



# CAMBODIA is a KINGDOM rich in HERITAGE

The Angkorian period began in AD 802 when the Khmer Hindu monarch Jayavarman II declared himself a "universal monarch" and "god-king." The Angkorian Empire flourished from approximately the 9th to 15th century. Today a new Khmer Empire grows stronger with every passing year and now that CIMB is in Cambodia your financial empire can grow with it.

CIMB Group has presence in 14 countries, covering ASEAN and major global financial centres, as well as additional countries in which its customers have significant business and investment dealings.







cultural **HERITAGE**  
that **ENDURES**

*Khmer classical Apsara Dancers use stylized movements and gestures to convey meaning and tell a story. These gestures are often vague and abstract while some may be easily understood. Hand gestures in Khmer classical dance are called kbach (meaning style). These hand gestures form a sort of alphabet and represent various things from nature such as fruit, flowers, and leaves. They are used in different combinations and transitions with accompanying movement of the legs and feet to convey different thoughts and concepts. The way in which they are presented, the position of the arm, and the position of the hand relative to the arm can also affect their meaning. Gestures are performed in different manners depending on the character type.*

## THE **STRENGTH** OF **HERITAGE**

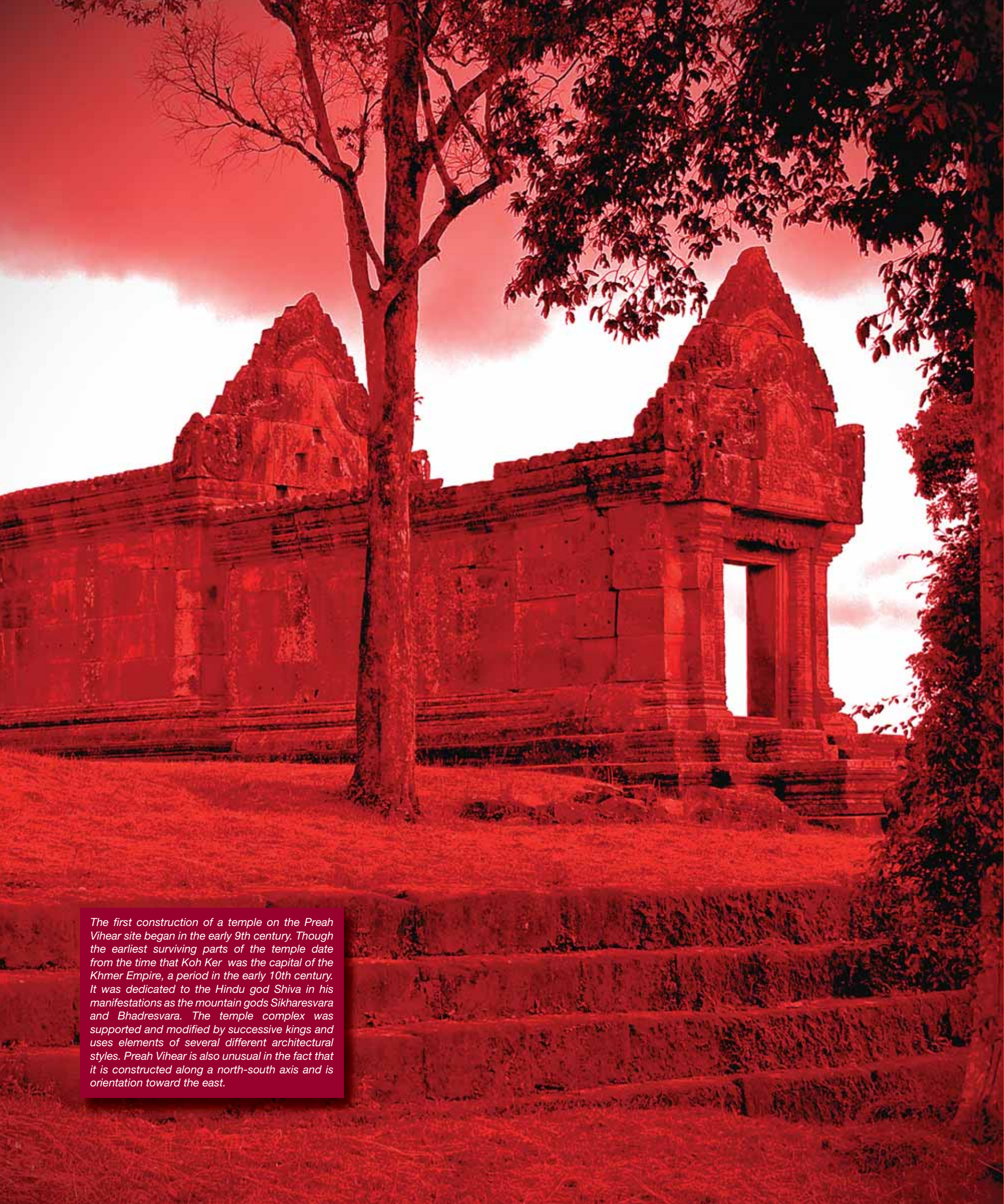
Despite a challenging external environment the ASEAN economies remain robust and are poised to continue playing an important role in the growth of the global economy.

Renewed confidence in the Cambodia's economy has acted as the catalyst for the growth of foreign direct investment (FDI) in the country. Cambodia is demonstrating an 'ASEAN miracle' and has emerged as one of the fastest growing members of ASEAN. This is largely due to the kingdom's improved foreign investment regimes, including a set of liberal investment regulations and a tax system that is both simple and low.

Cambodia has won much recognition from the international community by becoming the 147th member of the World Trade Organisation (WTO) as well as a full member of the Association of South-East Asian Nations (ASEAN).

Cambodia's business strengths are an added benefit to CIMB as the group continues to flourish in ASEAN. With a network of over 1,000 branches across 14 countries, including eight out of the ten ASEAN economies, CIMB provides more than 40,000 jobs manned by individuals from diverse cultural backgrounds working harmoniously together and serving no less than 14 million multi-national customers, ***CIMB is ASEAN for you.***





*The first construction of a temple on the Preah Vihear site began in the early 9th century. Though the earliest surviving parts of the temple date from the time that Koh Ker was the capital of the Khmer Empire, a period in the early 10th century. It was dedicated to the Hindu god Shiva in his manifestations as the mountain gods Sikharesvara and Bhadresvara. The temple complex was supported and modified by successive kings and uses elements of several different architectural styles. Preah Vihear is also unusual in the fact that it is constructed along a north-south axis and is orientation toward the east.*

# HERITAGE that stands the TEST of TIME

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► Cambodia's vibrant economy and fast growing GDP provided strong encouragements for us

## A MESSAGE FROM THE CHAIRMAN

CIMB Bank PLC began operations in Cambodia on 19 November 2010 under the commercial banking arm of the Kuala Lumpur-based CIMB Group. The first branch serves as the bank's headquarters in the city of Phnom Penh. After operating for slightly over a year, the bank surpassed all expectations and expanded its network to other provinces in Cambodia as well.

CIMB Bank PLC is now servicing customers in seven branches including four Preferred Banking Centres plus 10 Automated Teller Machines (ATM) spread across Phnom Penh, Siem Reap and Preah Sihanouk province. Its banking network is definitely showing positive signs for further growth, targeting at expanding to more provinces throughout Cambodia.

In 2011, amidst vigorous expansion activities, CIMB reinforced its ASEAN identity with the introduction of its priority banking service – CIMB Preferred – in Cambodia. Catering to elite customers with higher personal wealth, CIMB Preferred services are offered at three of its branches in the capital city of Phnom Penh, namely the Norodom North branch, Norodom South branch and the Olympic branch. CIMB

Preferred services are also available at its branch in Siem Reap.

From the individual to corporate clients, all our customers' financial needs are attended to and serviced by more than 100 attentive bank employees who are trained to place customer satisfaction on priority.

Herewith are highlights of year 2011 we are happy to share:

- Total assets reached at US\$89.51 million for first year of operation
- Loan assets reached at US\$41.96 million compared to US\$19.40 million targeted
- Deposits reached at US\$52.49 million compared to US\$34.95 million targeted
- None of the loan assets fall under NPL or even under special mention
- Loan portfolio is well diversified with less than 20% exposures to each economic sector
- Net loss before tax was US\$3.35 million which is 23% less than budgeted
- Rigorous control of costs managing at 24% lower than expected

We are extremely excited over building a strong CIMB presence here in Cambodia. Over the past



Chairman cutting ribbon with H. E Pal Buy Bonnang for the opening ceremony of Olympic Branch



Annual Management Dialogue Meeting 2011

decade, Cambodia has quickly developed to become one of the most attractive markets in South East Asia. Within this short period of time, with increased foreign trade plus a surge of direct foreign investments, Cambodia has established itself as a major tourist and investment destination in the region and we are glad that we are now also able to contribute to this development. Cambodia's vibrant economy and fast growing GDP provided strong encouragements for us to diversify ourselves and to deliver our Universal Banking services to this market nationwide.

Indeed CIMB Bank PLC is very much a part of the community in Cambodia. In 2011, CIMB Bank PLC together with CIMB foundation has funded various corporate social responsibility (CSR) activities, helping schools to provide educational opportunities for kids in slum areas and helping

Cambodian people who were plagued by natural disasters; supported the Red Cross and also involved in sports sponsorship for disabled people.

It is the aim of the Board and Management team of CIMB Bank PLC to ensure that the highest level of service is offered to customers, and to address their needs and wishes. CIMB Bank PLC's success in the region, being present in 8 of 10 ASEAN nations, installs confidence and faith in the bank's multi-local business model. Thinking ASEAN enables the bank to empower its local leadership to develop products and services which are familiar to local cultures and practices while taking into consideration the specificity of each country we are in.

2011 marks the first milestone of CIMB Bank PLC's history in Cambodia; the smooth operation of the bank was made possible due to the great

support received from the National Bank of Cambodia and the bank's partners.

On behalf of the Board of directors and shareholders and as Chairman of CIMB Bank PLC, I would like to take this opportunity to express our deepest appreciation to our customers, regulators and policy makers, for their continued support of CIMB Bank PLC throughout the year and especially for making our presence in Cambodia, a great success. We cherish the ambition to become one of the first banks of choice with a strong recognition in the Cambodian market.

Last but not least, I would like to thank the Management and staff of CIMB Bank PLC, for their outstanding performance in launching our branch with success, and I am very proud to be able to rely on a professional and dedicated team who will be forging the future of CIMB Bank PLC in Cambodia.

**DATO' SHAARANI IBRAHIM**  
Chairman





## GENERAL MANAGER'S MESSAGE

Since the opening of our main branch on 19 November 2010, CIMB Bank PLC has been experiencing encouraging progress. This is largely due to the fact that although the bank is new in Cambodia, the CIMB culture is not. We know that attitude is a key virtue that shapes the culture of our bank and as leaders, we inculcate good values and set exemplary conduct. We acted promptly to adopt the Group's best standards and practices with emphasis on compliance, efficiency and service excellence and we grew from one branch on Norodom Boulevard which now doubles as our headquarters, to seven branches across three provinces in Cambodia within a short period of slightly over a year. This achievement is also due to the dedication of a strong team of dynamic individuals and the strong support we received from our customers, partners and the National Bank of Cambodia. Our next target is to launch additional branches in Phnom Penh and other provinces soon; to bring our services to benefit more people and especially for the provinces.

We have rolled out numerous products and services to date and I am pleased to note that our growth surpassed all expectations and am confident that on the same rhythm and with the addition of more financial products in the pipeline, our future in Cambodia will exceed our expectations. During this first year, our Deposit exceeded budget by more than 70% and Loan exceeded budget by more than 100%. Staff wise, we grew from 40 members to more than 100 with immense improvement in knowledge,

experience, skills and teamwork adopting a recruitment approach whereby; 1/3 of whom are fresh graduates, 1/3 non-bankers and 1/3 came to join us from other banks.

We attribute our success also to the healthy economic and social environment we now enjoy in Cambodia. Over the past decade, Cambodia has quickly escalated to become one of the most attractive markets in South East Asia indeed. Moving forward, I am optimistic that our business will grow many folds given that more banking products will be introduced as we progress into the future. Also, with rigorous management control, our operating costs are constantly in check and we carefully ensure that we maintain a well diversified loan portfolio with nothing more than 20% exposure in each economic sector. With a robust system of management on loan criteria in place, I am glad that none of our loan assets are non-performing or even under special mention. We are constantly working to further improve on our Audit & Compliance ratings.

Being a financial institution charged with taking care of our trusting customers' finances and assets, it is imperative we maintain a stern system of management. However our distinction is in our ability to manage with fairness and keep our customers, both internal and external happy. With the wealth of experience we garnered in our first year of operation here in Cambodia, my team and I are encouraged and brightly looking forward to embrace an even more enthusiastic and prosperous year ahead.

**YEW WAN KUP**  
General Manager



*CIMB Bank staff team building 2010*

► Over the past decade, Cambodia has quickly escalated to become one of the most attractive markets in South East Asia



## MESSAGE FROM THE GROUP CHIEF EXECUTIVE

On behalf of CIMB Group, I would like to congratulate the Management and staff of CIMB Bank PLC in Cambodia for an excellent year. 2011 represented the bank's first full year of operations and we are delighted that its performance exceeded our expectations in most aspects. While CIMB Bank PLC has yet to break even, due to substantial establishment costs, we are confident that it will be profitable in the near future, given its strong growth trajectory.

