)</b>	<b>-</b>
Limit check on Tier 2 capital (Tier 2 = max. 100 % of Tier 1)	<b>0.00%</b>
<b>Regulatory Net Worth (A)- (B) + (C) - (D)</b>	<b>35,453,446</b>
This new method of net worth calculation is for illustrative purpose and it is not used for other ratios calculation.	

**SCHEDULE 4**  
**SOLVENCY RATIO AS AT 31 DECEMBER 2010**

**SOLVENCY RATIO**

			<u>US\$</u>
<b>Numerator</b>			
<b>Net Worth as computed above (N)</b>			<u>35,453,446</u>
	Assets	Weighting	
<b>Denominator</b>			
Total gross assets			
- Cash, gold and claims on the Central Bank	36,977,643	0%	-
- Assets collateralised by deposits	-	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-	-	50%	-
- Other assets	<u>5,572,727</u>	100%	<u>5,572,727</u>
Total assets as reported in the balance sheet	<u><b>42,550,370</b></u>		<u><b>5,572,727</b></u>
Off-balance sheet items		100%	
- Full risk	-	50%	-
- Medium risk	-	20%	-
- Moderate risk	-	0%	-
- Low risk	<u>-</u>	100%	<u>-</u>
	<u>-</u>		<u>-</u>
<b>Denominator (D1)</b>			<u><b>5,572,727</b></u>
<b>SOLVENCY RATIO: (S = N / D1)</b>			<u><b>636.20%</b></u>

**COMPUTATION OF OTHER RATIOS  
AS AT 31 DECEMBER 2010**

(Amounts in US\$)

**CAPITAL**

<b>1</b>	<b>Equity to total asset (A/B)</b>	<b>85.89%</b>
	A- Equity	36,547,750
	B- Total assets	42,550,370
<b>2</b>	<b>Capital Tier I to total asset (A/B)</b>	<b>83.32%</b>
	A- Capital Tier I	35,453,446
	B- Total assets	42,550,370
<b>3</b>	<b>Capital Tier I to risk weighted asset (A/B)</b>	<b>636.20%</b>
	A- Capital Tier I	35,453,446
	B- Risk Weighted Assets	5,572,727
<b>4</b>	<b>Capital Tier I + Tier 2 to risk weighted asset (A/B)</b>	<b>636.20%</b>
	A- Capital Tier I + Tier 2	35,453,446
	B- Risk Weighted Assets	5,572,727
<b>5</b>	<b>Net Worth to total assets (A/B)</b>	<b>83.32%</b>
	A- Net worth	35,453,446
	B- Total assets	42,550,370
<b>6</b>	<b>Solvency Ratio (A/B)</b>	<b>636.20%</b>
	A- Net worth	35,453,446
	B- Risk Weighted Assets	5,572,727
<b>7</b>	<b>Debt to total asset (A/B)</b>	<b>14.11%</b>
	A- Total liabilities	6,002,620
	B- Total assets	42,550,370
<b>8</b>	<b>Debt to equity (A/B)</b>	<b>16.42%</b>
	A- Total liabilities	6,002,620
	B- Equity	36,547,750
<b>9</b>	<b>Dividend to net profit (A/B)</b>	<b>0.00%</b>
	A- Dividend	-
	B- Net profit	-

**COMPUTATION OF OTHER RATIOS  
AS AT 31 DECEMBER 2010**
**ASSET QUALITY**

<b>10</b>	<b>Banking reserve to total loans (A/B)</b>	<b>0.00%</b>
	A- Banking reserves	-
	B- Total loans (gross)	-
<b>11</b>	<b>Banking reserve to total assets (A/B)</b>	<b>0.00%</b>
	A- Banking reserves	-
	B- Total assets	42,550,370
<b>12</b>	<b>NPL to total loan (A/B)</b>	<b>0.00%</b>
	A- NPL	-
	B- Total loans (gross)	-
<b>13</b>	<b>NPL to total asset (A/B)</b>	<b>0.00%</b>
	A- NPL	-
	B- Total assets	42,550,370
<b>14</b>	<b>Classified asset to total loan (A/B)</b>	<b>0.00%</b>
	A- Classified assets	-
	B- Total loans (gross)	-
<b>15</b>	<b>Classified asset to total asset (A/B)</b>	<b>0.00%</b>
	A- Classified assets	-
	B- Total assets	42,550,370
<b>16</b>	<b>Classified asset to total equity (A/B)</b>	<b>0.00%</b>
	A- Classified assets	-
	B- Equity	36,547,750
<b>17</b>	<b>Loan to related parties to total loan (A/B)</b>	<b>0.00%</b>
	A- Loan to related parties	-
	B- Total loans (gross)	-
<b>18</b>	<b>Large exposure to total loan (A/B)</b>	<b>0.00%</b>
	A- Large exposure	-
	B- Total loans (gross)	-
<b>19</b>	<b>Loan to related parties to net worth (A/B)</b>	<b>0.00%</b>
	A- Loan to related parties	-
	B- Net worth	35,453,446