CIMB Group has always been positive about Cambodia, in view of the nation's young and dynamic population, steadily improving business environment and rapidly expanding economy. Our first-hand experience in establishing ourselves in Cambodia has only reaffirmed the Group's initial optimism. Within a year of its inception in November 2010, CIMB Bank PLC expanded its network to 7 branches in 3 cities namely Phnom Penh, Siem Reap and Sihanoukville, making us the fastest growing new bank in the country.

We look forward to further expanding our presence in Cambodia, and introducing more banking products and services to the local population. CIMB Group also hopes to contribute towards the development of the financial services sector by sharing its expertise and by bringing banking best practices from its experience across ASEAN to Cambodia. As a regional universal bank present in 8 out of 10 ASEAN nations, CIMB Group is a facilitator of intra-regional trade and investment, and we are confident that our customers in Cambodia will benefit from improved access to regional markets, businesses and investors by banking with us.

CIMB Group is deeply grateful to the Government of Cambodia, the National Bank of Cambodia, and all its customers and stakeholders for their tremendous support and commitment throughout our first year. We had a better-than-expected Year 1, and are even more confident that CIMB Bank PLC will prove to be a great success.

**NAZIR RAZAK**  
Group Chief Executive

► Our first-hand experience in establishing ourselves in Cambodia has only reaffirmed the Group's initial optimism



*CIMB Bank staff wishing a Happy Birthday to the Group CEO*





# BUSINESS REVIEW

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## COMMERCIAL BANKING

CIMB Bank PLC's Commercial Banking meets all of the banking needs of corporations and large multinationals, as well as financial institutions. Being a sole subsidiary of dynamic CIMB Group of Malaysia, we stemmed from a rich history that stretches back to as early as 1924 when our primary activities then were business financing and the issuance of bills of exchange. Subsequently in 1935, a second bank was founded whose original focus was serving local businessmen in their trading and merchant activities; commercial banking. The CIMB Group has come a long way to become the successful regional universal bank it now is. We have won many awards and made a name for ourselves by helping clients build successful businesses and in this short past period of slightly more than a year in operation here in Cambodia, CIMB Bank PLC has successfully established in roads into the various segments of the Cambodian economy. The economy system in general, is divided by segments and a good understanding of the system helps us fine tune our contributions towards the economic growth of this country. Although profit is important to the bank, we are focused on working in line with the local economy to ensure we reap mutual benefit from any transaction we underwrite. Normally, disbursements for commercial banking are larger than retail banking services for needs like mortgage loans; for example, commercial banking issues loans for paying off factory debts, etc. In Cambodia, we are on the stage of an emerging market. There are many small family business establishments, which makes it somewhat of a challenge in establishing placement decisions. This is an area in which we tap on our rich ASEAN experience, apply acumen and skillfully adapt to the local environment, carefully balancing our directions. Nevertheless, we have been in the Cambodian market for over a

year, and loans and expositis are well balanced. In 2011, CIMB Bank PLC has made a total of 125 loan disbursements worth more than \$52,670,000; a figure combining SME, commercial loans with some disbursed to individual names although clearly, the loans were meant for business purposes. In developed countries, SME is a key to economic growth. Larger organisation requires more costs, resulting in SME being a more efficient alternative. Smaller businesses often provide a much clearer picture, making it more feasible to underwrite SME loans but this form of business is not so outstanding in Cambodia and of the few, most of which are in rice milling.

### Our key success

Aspiring to be the local bank of the region, CIMB Bank PLC continues to groom local youths to become leaders since these youths know and understand the culture and local environment best. A rich local knowledge is essential as it contributes to the provision of quality service that meets the needs of local customers, at the same time helps in adhering to culture and corporate governance of the company. Understanding the essence of culture is important to any organisation and is something that can propel the organisation to excellence. Currently at all the CIMB Branches in Cambodia, all members of the staff are Cambodians except for the General Manager who hails from the bank's HQ in Malaysia.

We are grateful to NBC for the continual support we have been receiving. The rules and regulations stipulated by the NBC have helped our operations in Cambodia to be properly regulated according to the local environment and culture. Without the support of the local leadership, regulators and the financial work groups, all aspects of our operation

would not have been so smoothly accomplished and we are thankful. We are also thankful for the strong support of our Group's head office from here we receive our resources, technology and techniques for us to carry out our work to meet with customer's satisfaction and the economic needs in Cambodia. Being an ASEAN bank, we benefit also from the sharing of resources from our branches in Malaysia, Indonesia, Thailand, and Singapore. Collectively, the diligence of our local staff and the above supportive factors contributed to our success.

### Plans for 2012

Moving forward, we aim to double our business turnover in year 2012; striving to increase both our loan and deposit portfolios. This can be achieved by strengthening our infrastructure which includes our operational systems, human resources, training programs, and a succession plan to transfer knowledge to the younger generation. We plan to expand and enhance existing products by introducing new products. We feel that anything is possible for a regional bank like ours, as we have the capacity and resources from our branches within the region. The Cambodian economy in 2012 looks promising and can surely support our expansion.

### Products in Commercial Banking

1. Deposit Products
  - Current Account
  - Savings Account
  - Fixed Deposit
  - Preferred Account
  - Paper Banking
2. Dual Currency Investment
3. Foreign Currency Account
4. Trade Finance





RETAIL FINANCIAL SERVICES

Within a short period of fourteen months in Cambodia, CIMB Bank PLC has successfully established an extensive network of seven more bank branches with ten automated teller machines (ATM) spread across three provinces including the capital city of Phnom Penh. The bank has since launched many unique products and services as well. Listed below are the key products and services that the bank offers.

- Savings Plus
- Current Account
- Term Deposits
- Domestic and International Transfers
- ATM
- Payroll Service
- Preferred Banking
- Home Loan
- Small Business Loan
- Over Draft

With the efforts of a strong local staff and the support from our regional team from Malaysia, we have made remarkable achievements surpassing projected milestones in 2011 beyond expectation.

- Achievements worthy of mention include:**
- Having launched Regional Preferred Banking service to our preferred customers;
  - Having rolled out thirteen banking products and services;
  - Having deployed ten ATM; seven in branches and three offsite
  - Having acquired about four thousand customers
  - Having grown deposits amounting to USD 53m and a loan portfolio of USD 42m. Currently in the country, the bank has a total of seven branches (Five in Phnom Penh, one in Sihanouk Ville and one in Siem Reap) of which, four are equipped with Preferred Banking facilities for the services of affluent customers.

**Our Plan for Year 2012**  
Despite the fact that there are more than 30 commercial banks in Cambodia, CIMB Bank PLC will continue to play her role to uplift the standards of banking services in Cambodia. The bank plans to bring new technology; introduce electronic banking services to Cambodia and will launch new and innovative products and services to meet customers’ needs and demands. A wide range of extended services are in the pipeline and these include technology bankingservices such as Regional ATM service where by all Cambodia CIMB customers can go to withdraw money from CIMB ATM in Malaysia, Singapore, Thailand and Indonesia. We are also going to offer 24/7 cash and cheque deposit at our branch via our Cheque and Cash Deposit Machine. CIMB Bank PLC looks to expand with more branches and a wider ATM network to service our customers better. The bank strives to strengthen its service standards and shall continue building on staff competency to become Southeast Asia’s Most Valued Universal bank.



TREASURY

Treasury supports the bank's main business activity, working to improve the net worth of the bank by managing funds in the most appropriate manner. This is the foundation that sets the framework which drives the functions of the department. The department's primary function includes asset/liability management, managing the bank's reserve, raising working capital, investing surplus funds, forecasting net interest income (NII) and measuring the bank's interest rate risk (IRR) or sensitivity to changes in prevailing interest rates. The department is responsible for funding the bank's balance

sheet through a number of creative strategies which is done in conjunction with the bank's business unit, and also manages the timely availability of those funds needed for the support of the bank's business. Treasury front office also handles Foreign Exchange business which is an increasingly significant contribution to Non-interest revenue of the bank. Investment and structured products are another growing sector that the bank is looking into. Treasury is a key head office function that enables business managers to focus on their key areas of expertise within the bank's portfolio.



SUPPORT DIVISIONS

Strategy and Finance

The Strategy and Finance division is responsible for developing & executing accounting policy and procedure in compliance with the Cambodian Accounting Standard and guidelines stipulated by the National Bank of Cambodia, and also managing project initiatives as well as financial measurement and reporting. In Finance, we cover six blocks of responsibilities. They are financial accounting, settlement & payment, tax declaration, management reporting, regulatory reporting, and budgeting. We also provide support to strategic business units [SBUs] to launch new products/services as well related requirements the frontline divisions may need. In 2011, Finance focused on ensuring compliance with all regulatory reporting to the National Bank of Cambodia as well as reporting to group management and tax compliance declaration to the General Tax Department of Cambodia. KPMG Cambodia was engaged to conduct the Bank's tax compliance review. Rigorous cost control measures succeeded in achieving one quarter below initial estimates. We initiated a model hub to proficiently manage staff between back office and front office, centralizing at the Head Office. Furthermore, payment and settlement functions have done a remarkable task to

ensure that Bank disbursements to vendors are valid and safeguarded unauthorized payment. In Strategy, we achieved a significant milestone in 2011 for setting-up the Key Performance Indicator Framework for each SBU. The KPIs have been implemented effectively for financial year 2011. Sales pipeline tracking mechanism is another significant achievement. It effectively manages individual salesperson's performance. We also made great steps in implementing the group Blue Ocean Strategy and are running our own monthly Suggestion Contests. Paperless office, one of the cost management initiatives for 2011, has been implemented effectively taking advantage of the CIMB Link web browser that's provides each department with their respective page whereby all staff can view policies, procedures, guidelines, and relevant information provided by various departments resulting in reducing paper usage, printing, and space needed for hardcopy storing. In 2011, the team also managed to organize a Town Hall Meeting with participation from all levels of the Bank's staff and a year-end local Annual Management Dialogue held at the Intercontinental Hotel under the theme of Heritant d'Angkor.



Risk committee meeting 2012

Corporate Resources

The Corporate Resources division takes care of both the Human Resource and the Admin & Property Management. In the big picture, this division ensures that all the employees are well and sees that operations of the bank are in compliance with NBC rules and regulation and also that all relevant legal matters are in check. While the Human Resource looks after general HR functions including day to day welfare and skill development of employees, the Admin & Property Management deals with property management, procurement, security on the premises, and other administrative functions. As CIMB Bank PLC strives to become an employer of choice in the ASEAN region, our division is focused on developing our team, strengthening the work environment, and building our brand image and reach.

Our Staff and Management

Staff is the most important asset in our organisation. Through the outstanding display of a strong teamwork we saw during this past year and the team's unwavering determination to get things done, we are extremely pleased that we have indeed, a happy and strong team. We continue to promote this positive atmosphere by adding value to their experience and create opportunities for our young people to participate in training programs adopted from our Group in Malaysia. Our Management committee is built upon young and fresh minds; diligent people who work in cooperation with the staff. At CIMB Bank PLC, we let the staff dream and then together, we make things happen!

Our Working Environment

CIMB embraces the notion that once the people grow, the organisation grows as well. Over the year, the bank has earned for itself a good reputation; it is well known that CIMB Bank PLC has a healthy and good working environment. Amidst a relaxed learn-as-you-work atmosphere, staff acquire personal development skills and are given abundant opportunities for advancement and be promoted. We are a very team oriented organisation. On a yearly basis, as part of our capacity team building effort, staff and members of our Management team are energized through an outdoor excursion, for them to build rapport and polish their physical and mental dexterity.

Our Brand Image

CIMB Bank PLC is unique because we accentuate on our ASEAN identity and it is easier to relate with



CIMB Bank team building 2010

Group CEO with CIMB Cambodia staff volunteers for the Asia Pacific Classic in Malaysia

others banks in the region. With the establishment of strong branches in the region, we are able to provide good working environment for the employees and benefit our customers at the same time. In 2010, we opened our first branch in Cambodia and soon after, six more branches were established within the succeeding year. During the process, it was our department that saw to the compliance with the mandatory rules and regulations, provided properties, recruited experienced staff and got the branches structured. We conducted on the job training and with a support team from our Group in Malaysia who were quickly acclimatised to the Cambodian systems, and systematically developed the six dynamic bank branches we now have. Including our first branch which now functions as our head office in the country, we have altogether seven branches to service our customers from. On an overall note, we have enjoyed a successful year and are braced to see more development programs; some of which have already been initiated.

Information and Operations

Information and Operations division works in support of the banking operations and all the internal users. The primary role of the department is to see to the smooth operation of the system including communication amongst the branches

and with support receives from the headquarters from Malaysia, the department supervises, coordinates and manages all projects within the perimeters of the Group standards. The department in Cambodia is effectively manned by a team working in coordination with a larger department at group level known as GOID – Group Operation Information. To a great extent, most projects require the support of IT and this is usually supervised by a Group Project Manager in Malaysia who coordinates and plans the budgets and resources while the team here in the country collates and provide information to the Group and ensures that all is done in compliance with the Group standards and that procedures are in correct alignment with the bank's policies. The project implementation team from Malaysia assigns the department as the key contact responsible for dealing with local vendors, local team and the rest of the departments. Information and Operations provides and handles information systems, supports IT related functions in all aspects of the bank's business. It carries out the setting up of infrastructure and ensures that all work goes according to plan, engaging vendors, follow up timeline, import resources when necessary, enhance the implementation methods to suit the requirement in Cambodia. On a regular basis, the department helps every other department to

check their system making sure that all is right and in sync with the latest changes and updates. Above all, the department takes care of the daily operations known internally as the BAU (business as usual), to ensure that we are in compliance with the law, NBC and the Group standards. Everything went smoothly as desired and the bank continues to expand. The department's plans for 2012 include perfecting the system to deliver new products such as regional ATM link, internet banking and Credit Card compliance.

Marketing and Communications

Marketing and Communications division is just as important as all the other divisions in the bank. The division's responsibilities take many forms; it communicates internal information between the various departments, managers and employees, while external communication is focused on informing customers about the bank's image and products/services. This department's responsibilities include Brand Management, Internal and External Communications, Public Relations & Media Management, Sponsorship & Events Management, and Corporate Responsibility Projects. Marketing and Communications works under CIMB Group's Marketing and Communications and handles all corporate identity matters, ensuring that



everything is consistent and aligned with the Group image. It guarantees that CIMB Bank PLC reflects the style of other branches in the region and is recognized worldwide as part of the CIMB Group. Thus, it is the responsibility of this department to maintain and uphold the brand image and to develop strategies to support all other departments within the bank.

**Risk Management**

Risk Management is an important discipline at the core of every financial institution. At CIMB Bank PLC, the Risk Department functions independently and works directly with two relevant committees, the Cambodia Credit Committee and the Risk Committee. The Risk Committee which convenes once every month, is a Board delegated committee that administers and supervises the implementation of risk management activities of the Bank. However, the Cambodia Credit Committee which is empowered by the Board to consider and decide on credit applications meets on a weekly basis. Overall, the Risk Management is responsible for the administration of the day-to-day risk management functions as well as the monitoring and control of the Bank's risk exposures.

**Credit Risk**

Credit risk refers to the possibility of losses due to the obligor or counterparty failing to perform its contractual obligations to the Bank. Such risks arise from the distribution of loans, trade financing as well as commitments to support clients' obligations to third parties, i.e. guarantees. Risk Management provides independent evaluation

of credit applications prior to submissions to the Cambodia Credit Committee for deliberation and decisions. Cases beyond the delegated authority of the Cambodia Credit Committee are recommended to the Board of Directors for final decision.

**Liquidity Risk**

Liquidity risk arises from mismatches in the timings of cash flow yet the Bank is required to efficiently meet its funding needs and regulatory obligations when they become due. Liquidity risk is primarily monitored and managed on the basis of cash flow projections i.e. by forecasting its respective cash flows 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 on a regular basis. Risk Management is responsible to independently monitor the Bank's liquidity risk profile and provides monthly reports to the Risk Committee, in order 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. CIMB Group Operational Risk Management strategy is based on a strong risk framework which provides good overall guiding principles and philosophy with a good governance structure to inculcate a proactive risk management culture as a continuous effort in managing operational risk.

The Operational Risk Management advises and monitors all departments ensuring that policies and procedures are observed on all projects and the day to day operations of the bank. The department ensures that existing regulations and policies of the Group and NBC are strictly observed. Any non-compliance and/or operational risk situation is promptly reported to the Risk Management within 24 hours and/or 48 hours of the detection of the events for the relevant committee so that proper actions can be taken to address the matter. The Group conducts customise training on a regular basis to facilitate staff understanding of the Group policies as adopted by the Bank and on revisions to suit the local market. Practices of such policies are constantly being updated.

**Market Risk**

Market risk refers to the fluctuation in the value of the portfolio arising from the changes in market risk factors and their associated volatilities. The Bank's market risks arise from changes in foreign exchange and interest rates. It is the bank's policy not to hold any propriety positions to maintain a lower level of risk. The Bank's regular activities of making loans and accepting 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 re-pricing of cash flows. Interest rate risk is currently measured by the interest sensitivity gap (or re-pricing gap). Risk Management is responsible to independently review and monitor the interest rate risk profile of the Bank based on its interest sensitivity gap report.

new CIMB Bank  
Personal account  
Move money  
safely, quickly,  
and easily...

new CIMB Bank  
Important moments in life  
are worth saving  
for

new CIMB Bank  
Current account  
For your  
everyday  
transactions

new CIMB Bank  
PERSONAL TERM LOAN  
For the good  
things in life

new CIMB Bank  
HOME LOAN  
Secure your  
dream home

new CIMB Bank  
FUND SUPPORT  
Future success  
starts now

new CIMB Bank  
MORTGAGE LOAN  
Move ahead  
with certainty

# ASEAN FOR YOU

ASEAN FOR YOU

 CIMB BANK ធនាគារ ស៊ីអាយអិមប៊ី ភីអិលស៊ី

 CIMB NIAGA

 CIMB THAI





CIMB CAMBODIA IN THE NEWS





# CORPORATE HIGHLIGHTS

## CIMB Corporate Responsibility Projects



**- Donation to hospitals During the stampede incident at Koh Pich: On 25 November 2010**  
CIMB Foundation and CIMB Bank PLC staff contributed to 4 hospitals that helped during the stampede incident in Phnom Penh on 22 November 2010. We donated Emergency beds, wheelchairs, Oxygen masks, face masks and gloves.



**- Bamboo Schools 2011-2012**  
CIMB donated to help 3 bamboo schools in the slum areas located in Phnom Penh city. The donation is used to provide English language lessons, computer training and basic health care for the local community especially the children.



**- Donation to Poor Kids in Siem Reap: 2010-2011**  
CIMB Bank PLC staff, Mr. Peter England and his wife contributed to poor kids living on the outskirts of Siem Reap town. The children now study at a Japanese sponsored organisation called CVSG. There, after helping their parents, they learn Khmer and foreign languages.



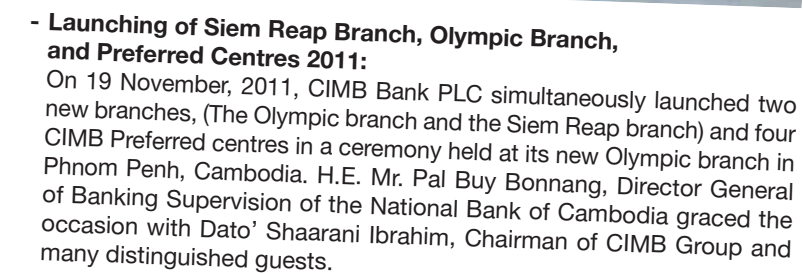
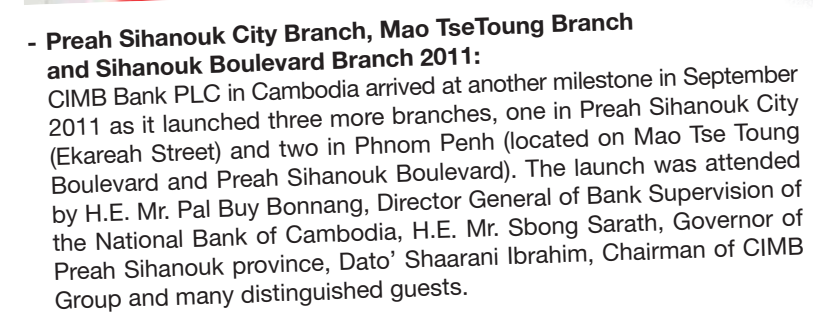
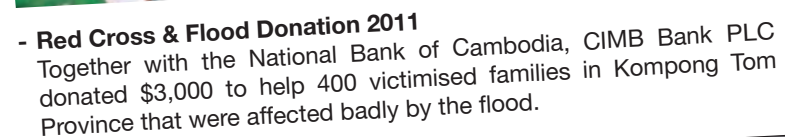
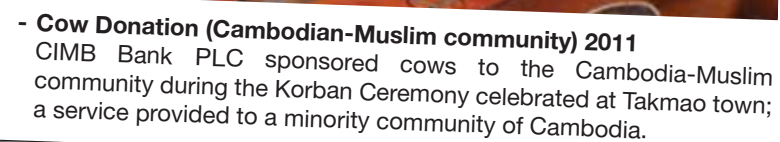
**- School Bag Donation 2011**  
CIMB Bank collaborated with the Ladies Association at the Malaysia Embassy in Phnom Penh to donate school bags, books and stationery to 350 children studying at The People Improvement Organization (PIO) center in Stung Mean Chey, the biggest garbage dump in the capital of Cambodia.

creating a **CULTURE**  
that **PROVIDES**

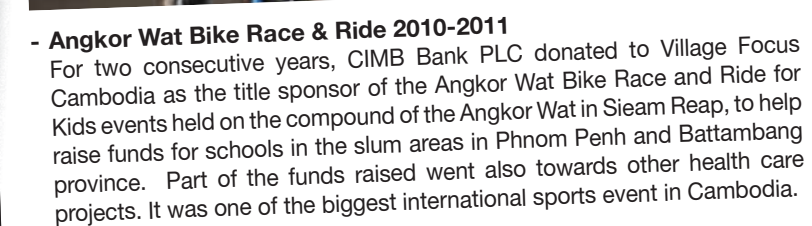
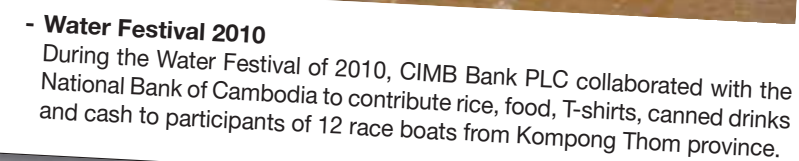
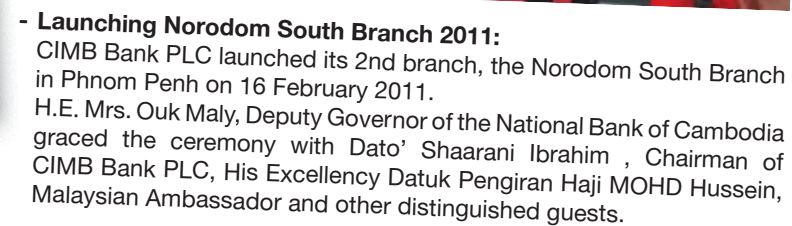


**- Phnom Penh Half Marathon 2011**  
To celebrate the birthday of H.R.H. Norodom Monineath Sihanouk, the king's mother, and to also help the disabled, CIMB Bank PLC enrolled as one of the main sponsors for the Phnom Penh half marathon in June 18, 2011. Most of CIMB staff participated in the worthy charity event.





- **Launching of CIMB Bank PLC Head Office and Norodom North Branch 2010:**  
On November 19, 2010, at the opening ceremony held in Phnom Penh, H.E. Mr. Chea Chanto, Governor of the National Bank of Cambodia, officially handed the bank license to Dato' Sri Nazir Razak, Group Chief Executive, CIMB Group. CIMB Bank PLC is licensed to operate a 100% owned subsidiary in Cambodia. The first branch located on Norodom Boulevard in the heart of Phnom Penh city is now serving as the bank's head office in Cambodia.





# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (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.

An effective corporate governance structure and culture are critical elements in determining how the Bank functions and this has been continuously emphasised to all its employees. The governance framework adopted by the Bank is developed based on 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 Entities and Licensed Banks and Financial Institutions (the Prakas) issued by the National Bank of Cambodia (NBC), and international best practices in corporate governance, where applicable.

## BOARD OF DIRECTORS

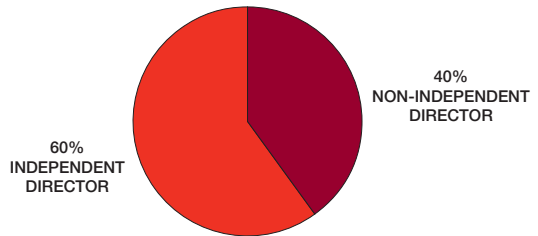
### The Board and Board Balance

The Board currently has 5 members, with 1 Executive Director and 4 Non-Executive Directors, of whom 3 are Independent Directors. The Board confirms it has the appropriate number of Independent Directors who bring strong independent judgement to the Board's discussions. The Board is also committed to the 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 judgement 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.

### Board Composition



To ensure balance of authority, increased accountability and a greater capacity for independent decision-making, the roles of Chairman and Executive Director/General Manager (ED/GM) are distinct and separate with a clear division of responsibilities between the Chairman and the ED/GM, so 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 ensuring the Board and its Committees function effectively. He assumes the formal role of a leader and chairs all Board meetings, leads discussions amongst 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/General Manager

Yew Wan Kup, is the ED/GM of the Bank. He has overall responsibility for the implementation of the Bank's strategy and in carrying out the Board's directions, managing the businesses of the Bank and driving performance within strategic goals and commercial objectives. He heads the Management Committee and leads the management team in carrying out the corporate strategy and vision of the Bank. As ED/GM, he is accountable to the Board for the day-to-day operations of the Bank's business.

### Board of Directors' Size and Composition

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 business of the Bank.

The Board considers and confirms that the present size of the Board is deemed 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 judgement and do not participate

in any business transaction that may impair their independent judgment and decision making.

Brief backgrounds of each Director are presented on pages 45 to 49 of the Annual Report.

### Directors' Code of Ethics

The Board of Directors observes the Code of Ethics as set out in the Prakas issued by the NBC.

The Directors of the Bank adhere to the Code of Ethics which provides guidance for proper standards of conduct and sound and prudent business practices as well as standard of ethical behaviour for Directors, based on 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 strategic direction and vision of the Bank. The Board takes full responsibility in 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 for financial reporting, risk management and compliance. All Board members bring their independent judgement, diversified knowledge and experience in deliberations on issues pertaining to strategy, performance, resources and business conduct.