**COMPUTATION OF OTHER RATIOS  
AS AT 31 DECEMBER 2010**

<b>20</b>	<b>Large exposure to net worth (A/B)</b>	<b>0.00%</b>
	A- Large exposure	-
	B- Net worth	35,453,446
<b>21</b>	<b>General provision to total loan (A/B)</b>	<b>0.00%</b>
	A- General provision	-
	B- Total loans (gross)	-
<b>22</b>	<b>Specific provision to total loan (A/B)</b>	<b>0.00%</b>
	A- Specific provision	-
	B- Total loans (gross)	-
<b>23</b>	<b>Specific provision to NPL (A/B)</b>	<b>0.00%</b>
	A- Specific provision	-
	B- NPL	-
<b>24</b>	<b>All allowances to total assets (A/B)</b>	<b>0.00%</b>
	A- Total all allowances	-
	B- Total assets	42,550,370
<b>25</b>	<b>Loans to deposits (A/B)</b>	<b>0.00%</b>
	A- Total loans to non-bank customers (gross)	-
	B- Customer's deposits	3,011,123

**EARNINGS**

<b>26</b>	<b>ROA (A/B)</b>	<b>-1.06%</b>
	A- Net profit	(452,250)
	B- Total assets	42,550,370
<b>27</b>	<b>ROE (A/B)</b>	<b>-1.24%</b>
	A- Net profit	(452,250)
	B- Equity	36,547,750
<b>28</b>	<b>Gross Yield (A/B)</b>	<b>0.02%</b>
	A- Interest income	9,139
	B- Total assets	42,550,370
<b>29</b>	<b>Net Interest margin (NIM) to total asset ((A-B)/C)</b>	<b>0.01%</b>
	A- Interest income	9,139
	B- Interest expense	4,561
	C- Total assets	42,550,370

**COMPUTATION OF OTHER RATIOS  
AS AT 31 DECEMBER 2010**

<b>30</b>	<b>Other Income (OTNC) = (A/B)</b>	<b>0.00%</b>
	A- Other income	-
	B- Total assets	42,550,370
<b>31</b>	<b>Provision to total assets (A/B)</b>	<b>0.00%</b>
	A- Provision	-
	B- Total assets	42,550,370
<b>32</b>	<b>Overhead (OHEAD) = (A/B)</b>	<b>1.08%</b>
	A- Non-interest expenses	459,978
	B- Total assets	42,550,370
<b>33</b>	<b>Net income/(losses) before tax (NIBT) = (A/B)</b>	<b>-1.06%</b>
	A- Net income/(losses) before tax	(452,121)
	B- Total assets	42,550,370
<b>34</b>	<b>Tax to total assets (A/B)</b>	<b>0.00%</b>
	A- Tax	129
	B- Total assets	42,550,370
<b>35</b>	<b>Interest margin to gross income ((A-B)/C)</b>	<b>36.87%</b>
	A- Interest income	9,139
	B- Interest expense	4,561
	C- Gross income	12,418
<b>36</b>	<b>Non-interest income to gross income (A/B)</b>	<b>3704.12%</b>
	A- Non-interest income	459,978
	B- Gross income	12,418
<b>37</b>	<b>Non-interest expense to Gross Income (A/B)</b>	<b>37.04</b>
	A- Non-interest expense	459,978
	B- Gross income	12,418
<b>38</b>	<b>Time interest earned ((A+B)/C)</b>	<b>(98.13)</b>
	A- Income/(losses) before tax	(452,121)
	B- Interest expense	4,561
	C- Interest expense	4,561

**COMPUTATION OF OTHER RATIOS  
AS AT 31 DECEMBER 2010**

**LIQUIDITY**

<b>39</b>	<b>Liquid assets (A/B)</b>	<b>84.15%</b>
	A- Liquid assets	35,807,074
	B- Total assets	42,550,370
<b>40</b>	<b>Short-term Liabilities (A/B)</b>	<b>14.11%</b>
	A- Short-term liabilities (less than one year)	6,002,620
	B- Total assets	42,550,370
<b>41</b>	<b>Net Liquid asset ((A-B)/C)</b>	<b>496.52%</b>
	A- Liquid assets	35,807,074
	B- Short-term liabilities	6,002,620
	C- Total liabilities	6,002,620
<b>42</b>	<b>Quick Ratio (A/B)</b>	<b>596.52%</b>
	A- Quick assets	35,807,074
	B- Current liabilities	6,002,620
<b>43</b>	<b>Deposit to total loans (A/B)</b>	<b>0.00%</b>
	A- Total customers' deposits	3,011,123
	B- Total loans to non-bank customers (gross)	-