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

- Strategic/business plans and annual budget.
- New investments, divestments, mergers and acquisitions, corporate restructuring, including the establishment of subsidiaries, joint ventures or strategic alliances both locally and abroad.
- Annual financial statements and interim dividend and recommend the final dividends to shareholder prior to public announcements and publications.

- Appointment of new Directors and 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 is 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 in and ensuring that systems are in place to effectively monitor and manage these risks with a view to the long-term viability and success of the Bank.
- Monitoring and assessing development which may affect the Bank's strategic plans.
- Reviewing the adequacy and the integrity of the Bank's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- Avoiding conflicts of interest and ensuring disclosure of possible conflicts of interest.
- Upholding and observing banking and 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 examine particular issues, they will report to the Board with their decisions and/or recommendations and the ultimate responsibility on all matters lies with the entire Board.

The terms of reference and responsibilities of the Committees are set out on pages 29 to 31.

### Appointments to the Board

The Bank leverages on the Group Nomination and Remuneration Committee which resides at CIMB Group Holdings Berhad. The Group Nomination and Remuneration Committee is responsible for identifying and nominating suitable candidates for appointments 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 Group Nomination and Remuneration Committee undertakes a thorough and comprehensive evaluation of the candidate based on the set of criteria adopted by the Board. The Bank also takes into account the Bank's businesses and matches the capabilities and contribution 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 sets out a formal process for appointment of Directors, Chairman and Chief Executive Officer. Proper assessments are conducted on candidates and the Group Nomination and Remuneration Committee confirms that the candidates are fit and proper for their respective roles.

The Fit and Proper Policy also outlines the following criteria for assessment of the suitability of the candidate for 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, working 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 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 being eligible, may offer themselves for re-election at the Annual General Meeting. In addition, the Memorandum and Articles of the Bank requires that all Directors retire from office once at least, in each 3 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 Group Nomination and Remuneration Committee 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. On a quarterly basis, amongst others, the Board reviews financial performance of the Bank, risk management and compliance reports and approves the quarterly results of the Bank at its meeting. Board meetings are scheduled in advance each year to facilitate Directors to plan their schedules. Meeting papers on the proposals and various reports are delivered to the Board prior to the Board meetings, giving Directors sufficient time to evaluate the proposals and if necessary, request additional information to facilitate them in discharging their duties effectively. 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 make 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 a comprehensive set of papers, which include regular business progress reports and discussion documents regarding specific matters.

Directors are also allowed to participate in Board Meetings via telephone-conference. All deliberations at 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 the Board meetings, the ED/GM provides a comprehensive explanation of significant issues relating to the Bank's business and financial performance. 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 the status of compliance with laws, regulatory requirements and internal policies and procedures adopted by the Bank. Management is also invited to present proposals and answers 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 deemed urgent via circulation of memorandum.

Any Director who has an interest in any proposal or transaction which comes before the Board, declares his interest and abstains from deliberation and voting on the proposal or proposed transactions. This process is duly recorded in the minutes of the proceedings.

A total of 4 Board meetings were held in 2011 and the Directors' attendance at the meetings are as follows:

No. of Meetings Directors	Attended	Held
Dato' Shaarani Ibrahim <i>Chairman/Independent Non-Executive Director</i>	4	4
Goh Nan Kioh <i>Independent Non-Executive Director</i>	4	4
Dato' Wira Zainal Abidin Mahamad Zain <i>Independent Non-Executive Director</i>	4	4
Yew Wan Kup <i>Non-Independent Executive Director &amp; General Manager</i>	4	4
Chong Ming Liang* <i>Non-Independent Non-Executive Director</i>	1	1
Peter England** <i>Non-Independent Non-Executive Director</i>	-	-

\* Resigned on 25 May 2011

\*\* Appointed on 20 December 2011

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

### Training and Development of Directors

Directors' Training is an integral element of the process for appointment of new Directors and the Board is 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 Directors' understanding of the issues facing the Bank.

Listed below are the trainings which the Directors attended, both in Cambodia and in the South East Asia region, to keep abreast of latest developments:

- CIMB Bank PLC: Mini Annual Management Dialogue
- Director Certification Program (DCP 145/2011) English Program: Institute of Directors Thailand
- Mandatory Accreditation Programme for Directors of Public Listed Companies
- Securities Commission's New Corporate Governance Blueprint – What Does It Mean For Your Company?
- Building High Performance Directors 2011
- CIMB Group Annual Management Dialogue

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 ongoing 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 effective functioning of the Board.

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

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

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 Committees comprising the Audit Committee and Risk Committee. The said 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 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 being brought up to the attention of the Board, who are collectively responsible for the Bank's success, business, strategy, risk management, 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 with financial knowledge and experience.

The key responsibilities of 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 controls processes within the Bank. The Audit Committee meets regularly to amongst others, review the quarterly results, full year financial statements, audit reports which include observations pertaining to risk management and internal controls, as well as related party transactions.

The Audit Committee met 4 times in 2011 and the attendance of the members of Audit Committee are as follows:

No. of Meetings Members	Attended	Held
Goh Nan Kioh <i>Chairman/Independent Non-Executive Director</i>	2	4
Dato' Shaarani Ibrahim <i>Independent Non-Executive Director</i>	4	4
Dato' Wira Zainal Abidin Mahamad Zain <i>Independent Non-Executive Director</i>	4	4

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

Area <i>Internal control/risk management/governance</i>	Responsibilities
<i>Internal Audit</i>	a. To review the effectiveness of internal controls, risk management processes and governance within the Bank's group, taking into account the requirements in the Prakas on Governance in Banks and Financial Institutions.
	a. 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.
	b. To review the adequacy of internal audit scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work. The reports of internal auditors and the AC are not subject to clearance of the General Manager.
	c. To review the results of the internal audit processes and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal auditors.
	d. To oversee the functions of the Internal Audit and ensuring compliance with the Laws and Regulations Applicable to Banks and Financial Institutions.
	e. To evaluate the performance and decide on the remuneration package of the Internal Audit Head.

- f. 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 resignation of any senior internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning.

<i>External Audit</i>	a. To consider the appointment of external auditors, the audit fees and any question of resignation or dismissal.
	b. To discuss 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.
	c. To assess objectivity, performance and independence of external auditors.
	d. To approve the provision of non-audit service by the external auditors.
	e. To ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgement of the auditors.
	f. To ensure that the accounts are prepared in a timely and accurate manner with frequent reviews of the adequacy of provisions against contingencies and bad and doubtful debts.
	g. To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).
	h. To review the external auditors' management letter and management's response.
	i. To meet with the external auditors at least once a year without the presence of the management to discuss on key concerns and to obtain feedback.
<i>Audit Findings, Internal Control and Compliance Issues</i>	To review the findings and compliance issues identified by regulators and to ensure that appropriate and prompt remedial actions are taken by management.
<i>Others</i>	a. To review the quarterly and year-end financial statements for submission to the Board of Directors.



Area	Responsibilities
<i>Others (continued)</i>	<ul style="list-style-type: none"> <li>To review all related party transactions submitted by management that may arise within the Bank's Group and keep the Board informed of such transactions.</li> </ul>

### 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 in the Bank.

A total of 10 Risk Committee Meetings was held in 2011 and the members' attendances at the meetings are as follows:

No. of Meetings		
Members	Attended	Held
Dato' Shaarani Ibrahim <i>Chairman/Independent Non-Executive Director</i>	10	10
Goh Nan Kioh <i>Alternate Chairman/Independent Non-Executive Director</i>	8	10
Yew Wan Kup <i>Non-independent Executive Director &amp; General Manager</i>	10	10
Bun Yin <i>Deputy General Manager &amp; Head, Commercial Banking</i>	10	10
Khoo Lian Kim <i>Representative of Group Risk Management</i>	3	3
Wan Ban Ong* <i>Head, Retail Financial Services</i>	10	10
Heng Thida** <i>Head, Retail Financial Services</i>	1	1
Hong Sreynoun <i>Assistant Manager, Treasury</i>	5	6
Den Davuth <i>Head, Information Technology</i>	10	10
Heng Vuthy <i>Head, Finance</i>	9	10
Heng Torang <i>Assistant Manager, Risk Management</i>	9	10
Ly Sophea <i>Head, Legal &amp; Compliance &amp; Company Secretary</i>	10	10

*\* Resigned on 31 December 2011*

*\*\* Appointed on 2 November 2011*

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

- Allocation of 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.
- Enhancing shareholder value through evaluation of risk-return profiles of business activities and ensuring that they are within the parameters established by the Board of Directors.
- Review and recommend 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 EWRM framework, and conform 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.
- Enforcement of 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 be within reasonable level.
- Endorse the methodologies and tools for the measurements for the various types of quantifiable risk for Board's approval.
- Review the Bank's balance sheet composition of loans and deposits.
- Ensure holistic approach is taken to manage the Bank's balance sheets through effective interest rate risk management, funding liquidity risk management, interest margin and capital management.
- Ensure the Bank maintains its asset quality through close monitoring of the processing and approval of new loans and prompt recovery of Non-Performing Loans.
- Review the Bank's contingency plan and overall business continuity management for implementation whenever necessary and propose to the Board of Directors for approval.
- Review and approve the terms of reference and composition of any risk committees, including the appointment and removal of members and invitees to such risk committees.

### Management Committees

The following management committees have been established to assist the ED/GM and Management in managing the various businesses and support activities of the Bank:

- Management Committee
- Cambodia Credit Committee

#### Management Committee

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

Yew Wan Kup <i>General Manager</i>	Chairman
Bun Yin <i>Deputy General Manager &amp; Head, Commercial Banking</i>	Member
Wan Ban Ong* <i>Head, Retail Financial Services</i>	Member
Heng Thida** <i>Head, Retail Financial Services</i>	Member
Hong Sreynoun <i>Assistant Manager, Treasury</i>	Member
Heng Vuthy <i>Head, Finance</i>	Member
Oum Chendapheakdey <i>Head, Human Resource</i>	Member
Den Davuth <i>Head, Information Technology</i>	Member

Heng Torang <i>Assistant Manager, Risk Management</i>	Member
Pok Nivilay <i>Assistant Vice-President, Marketing &amp; Communications</i>	Member
Ly Sophea <i>Head, Legal &amp; Compliance &amp; Company Secretary</i>	Member
<i>* Resigned on 31 December 2011</i>	
<i>** Appointed on 2 November 2011</i>	

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

- Advise the General Manager.
- Monitor and evaluate performance of each business division.
- Review financial and other management reports of the Bank.
- Devise strategy, business plans and budgets for the Bank (including IT-related items).
- Identify cross-divisional synergies.
- Deliberate key regulatory issues.
- Other matters as directed by the GM 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.

Yew Wan Kup <i>General Manager</i>	Chairman
Bun Yin <i>Deputy General Manager &amp; Head, Commercial Banking</i>	Member
Wan Ban Ong* <i>Head, Retail Financial Services</i>	Member
Heng Thida** <i>Head, Retail Financial Services</i>	Member
Kien Vatana <i>Assistant Vice-President, Credit Management</i>	Member
John Chuah Keat Koong <i>Credit Advisor, Commercial Banking</i>	Member
Sue Kok Tsuey Shan <i>Credit Advisor, Retail Financial Services</i>	Member
<i>* Resigned on 31 December 2011</i>	
<i>** Appointed on 2 November 2011</i>	

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

- Review and approve loans and advances originating from the Bank, which are within the approval limits delegated by the Board.
- Recommend for Regional Credit Committee's concurrence/endorsement and Board approval, all credit proposals, which exceed the Cambodia Credit Committee's approval authority.
- Approve, on a case-by-case basis, transactions for which there are no pre-approved credit limits, or exceed pre-approved credit limits.
- Ensure the Bank's overall loans portfolio meets with the guidelines of regulatory authorities and approved credit policies and procedures.
- Review and approve recovery actions to be taken against cases within the committee's sanctions and provisions for bad and doubtful accounts, write-offs.

- Assess the risk return trade-off when approving loans and advances to ensure that facilities granted are within the risk appetite of the Group.
- 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.
- Review and approve the internal credit rating of each borrower, where applicable.
- Review and recommend the changes in the credit policies and guidelines for Regional Credit Committee / Risk Management Committee endorsement and Board approval.
- Any other functions as and when directed by Risk Committee.

### ACCOUNTABILITY AND AUDIT Financial Reporting

Pursuant to the Law on Commercial Enterprises and Law on Banking and Financing Institutions, Financial Statements for each financial year are prepared in accordance with the guidelines issued by the NBC and the Cambodia Accounting Standards. The Financial Statements are prepared on a going concern basis and give a true and fair view of the state of affairs of the Bank as at 31 December 2011.

Appropriate accounting policies have been applied consistently in preparing the Financial Statements, supported by reasonable and prudent judgement and estimates. The Directors have overall responsibilities 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 obligation 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 pages 57 to 89 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, compliance with laws and regulations as well as risk management. The size and complexity of the Bank necessitate the managing of a wide and diversified spectrum of risks. The nature of these risks means that events may occur which would give rise to unanticipated or unavoidable losses. The inherent system of internal controls is designed to provide a 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 and not absolute assurance for achieving certain internal control standards and helps the Bank manages 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 34 to 35 of the Annual Report.



# AUDIT COMMITTEE REPORT

## OVERVIEW

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

### 1. ATTENDANCE OF MEETING

The details of the Audit Committee membership and meetings held in 2011 are as follows:

No. of Committee Meetings			
Members	Status	Attended	Held
Goh Nan Kioh	Independent Non-Executive	2	4
Dato’ Shaarani Ibrahim	Independent Non-Executive	4	4
Dato’ Wira Zainal Abidin Mahamad Zain	Independent Non-Executive	4	4

The Chairman of the Audit Committee reports to the Board on matters deliberated during the Audit Committee meetings.

### 2. COMPOSITION

The Audit Committee comprises three (3) independent non-executive directors. The Chairman of the Audit Committee is Mr Goh Nan Kioh, an Independent non-executive director of the Bank.

### 3. AUTHORITY

The Audit Committee is a Board delegated committee. The Audit Committee in discharging its duties 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, and has the necessary resources availed to it by the Bank to enable it to discharge its functions effectively. The Audit Committee had full and unrestricted access to information and is able to obtain independent professional advice, if necessary, with any expenses related thereto to be borne by the Bank.

### 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’s Group, taking into account the requirements in the Prakas on Governance in Banks and Financial Institutions.
Internal Audit	<div><div>a. 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.</div><div>b. To review the adequacy of internal audit scope, functions, competency and resources of the</div></div>

internal audit function, and that it has the necessary authority to carry out its work. The reports of internal auditors and the AC are not subject to clearance of the General Manager.

c. To review the results of the internal audit processes and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal auditors.

d. To oversee the functions of the Internal Audit and ensuring compliance with the Laws and Regulations Applicable to Banks and Financial Institutions.

e. To evaluate the performance and decide on the remuneration package of the Internal Audit Head.

f. 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 resignation of any senior internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning.

#### External Audit

a. To consider the appointment of external auditors, the audit fees and any question of resignation or dismissal.

b. To discuss 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.

c. To assess objectivity, performance and independence of external auditors.

d. To approve the provision of non-audit service by the external auditors.

e. To ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgement of the auditors.

f. To ensure that the accounts are prepared in a timely and accurate manner with frequent reviews of the adequacy of provisions against contingencies and bad and doubtful debts.

g. To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of Management where necessary).

h. To review the external auditors’ Management letter and Management’s response.

i. To meet with the external auditors at least once a year without the presence of the Management to discuss on key concerns and to obtain feedback.

#### Audit Findings, Internal Control and Compliance Issues

To review the findings and compliance issues identified by regulators and to ensure that appropriate and prompt remedial actions are taken by Management.

#### Others

a. To review the quarterly and year-end financial statements for submission to the Board of Directors.

b. To review all related party transactions submitted by Management that may arise within the Bank’s Group and keep the Board informed of such transactions.

## 5. SUMMARY OF ACTIVITIES IN 2011

### 5.1 Audit Committee

a. Reviewed and approved the annual audit plan, scope of work and resources requirement 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 given on critical risk areas.

c. Reviewed the adequacy and effectiveness of the system of controls, reporting and risk management to ensure there is a systematic methodology in identifying, assessing and mitigating risk areas.

d. Reviewed the efficiency of operations and the economical utilisation of resources throughout the Bank.

e. Reviewed the appointment of external auditors and their independence and effectiveness.

f. Reviewed the external auditors’ audit plan, scope of work and results of the annual audit for the Bank.

g. Met with the external auditors on 14 December 2011 without the presence of Management and Executive Director to discuss relevant issues and obtain feedbacks.

h. Reviewed the internal control issues identified by internal and external auditors as well as Management’s response to audit recommendations and implementation of agreed action plans.

i. Reviewed the financial statements of the Bank on quarterly basis.

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 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 the 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 assist the Audit Committee and Management in effective discharge of their responsibilities in establishing cost-effective controls, assessing risk management and recommending measures to mitigate identified risks and assuring proper governance process.

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 6 assignments during the year covering audits of all key operations and investigations carried out.

b. Audit reports that are rated as ‘Above Average Risk’ and ‘High Risk’ require the respective Management to be present at the Audit Committee meetings to respond and provide feedbacks on audit issues identified by the Internal Audit.

c. All findings by Internal Audit are tracked and followed up until closed and reported quarterly to the Audit Committee by the Compliance.

d. The implementation status of audit recommendations is reported to the Audit Committee quarterly.



# 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 applicable laws, regulations, rules and guidelines.

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

## RISK MANAGEMENT AND CONTROL FRAMEWORK

The Board recognises that risk management is an integral part of the Bank's business objectives and is critical for the Bank to achieve continued profitability and sustainable growth in shareholder's value. In pursuing these objectives, the Bank as a part of CIMB Group has adopted the Enterprise-wide Risk Management ("EWRM") Framework to manage its risks and opportunities. The EWRM framework provides the Board and its Management with a tool 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 throughout the year.

## INFORMATION TECHNOLOGY SECURITY

CIMB Bank PLC adopts the CIMB Group IT Policy, which covers IT Security controls. Within its one year presence since end of 2010, CIMB Bank PLC has been improving its IT Security controls to mitigate both internal and external risks.

An IT Security Blueprint has been established to guide implementation of various IT Security controls. The IT Security Blueprint components implemented include EndPoint Protection (Anti-

malware), User hard disk encryption, Web content filtering, Email threat filtering, and Firewall.

Network segmentation through Firewall and Virtual Local Access Network (VLAN) is in place to control user access to network and server resources.

## 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 applicable laws, regulations, rules, directives and guidelines, are as follows:

### • Audit Committee

The Audit Committee (AC) comprises independent non-executive directors. It is the main Board-delegated committee charged with oversight of financial reporting, disclosure, regulatory compliance, risk management and monitoring of internal control processes in the Bank. Management and both the internal and external auditors provide report to the AC on the effectiveness and efficiency of internal controls.

All significant and material findings are reported to the AC for review and deliberation. The AC reviews and ensures the implementation of Management's mitigation plans to safeguard the interests of the Group and upkeep proper governance. Management of business units that are rated as "Above Average" or "High Risk" are counseled by the AC.

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

Presentations of business plans, current developments, operations, risks of the business and controls to mitigate risks are made by the relevant business and support units as deemed necessary by the AC. The AC also attends the Bank's Annual Management Dialogue where each business and support unit reviews its operations for the year and presents strategies and plans for the coming year.

### • Risk Committees

The Board has established two risk committees; namely the Cambodia Credit Committee (CCC) and the Risk Committee (RC). The CCC reports to the RC on credit related matters of the Bank and

has distinct lines of responsibility and functions, as defined in the terms of reference. The 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 monthly basis.

### • Management Committee

Management committee is a committee set up by the Board of Directors to manage the day-to-day operations issues. The meeting of this committee is on weekly basis or as and when required. It comprises of members from each division and department and includes Audit as a permanent invitee.

### • Internal Policies and Procedures

All documented internal policies and procedures of all business units have been approved by the Board. 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 done with the intent 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, and new products and services.

### • Internal Audit

The Internal Audit of Cambodian Operations are done jointly with Group Auditors 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 independent assurance on the efficiency and effectiveness of the internal control systems implemented by Management. It evaluates the control environment, risk management practices, compliance culture, Management competency and efficiency, and strategy execution of the business and support units.

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 has been approved by the AC. The annual audit plan is developed based on assessment of risks, exposures and strategies of the Bank. Units that are assessed to be 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. IAD also undertakes investigations into alleged frauds by staff, customers and third parties, and recommends appropriate improvements to prevent recurrence and actions against persons responsible. IAD has unrestricted access to information required in the course of its work. IAD adopts the Committee of Sponsoring Organisations of the Tradeway Commission (COSO) internal control framework in its appraisals and evaluations of the Bank's internal control systems and related infrastructure. 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 the various NBC 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, comments and recommendations for improvement. AC reviews and evaluates any exceptions or non-compliance raised by IAD and ensures that appropriate and prompt remedial actions are taken by Management.

IAD conducts training routinely to the Bank's branch Management and staff on governance and internal control matters.

### • Compliance Framework

The Compliance framework lays down mechanisms and tools to ensure consistency and efficiency in managing compliance risk. It requires the Bank to adopt and implement the Group Compliance Policy and Procedures and endeavors to mitigate the Bank from liabilities arising from non-compliance with legislations, laws and regulations. In line with good governance, Compliance reports independently to the Board. Appropriate governance has also been established whereby the local compliance officers report to the Head of Group Compliance, in addition to their direct reporting lines to their respective local and/or entity Board of Directors, to the extent permitted by the regulations of the local jurisdictions.

### • New Product Approval Policy & Procedures

New Product Approval Policy and Procedures is enforced for all new banking and services. New products are products and/or services that are offered



Annual Management Dialogue Meeting 2011





CIMB Bank staff team building 2012

by CIMB Bank PLC for the first time or a combination of or variation to existing products and or services which have material change in the risk profile, as determined by the Risk Management.

All new product proposals are subjected to 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 at the various Bank and Group committees before submission to the Cambodia Board of Directors for final approval.

• **Exceptions Management & 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. Towards this end, the Bank has established the Bank Exception Management and Escalation procedures to handle escalation of any exceptions, including regulatory non-compliance, rule or limit breaches, fraud and other non-adherence to internal processes. This procedure advocates timely remedial measure and strengthens transparency and Management oversight.

Under the Exception Management and Escalation procedures, reports on the 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 summarized and reported to the Risk Committee on a monthly basis.

• **Code of Ethics**

The CIMB Bank PLC 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, transfers and termination of employees within the Group are clearly defined therein. Employees are appraised annually and the appraisal is directed by Key Performance Indicators and core competency measurements. Learning and capability development programmes which include

skills / technical trainings 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 on the relevant policies via e-mail or memorandum and also through relevant training sessions. One such training conducted is the AMLA session which is carried out regularly to further emphasise the Group's view on non-tolerance to fraud. It is also further emphasised during the Group Orientation Programme.

• **Business Continuity Management**

Recognising the importance of Business Continuity Management (BCM) and the criticality of responsible and cohesive actions and reactions to crisis situations, entails enterprise-wide planning, which includes but is not limited to crisis management. Cambodian BCM Team has performed the below activities in 2011:

- a) Reviewing BCM policy and procedures to ensure compliance with BCM Guidelines of the National Bank of Cambodia and other statutory regulations and guidelines.
- b) Enhancing the Risk Assessment & Business Impact Analysis (RA & BIA) process to make the process of departmental rating and ranking transparent to users. The information from this activity is important in determining the criticality of the business functions,

recovery priorities and minimum resources required by the business functions during crisis. The RA and BIA were conducted on all business functions;

- c) Refining the Business Continuity Plan (BCP) to include a pandemic section, in line with the ever increasing disease outbreaks;
- d) Establishing Alternative Business Sites for three critical departments to further strengthen the CIMB Bank PLC's crisis response. i.e IT is alternated at Norodom South Branch and Operation and Branches are alternated at Oympic Branch; and
- e) Commencing preparation of the Monthly Performance Dashboard.

• **Operational Risk Management**

Operational risk is an inevitable consequence of being in business. However, the Bank has established policies and procedures to guide its business and supporting functions in their day to day operations, implementation based on bank-wide best practices and parallel with its Group's direction. The Risk Management Policy & Procedure of the Bank clearly defines the principles on how inherent risks are identified, assessed, controlled, mitigated and monitored.

a) **Loss Event Data (LED):**

For effective monitoring and tracking, the Bank has adopted seven operational loss event type categories. All loss event incidents are reported to the Risk Management (RMD) where they are consolidated and escalated to the Risk Committee (RC) for deliberation and for providing directives on the best course of action to mitigate the recurrence of the loss event incidents.

LED Collection facilitates the analytics for purposes of the Bank's capital calculation for Operational Risk as per Basel II Capital Accord, which is implemented by its Group. The information captured by the business/support units is for the determination of the real cause(s) of the incident and where necessary to recommend enhancement to the existing operational controls or workflow. Any serious incidents as a result to regulatory non-compliance/breach would be immediately deliberated and escalated, as addressed in the Bank's Exception Management and Escalation process.

• **Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT)**

Regular training and awareness programmes were conducted. This was supplemented with

the latest updates on AML/CFT, real transaction case studies on the risk of money laundering and financing of terrorism, with emphasis on 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. Collaboration with the industry in relation to AML/CFT initiatives also forms part of the training and awareness programme.

**CONCLUSION**

The Board believes that the system of internal control in place is adequate in safeguarding the shareholder's interests and assets of the CIMB Bank PLC. The Board acknowledges that there is an effective ongoing process for identification, evaluation and management of significant risks in the bank and is committed to continue to review the operations and effectiveness of the bank's internal control including financial, operational and compliance controls and risk management.



CIMB Bank staff team building 2010



Staff attendees of the Half Marathon in Siem Reap 2012



CIMB Bank staff team building 2010



# CORPORATE PROFILE

## CIMB Bank PLC

CIMB Group began its foray into Cambodia in November 2010 with the opening of the first commercial banking branch of CIMB Bank PLC in the heart of Phnom Penh city.

Cambodia represents a strategic and important hub for our ASEAN presence given the prospects of the Cambodian economy and increasing regional interconnectivity. CIMB Group aspires to bring the banking industry in the country to the next level, at the same time reinforcing its position as one of ASEAN's leading universal banking groups. With CIMB Group, customers in Cambodia can leverage on the extensive capabilities of an ASEAN bank to fulfill all their financial needs both locally and across the region.

CIMB Bank PLC in Cambodia is committed to building a strong and sustainable financial future for its customers from the very beginning, constantly striving to create opportunities and value through its products and services. We pride ourselves on not only being a financial services provider, but also a true business partner to assist customers in making the right financial and investment decisions in life.

CIMB Bank PLC has over 100 Cambodian based employees with diverse experience and expertise who come from both the banking & financial industry and other industries. Within just a year of its incorporation, the Bank's branch network has grown significantly within Phnom Penh and has expanded to Siem Reap and Sihanoukville as well. We now have a total of seven branches and a network of off-site ATMs. We currently serve more than 4,000 corporate and individual customers.

This significant expansion has been made possible by the support of our customers. CIMB Bank PLC will continue to expand on its products and services and remain committed to serve its customers in Cambodia to absolute excellence.

## About CIMB Group

CIMB Group is Malaysia's second largest financial services provider and one of ASEAN's leading universal banking groups. It offers consumer banking, investment banking, Islamic banking, asset management and insurance

products and services. Headquartered in Kuala Lumpur, the Group is now present in eight out of 10 ASEAN nations (Malaysia, Indonesia, Thailand, Singapore, Cambodia, Brunei, Vietnam, and Myanmar). Beyond ASEAN, the Group has market presence in China, Hong Kong, Bahrain, India, Sri Lanka, the US and UK.

With the largest branch network in ASEAN of 1,117 branches as at 31 December 2011, the bank is helmed by people from the region. We reach at least 83% of the ASEAN population, representing 89% of the region's GDP.

CIMB Group operates its business through three main brand entities, CIMB Bank, CIMB Investment Bank and CIMB Islamic. CIMB Group is also the majority shareholder of Bank CIMB Niaga in Indonesia, and the single largest shareholder of CIMB Thai in Thailand.

CIMB Group is listed on Bursa Malaysia via CIMB Group Holdings Berhad. It has a market capitalisation of approximately RM55.3 billion as at 31 December 2011. The Group has over 40,000 employees located in 14 countries.



# CORE PHILOSOPHIES OF THE GROUP

## WE ARE IN THE BUSINESS OF CREATING VALUE FOR OUR CUSTOMERS

We exist to create value for our customers. Creating value rests on understanding our customers' needs and creating solutions to answer these needs - the more value we can create, the more our customers will turn to us.

## WE BELIEVE THE BEST WAY TO CREATE THE MOST VALUE IS BY ENABLING OUR PEOPLE

Enabling our people involves effectively placing, motivating and supporting them and ultimately, unleashing their true potential. The better we enable our people, the more value we can create for our customers.

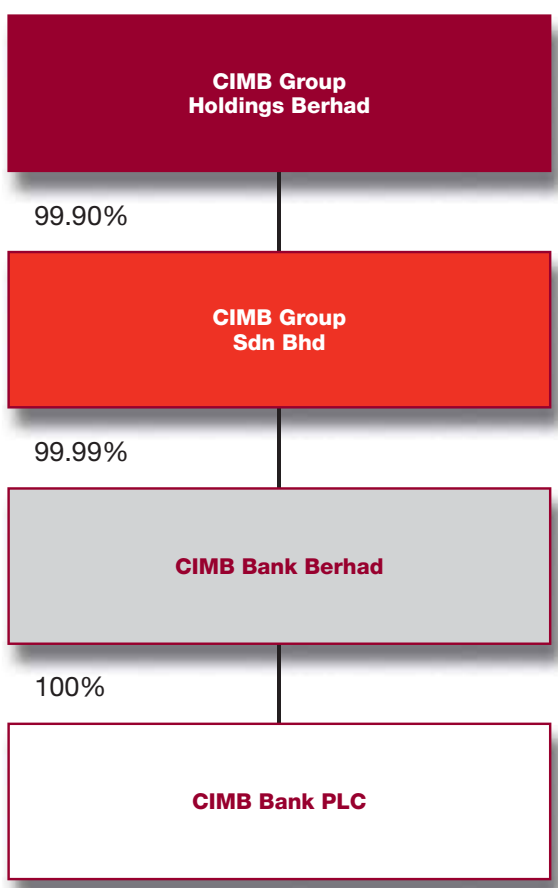
## IN ORDER TO PROTECT OUR REPUTATION AND BUSINESS, WE SPEAK AND ACT WITH INTEGRITY

Integrity means speaking and acting honestly and sincerely, and treating our customers' needs and interests as our primary focus. Our unwavering belief in integrity is what allows our customers to entrust their business to us.



# CIMB BANK PLC

## GROUP STRUCTURE AS AT 31 DECEMBER 2011



# CORPORATE INFORMATION

### BOARD OF DIRECTORS

Dato' Shaarani Ibrahim  
*Chairman*

Goh Nan Kioh

Dato' Wira Zainal Abidin Mahamad Zain

Peter England

Yew Wan Kup

### AUDIT COMMITTEE

Goh Nan Kioh  
*Chairman*

Dato' Shaarani Ibrahim

Dato' Wira Zainal Abidin Mahamad Zain

### RISK COMMITTEE

Dato' Shaarani Ibrahim  
*Chairman*

Goh Nan Kioh  
*Alternate Chairman*

Khoo Lian Kim  
*Representative of Group Risk Management*

Yew Wan Kup  
*General Manager*

Bun Yin  
*Deputy General Manager & Head, Commercial Banking*

Heng Thida  
*Head, Retail Financial Services*

Heng Vuthy  
*Head, Finance*

Den Davuth  
*Head, Information Technology*

Ly Sophea  
*Head, Legal & Compliance & Company Secretary*

Hong Sreynoun  
*Assistant Manager, Treasury*

Heng Torang  
*Assistant Manager, Risk Management (Secretary)*

**Invitee:**  
Khieu Lanin  
*Assistant Manager, Internal Audit*

Advisor(s) from CIMB Group as approved by the Board of Directors

### CAMBODIA CREDIT COMMITTEE

Yew Wan Kup  
*General Manager (Chairman)*

Bun Yin  
*Deputy General Manager & Head, Commercial Banking*

Heng Thida  
*Head, Retail Financial Services*

Lun Rachana  
*Head, Credit (Secretary)*

Kien Vatana  
*Assistant Vice-President, Risk Management*

### MANAGEMENT COMMITTEE

Yew Wan Kup  
*General Manager (Chairman)*

Bun Yin  
*Deputy General Manager & Head, Commercial Banking*

Heng Thida  
*Head, Retail Financial Services*

Heng Vuthy  
*Head, Finance*

Oum Chendapheakdey  
*Head, Human Resource*

Den Davuth  
*Head, Information Technology*

Ly Sophea  
*Head, Legal & Compliance & Company Secretary (Secretary)*

Pok Nivilay  
*Assistant Vice-President, Marketing & Communications*

Hong Sreynoun  
*Assistant Manager, Treasury*

Heng Torang  
*Assistant Manager, Risk Management*

**Invitee:**  
Khieu Lanin  
*Assistant Manager, Internal Audit*

### COMPANY SECRETARIES

Ly Sophea

Datin Rossaya Mohd Nashir

### REGISTRATION No. Co.1935E/2010

**REGISTERED OFFICE**  
20AB Corner Preah Norodom Boulevard & Street 118  
Sangkat Phsar Chas, Phnom Penh 12203  
Cambodia

Tel: +855 23 988088  
Fax: +855 23 988099

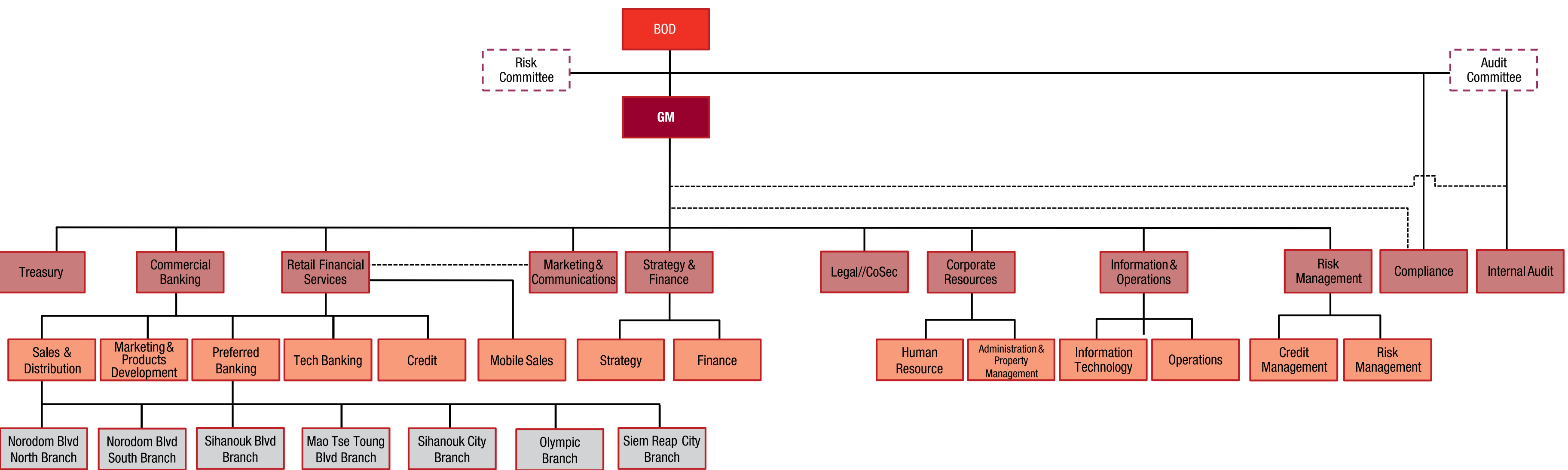
Website: [www.cimbbank.com.kh](http://www.cimbbank.com.kh)

**AUDITOR**  
PricewaterhouseCoopers (Cambodia) Ltd.  
35 Sihanouk Blvd, Khan Chamkarmon  
Phnom Penh 12210  
P.O. Box 1147

Tel: +855 23 218 086  
Fax: +855 23 211 594



ORGANISATION CHART





PROFILES

BOARD OF DIRECTORS



Dato' Shaarani Ibrahim

Chairman/Independent Non-Executive Director

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

Dato' Shaarani Ibrahim has since January 2009 been an Independent Director of CIMB Thai Bank Public Company Limited (CIMB Thai) and also a member of its Audit and Nomination and Remuneration Committees. Since September 2010, Dato' Shaarani is also an Independent Director of the Singapore-based Dragon Group International (DGI) where he also serves as Chairman of the Remuneration Committee and member of its Audit and Nomination Committee. Dato' Shaarani also sits on the Board of Universiti Putra Malaysia (UPM) since January 2011. He is also Chairman of its Audit Committee and member of its Investment Committee.

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 and had assumed 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.

- Age 62, Malaysian
  - Joined the Board on 20 September 2010
  - Attended all 4 Board Meetings held in 2011
  - Chairman of the Risk Committee
  - Member of the Audit Committee





**Goh Nan Kioh**  
Independent Non-Executive Director

Goh Nan Kioh holds a Bachelor of Economics (Honours) degree from the University of Malaya.

Goh Nan Kioh is a very successful entrepreneur with wide and varied business investments in many countries.

Mr Goh is a Non-Independent and Non-Executive Director and also currently the Chairman of Mega First Corporation Berhad. He is also the Chief Executive Officer of Cambrew Group of companies, a brewery and soft drinks company, and Chairman of Pearl River Tyre (Holdings) Limited, a tyre manufacturing company listed on the Hong Kong Stock Exchange.

- Age 57, Malaysian
- Joined the Board on 20 September 2010
- Attended all 4 Board Meetings held in 2011
- Chairman of the Audit Committee
- Member of the Risk Committee



**Dato' Wira Zainal Abidin Mahamad Zain**  
Independent Non-Executive Director

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

Dato' Wira Zainal Abidin is also an Independent Non-Executive Director of Malayan Flour Mills Berhad (MFM). Prior to his appointment to the Board of MFM, he was Malaysia's First ASEAN Permanent Representative ad-interim in the Republic of Indonesia from March 2009 to July 2009. Dato' Wira Zainal Abidin had served at the Ministry of Foreign Affairs since 1973, having held various responsibilities over a span of 39 years in public service. He is currently also serving as a Special Envoy of the Prime Minister of Malaysia to the Islamic Republic of Afghanistan; a responsibility he assumes since June 2010.

His career during the 39 years to date in serving the Government of Malaysia saw him being 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. His other appointments were as Charge d' Affaires of Malaysia in Tehran, 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.

- Age 62, Malaysian
- Joined the Board on 20 September 2010
- Attended all 4 Board Meetings held in 2011
- Member of the Audit Committee





**Peter England**  
Non-Independent Non-Executive Director

Peter England holds a Master of Business Administration (specialising in Personal Financial Planning) from the University of Southern Queensland, Australia.

Peter England is the Head of Retail Financial Services of CIMB Group.

He is responsible for the overall management and financial performance of CIMB Bank PLC's business for individual and small enterprise customers. He also oversees the development of retail business in Singapore and Cambodia as well as insurance and Private Banking throughout the region.

Peter's responsibilities include business strategy, product development, credit management, and Technology Banking. Peter's team develops and sources a range of conventional and Islamic products and services.

Peter has over 30 years working experience in all aspects of retail banking and wealth management and has been based in Asia for most of the last 15 years. Prior to joining CIMB Group he was the Head of Retail Banking for two large Malaysian banking institutions.

- Age 51, Australian
- Joined Board on 20 December 2011



**Yew Wan Kup**  
Non-Independent Executive Director  
& General Manager

Yew Wan Kup holds two Master degrees from Universiti Malaya of Malaysia; a Master of Business Administration and a Master of Information Technology. Mr. Yew has also earned a Bachelor of Science (Hons) degree in Housing, Building and Planning (Architecture) from the Universiti Sains Malaysia of Malaysia.

He is the General Manager of CIMB Bank PLC. Mr. Yew first joined the CIMB Group in 2008 primarily to oversee the Group's expansion programs within the Indochina region.

Mr. Yew was at the vanguard of the establishment of CIMB Bank PLC in Cambodia in 2010 and as the General Manager he has been instrumental in the strategic business growth of the Bank. Mr. Yew carries a broad, overall responsibility to manage the entire banking operations in Cambodia.

His role requires him to formulate policies, plan and manages daily operations, develop strategies, products & services, vamp sales & branch network expansion plans above seeing to the improvement of the overall business development process. Mr. Yew played an advisory role to CIMB Thai's which included the sharing of proven business & operational practices, execution of core strategies, and optimisation of spending and investment.

Mr. Yew has more than 30 years of commercial banking experience. Prior to joining CIMB, Mr. Yew was managing at another Malaysian bank overseeing it's overseas operations in 12 locations worldwide. At yet another Malaysian bank, Mr. Yew was instrumental for the strategic and tactical directions in managing the operations of it's 180 branches with 2,300 staff.

- Age 53, Malaysian
- Joined the Board on 20 September 2010
- Attended all 4 Board Meetings held in 2011
- Member of the Risk Committee



# JOINT COMPANY SECRETARIES' PROFILES

**Ly Sophea**  
Joint Company Secretary

Ly Sophea is a joint Company Secretary of CIMB Bank PLC. She acts also as Joint Secretary to the Board of Directors and the Audit Committee of CIMB Bank PLC. She is Secretary to the Management Committee and also sits as a member of other Committees of the Bank including the Risk Committee and the Cambodia Credit Committee.

Prior to joining CIMB Bank PLC, Sophea was 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 6 years in Legal and Corporate Secretarial functions in the Legal and Corporate Affairs department at her previous place of work.

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



**Datin Rossaya Mohd Nashir**  
Joint Company Secretary

Datin Rossaya Mohd Nashir is the CIMB Group Company Secretary. She also acts as Secretary to various Board Committees as well as the Group Management Committee, and is a director of several subsidiaries in the CIMB Group. She also sits on 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 has more than 17 years of experience in corporate secretarial practice. Datin Rossaya started her career with Time Engineering Group and was later attached to Permodalan Nasional Berhad, where she was Joint Company Secretary for several subsidiaries. She joined Commerce International Merchant Bankers Berhad (now known as CIMB Investment Bank) in 2002 and was initially attached to the Corporate Legal Services Unit, before setting up the Company Secretarial Department in 2004.

Datin Rossaya is 43 years old and holds a Bachelor of Laws degree (majoring in Business Law) from Coventry University, United Kingdom. She is an affiliate of the Malaysian Institute of Chartered Secretaries and Administrators.

# MANAGEMENT COMMITTEE'S PROFILES







**Yew Wan Kup**  
General Manager

Yew Wan Kup is the General Manager of CIMB Bank PLC. He first joined the CIMB Group in 2008 primarily to oversee the Group's expansion programs within the Indochina region. He has been with CIMB Bank Plc in Cambodia since 2010 and as General Manager has been instrumental in the strategic business growth of the bank. Mr. Yew is responsible for managing the entire banking operations in Cambodia. Yew has more than 30 years of commercial banking experience.

He holds two Master degrees from Universiti Malaya of Malaysia; a Master of Business Administration and a Master of Information Technology. Mr. Yew also holds a Bachelor of Science (Hons) degree in Housing, Building and Planning (Architecture) from the Universiti Sains Malaysia of Malaysia. Prior to joining CIMB, Mr. Yew was managing at a Malaysian Bank overseeing its overseas operations in 12 locations worldwide. At yet another Malaysian Bank, Mr. Yew was instrumental for the strategic and tactical directions in managing the operations of its 180 branches with 2,300 staff.

See Mr. Yew's Board of Director Profile on page 49 for more information.



**Bun Yin**  
Deputy General Manager  
& Head, Commercial Banking

Bun Yin is the Deputy General Manager of CIMB Bank PLC. He also Heads the Commercial Banking that oversees the bank's small medium enterprise and corporate segments. His areas of responsibility in the Commercial Banking include sales strategy, credit analysis and customer management, as well as the development of key business products and services. As the DGM of CIMB Bank PLC, Bun Yin is instrumental in maintaining a good relationship with regional clients as well as local regulatory bodies. He has been active in driving the bank's business prospects; generating quality funds and balancing credits.

With 31 years of commercial banking experience, Bun Yin is recognized as one of the key players in the Cambodian banking industry. He has garnered for himself a wealth of experience in banking and has established an extensive network in the corporate and banking sectors in Cambodia. He has successfully led in areas involving credit management, trade finance, credit-card and contributed in important advisory roles especially during the setting up stage of CIMB Bank PLC in Cambodia.

Bun Yin holds a degree in Finance; Accounting and Banking. Prior to joining CIMB, Bun Yin held a similar position of Deputy General Manager at a major Malaysian bank in Cambodia.



**Heng Thida**  
Head, Retail Financial Services

Heng Thida is responsible for the overall management and financial performance of CIMB Retail banking and her duties include product development, sales and distribution, and credit management. Thida devises business strategies and takes care also of both Preferred banking, and Technology banking.

She started her career as a saleswoman in the import/export industry and later took on the challenge of an Account Executive in an International advertising agency for 4 years before she left for Japan to further her studies. On her return to Cambodia, Thida was consultant to the Mekong Private Development Facility on a World Bank program.

Before joining CIMB, Thida worked for a major bank in Cambodia for seven years at where she assumed various Management positions starting from Head of Marketing to Head of Retail Support and then as Head of Sales and Distribution.

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



**Heng Vuthy**  
Head, Finance

Heng Vuthy is Head of the Finance, a position that he assumes since he joined CIMB Bank PLC in August 2010.

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, budget control, taxation, accounting and regulatory reporting.

Vuthy also oversees all the accounting systems and accounting reports, approves budget modifications of significant amount and serves as liaison to the Group head office in Malaysia.

Prior to joining CIMB Bank PLC, he has garnered a wealth of 8 years experience in finance management, and was deputy head of a finance division in his last post with a major bank in Cambodia.

Vuthy holds a Master of Business Administration degree in Finance and is currently pursuing an Association of Chartered Certified Accountants (ACCA) degree from the United Kingdom licensing centre in Cambodia.





**Oum Chendapheakdey**  
Head, Human Resource

Oum Chendapheakdey advocates for both the company and the people who work in the bank, a task that demands good inter-personal skills. Her job requires her to perform a constant balancing act to successfully meet the needs on both sides.

She is an integral part of the Management team and is responsible for delivering all round HR services for the bank including managing staffing needs, sourcing & screening, interviewing candidates, selecting candidates to proceed through the hiring process and extending of offers. This involves working closely with all the heads of department in the bank. Her other duties include training and staff personal development in order to equip employees with new knowledge and skills to achieve optimal performance.

Oum Chendapheakdey holds a Bachelor of Business Administration degree from the National Institute of Management. In her previous employments, she was engaged in HR functions since 2002 and was promoted to engage in HR managerial roles from 2005 forward.



**Den Davuth**  
Head, Information Technology

Den Davuth is Head of Information Technology, a position he assumes since he joined CIMB Bank PLC in September 2010.

Davuth provides overall leadership in IT and directs the bank's technology efforts to ensure continuous development and execution of technical strategies and is responsible for managing the Bank's network infrastructure, core banking system, amongst other alternate channel integrations.

He currently oversees the IT operations including networks and the upcoming touch-points setup at the bank. His other duties include the deployment of more self-service terminals and major IT-related projects in all of the bank's branches. Besides reporting to the Management locally, he also reports to the Group Information and Operations - Group Technology (GIOD-GT) at the bank's head office in Malaysia.

Davuth holds two Bachelor of Arts degrees; one in Computer Science and another in English majoring in Professional Communication Skills from the Royal University of Phnom Penh.



**Ly Sophea**  
Head, Legal & Compliance &  
Company Secretary

Ly Sophea has been 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 manages functions of Legal and Corporate Secretariat. She is a joint Company Secretary to the Board of Directors and the Audit Committee of CIMB Bank PLC. She also acts as Secretary to the Management Committee and sits as a member 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 6 years in legal and corporate secretarial functions in the Legal and Corporate Affairs at her previous place of work.

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



**Pok Nivilay**  
Assistant Vice President,  
Marketing & Communications

Pok Nivilay is Assistant Vice President in charge of Marketing & Communications. Nivilay possesses a wealth of experience and knowledge in all aspects of marketing communications and is tasked with the responsibility of providing support to all internal and external communication, seeing to the alignment of the CIMB brand across all corporate initiatives and making sure that the CIMB Bank PLC brand is consistent with CIMB Group brand across the region. In her capacity, she is responsible for leading all corporate responsibilities pertaining to marketing and communications and her duties include brand management, marketing, media relations, event management, sponsorships and providing annual reports.

She holds a Master of Business Administration degree (specialising in Business Management) from Building Bright University, Cambodia. Prior to joining CIMB Bank PLC she has had more than 10 years experience in sales and marketing; having worked in various industries from advertising and engineering to telecommunications.





**Hong Sreynoun**  
Assistant Manager, Treasury

Hong Sreynoun’s primary duties are in sales of foreign exchange. In the course of her work, she is constantly in contact with customers; servicing both individuals and corporate clients. Sreynoun has since developed expertise in the functions of structured products, balance sheets, derivatives, currency market and funding management of the bank.

Prior to joining CIMB Bank PLC, Sreynoun was a Finance Analyst in the department of finance of a multi-national bank in Cambodia. This experience and her natural acumen have given Sreynoun a solid understanding of the financial markets and strong skills in strategic development, financial analysis, budgeting, planning and change management.

Sreynoun holds a Master’s degree in Accounting from the University of Melbourne (Australia), a Bachelor of Education degree from the Institute of Foreign Language (IFL), and a Bachelor of Business Administration degree from the National University of Management (NUM)

She is currently pursuing a further degree with the goal to join the global body for professional accountants; ACCA (the Association of Chartered Certified Accountants).



**Heng Torang**  
Assistant Manager,  
Risk Management

Heng Torang is the Assistant Manager in the Risk Management. Since joining CIMB Bank PLC in September 2010, he has assumed the position of Secretary to the Risk Committee.

His responsibilities include assessing & monitoring credit, market & liquidity risk positions with operational risk issues arising from the bank’s day to day business & operations. He represents the RMD at the Bank’s Committee meetings and and remains in communication with Group Risk Management, reporting all risk matters for the Risk Committee’s consideration and/or Board of Directors’ approval.

Prior to joining CIMB Bank PLC, Heng Torang was Assistant Vice President and Manager of Market and Treasury Risk at a major bank in Cambodia. Besides his expertise at risk management, he has had 3 years of experience in physical cash management in the Treasury.

Torang holds a Bachelor’s degree in Accounting from the National Institution of Management. He received his Master’s degree in Finance from Pannasastra University of Cambodia in 2011. He is pursuing a Certified Public Accountant (CPA) from the Association of Chartered Certified Accountants (ACCA) of the United Kingdom under tutorage of CamEd Business School Cambodia.

**BRANCH NETWORK**

**Norodom North Branch**  
20, Norodom Boulevard,  
Sangkat Phsar Chas, Khan Daun Penh  
Phnom Penh 12203  
Cambodia

**Norodom South Branch**  
216, Norodom Boulevard,  
Sangkat Tonle Bassac, Khan Chamkar Morn  
Phnom Penh 12301  
Cambodia

**Sihanouk Boulevard Branch**  
57F, Preah Sihanouk Boulevard, Village 6,  
Sangkat Chaktomok, Khan Daun Penh  
Penh Penh 12207  
Cambodia

**Mao Tse Toung Branch**  
187, Mao Tse Toung Blvd,  
Sangkat Tuol Svay Prey I,  
Khan Chamkarmorn  
Phnom Penh 12308  
Cambodia

**Olympic Branch**  
201, Jawaharlal Nehru Street, Village 10,  
Sangkat Phsa Dem Kor, Khan Toul Kork  
Phnom Penh 12159  
Cambodia

**Krong Preah Sihanouk Branch**  
90, Ekareach Street, Village 2,  
Sangkat 4, Khan Mittapheap,  
Preah Sihanouk Province  
Cambodia

**Siem Reap Branch**  
38-40, Sivatha Street, Village 2,  
Sangkat Svay Dangkom,  
Khan Siem Reap, Siem Reap Province  
Cambodia

**CIMB Preferred Centre**  
**Norodom North Branch**  
20, Norodom Boulevard,  
Sangkat Phsar Chas, Khan Daun Penh  
Phnom Penh 12203  
Cambodia

**Norodom South Branch**  
216, Norodom Boulevard,  
Sangkat Tonle Bassac, Khan Chamkar Morn  
Phnom Penh 12301  
Cambodia

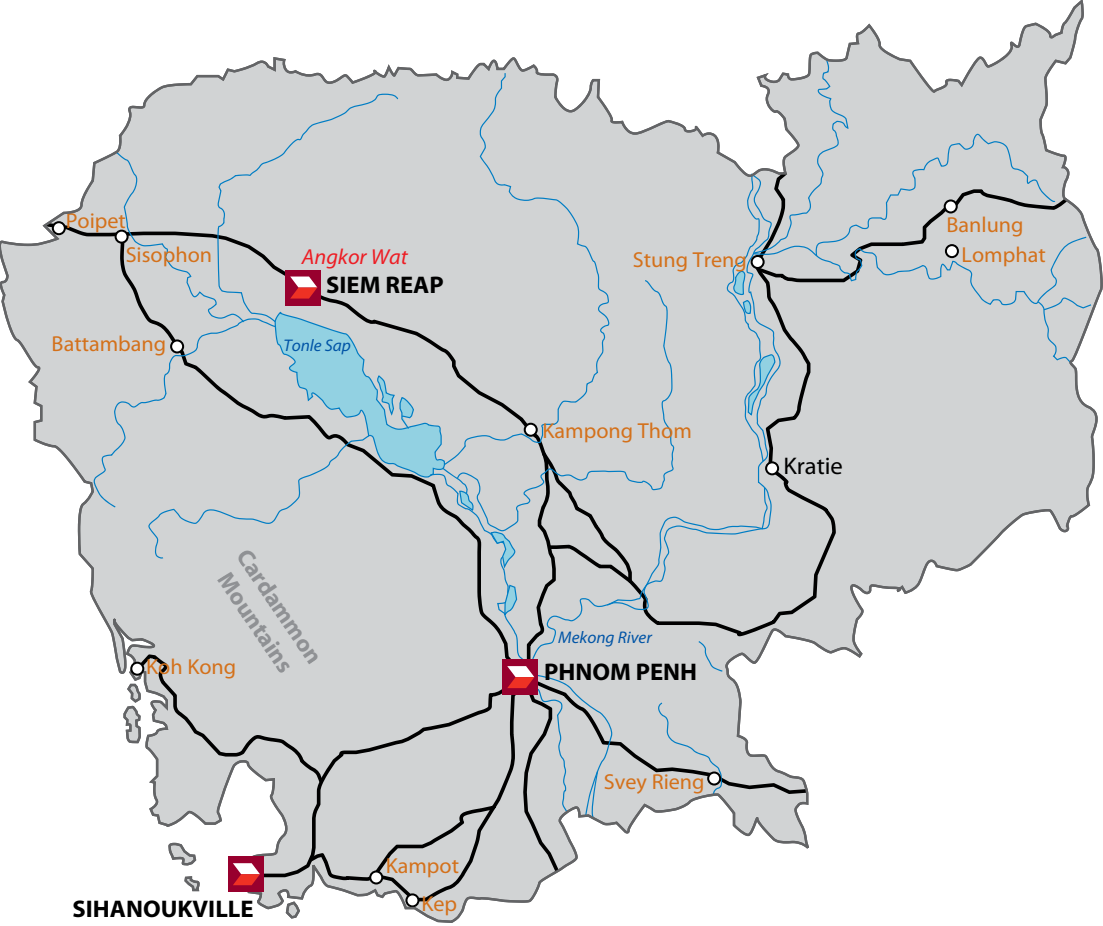
**Olympic Branch**  
201, Jawaharlal Nehru Street, Village 10,  
Sangkat Phsa Dem Kor, Khan Toul Kork  
Phnom Penh 12159  
Cambodia

**Siem Reap Branch**  
38-40, Sivatha Street, Village 2,  
Sangkat Svay Dangkom,  
Khan Siem Reap, Siem Reap Province  
Cambodia

**Off Site ATMs**  
**Naga World**  
Samdech Techo, Hun Sen Park,  
Phnom Penh 12207  
Cambodia

**T&C Samdech Pan**  
35-37, Samdech Pan (St. 214),  
Phnom Penh 12211  
Cambodia

**T&C Toul Kork**  
1, St. 592,  
Sangkat Boeung Kok II, Khan Toul Kork, Phnom  
Penh 12152  
Cambodia





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**AUDITED FINANCIAL STATEMENTS**

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# THE DIRECTOR’S DECLARATION ON THE FINANCIAL STATEMENTS

The Board of Directors (“the Directors”) hereby submit their report and the audited financial statements of CIMB Bank PLC (“the Bank”) for the year ended 31 December 2011.

## 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, 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 year ended 31 December 2011 are set out in the income statement on page 7.

No dividends were declared or paid during the year ended 31 December 2011.

## 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 resigned on 25 May 2011
- Mr. Peter England appointed on 20 Dec 2011

## 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 Directors of the Bank have received or become entitled to receive any benefit by reason of a contract made by the Bank with the Directors or with a firm of which the Directors are members, or with a company which the Directors have 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 2011 and of its financial performance and cash flows for the year then ended. In preparing these financial statements, the Directors are required to:

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

- ii) comply with the disclosure requirements and 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 2011, 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.



**YEW WAN KUP**  
General Manager

Phnom Penh,  
Cambodia  
29/03/2012



## INDEPENDENT AUDITOR'S REPORT

### To the shareholders of CIMB BANK PLC

We have audited the accompanying financial statements of CIMB BANK PLC which comprise the balance sheet as of 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the year ended 31 December 2011 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 2011, and of its financial performance and its cash flows for the year ended 31 December 2011 in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards.

For PricewaterhouseCoopers (Cambodia) Ltd.



**BY KUY LIM**  
Director

Phnom Penh,  
Cambodia  
29/03/2012





# BALANCE SHEET

## AS AT 31 DECEMBER 2011

		31 December 2011		31 December 2010	
	Note	US\$	KHR'000	US\$	KHR'000
		(Unaudited)		(Unaudited)	
ASSETS					
Cash on hand		2,977,180	12,024,830	256,052	1,037,779
Balances with the Central Bank	4	32,426,255	130,969,644	36,721,591	148,832,608
Deposits and placements with other banks	5	6,589,554	26,615,209	2,799,431	11,346,094
Loans and advances to customers	6	41,942,829	169,407,086	-	-
Other assets	7	508,555	2,054,054	102,565	415,696
Property and equipment	8	4,137,399	16,710,955	1,576,427	6,389,259
Intangible assets	9	917,909	3,707,434	1,094,304	4,435,215
Total assets		89,499,681	361,489,212	42,550,370	172,456,651
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks	10	3,031,245	12,243,199	19,990	81,020
Deposits from customers	11	49,634,594	200,474,125	3,011,123	12,204,082
Amount due to related company	12	384,528	1,553,109	1,471,659	5,964,634
Amount due to suppliers	13	935,834	3,779,834	1,144,146	4,637,224
Current income tax liabilities		3,169	12,800	129	523
Other liabilities	14	2,234,820	9,026,437	355,573	1,441,137
Total liabilities		56,224,190	227,089,504	6,002,620	24,328,620
SHAREHOLDERS' EQUITY					
Statutory capital	15	37,000,000	149,443,000	37,000,000	149,961,000
Accumulated losses		(3,724,509)	(15,043,292)	(452,250)	(1,832,969)
Total shareholder's equity		33,275,491	134,399,708	36,547,750	148,128,031
Total liabilities and shareholder's equity		89,499,681	361,489,212	42,550,370	172,456,651

# INCOME STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	For the year ended 31 December 2011		For the period ended 31 December 2010	
		US\$	KHR'000	US\$	KHR'000
		(Unaudited)		(Unaudited)	
Interest income	16	1,601,134	6,466,980	9,139	37,040
Interest expense	16	(495,958)	(2,003,174)	(4,561)	(18,486)
<b>Net interest income</b>		<b>1,105,176</b>	<b>4,463,806</b>	<b>4,578</b>	<b>18,554</b>
Fee and commission income	17	153,492	619,954	3,279	13,290
Personnel expenses	18	(1,524,370)	(6,156,930)	(153,209)	(620,956)
Depreciation and amortisation expenses	8,9	(1,218,147)	(4,920,096)	(57,439)	(232,800)
General and administrative expenses	19	(1,358,692)	(5,487,758)	(247,752)	(1,004,139)
Other operating income/ (loss)		12,654	51,111	(1,578)	(6,396)
Provision for doubtful debts	6(a)	(423,800)	(1,711,728)	-	-
<b>Loss before income tax</b>		<b>(3,253,687)</b>	<b>(13,141,641)</b>	<b>(452,121)</b>	<b>(1,832,447)</b>
Income tax expense	20	(18,572)	(75,012)	(129)	(522)
<b>Net loss for the year / the period</b>		<b>(3,272,259)</b>	<b>(13,216,653)</b>	<b>(452,250)</b>	<b>(1,832,969)</b>



STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2011

	Statutory capital US\$	Accumulated losses US\$	Total US\$
<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	-	(452,250)	(452,250)
At 31 December 2010	37,000,000	(452,250)	36,547,750
In KHR’ 000 equivalent (Unaudited)	149,961,000	(1,832,969)	148,128,031
<b>For the year ended 31 December 2011</b>			
At 1 January 2011	37,000,000	(452,250)	36,547,750
Net loss for the year	-	(3,272,259)	(3,272,259)
At 31 December 2011	37,000,000	(3,724,509)	33,275,491
In KHR’ 000 equivalent (Unaudited)	149,443,000	(15,043,292)	134,399,708

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	US\$	For the year ended 31 December 2011 KHR’ 000 (Unaudited)	US\$	For the period ended 31 December 2010 KHR’ 000 (Unaudited)
<b>Cash flows from operating activities</b>					
Cash generated from operations	21	4,773,278	19,278,991	5,499,918	22,291,168
Interest received		1,415,598	5,717,600	7,510	30,438
Interest paid		(354,705)	(1,432,653)	(2,184)	(8,852)
Income tax paid		(15,531)	(62,730)	-	-
Net cash generated from operating activities		5,818,640	23,501,208	5,505,244	22,312,754
<b>Cash flows from investing activities</b>					
Reserve requirement with the Central Bank		(5,985,000)	(24,173,415)	(270,000)	(1,094,310)
Capital guarantee deposits with the Central Bank		-	-	(3,700,000)	(14,996,100)
Purchase of property and equipment	8	(3,297,113)	(13,317,039)	(1,589,137)	(6,440,772)
Purchase of intangible assets	9	(305,612)	(1,234,367)	(1,139,033)	(4,616,501)
Net cash used in investing activities		(9,587,725)	(38,724,821)	(6,698,170)	(27,147,683)
<b>Cash flows from financing activities</b>					
Proceeds from issuing of shares		-	-	37,000,000	149,961,000
Net cash generated from financing activities		-	-	37,000,000	149,961,000
<b>Net increase in cash and cash equivalents</b>		(3,769,085)	(15,223,613)	35,807,074	145,126,071
Cash and cash equivalents at beginning of the year/ the period		35,807,074	145,126,071	-	-
Currency translation differences		-	(501,020)	-	-
<b>Cash and cash equivalents at end of the year/ the period</b>	22	32,037,989	129,401,438	35,807,074	145,126,071



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2011

### 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, Cambodia

The financial statements were authorised for issue by the Board of Directors on 29 March 2012.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 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 New accounting standards and interpretations

*(a) New standards, amendments to existing standards and interpretations effective in the year 2011.*

There were no standards, amendments to existing standards and interpretations which became effective in the financial year ended 31 December 2011.

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

On 28 August 2009, the National Accounting Council of the Ministry of Economy and Finance 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”) or CIFRS and amendments to existing standards, which have been published are relevant and mandatory for the Bank for accounting periods beginning on or after 1 January 2012, but have not been early adopted by the Bank:

- ***CIAS 1 (Amendment), ‘Financial statement presentation’ regarding other comprehensive Income***

The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. This is not expected to have a material impact on the Bank’s financial statements.

- ***CIAS 19 (Amendment), ‘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.

Subsequent amendments to the standard is to eliminate the corridor approach and calculate finance costs on a net funding basis. This is not expected to have a material impact on the Bank’s financial statements.

- ***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. This is not expected to have a material impact on the Bank’s financial statements.

- ***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 the related interest, dividends, losses and gains. This is not expected to have a material impact on the Bank’s financial statements.

- ***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. This is not expected to have a material impact on the Bank’s financial statements.

- ***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:

#### *Loans and advances to customers*

Loans and advances to customers are currently stated in the balance sheet at outstanding principal and interest, less any amounts written off, interest-in-suspense and provision for loan losses. Under CIAS 39, loans and receivables are initially recognised at fair value - which is the cash consideration to originate or purchase the loan including any transaction costs - and subsequently measured at amortised cost using the effective interest rate method.

#### *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, as disclosed in note 2.6 to the financial statements. CIAS 39 requires the Bank to assess at each reporting date whether there is objective evidence that a financial asset or a 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, other financial institutions and customers*

The Bank currently measures deposits from banks, other financial institutions and customers at the deposit amount. CIAS 39 requires that financial liabilities (which include deposits from banks, other financial institutions 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 collectability, 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 rate method. In respect of a financial asset or a group of similar financial assets which 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. Subsequent amendments to the standard requires an entity to provide qualitative disclosures in the context of quantitative disclosures on the nature and extent of risks arising from financial instruments. This is not expected to have a material impact on the Bank’s financial statements.

- ***CIFRS 9, ‘Financial instruments’***

CIFRS 9 is the first standard issued as part of a wider project to replace CIAS 39. CIFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The guidance in CIAS 39 on impairment of financial assets and hedge accounting continues to apply. The Bank is yet to assess CIFRS9’s full impact on financial statements.

- ***CIFRS 13, ‘Fair value measurement’***

CIFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across CIFRSs. The requirements, which are largely aligned between CIFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This is not expected to have a material impact on the Bank’s financial statements.

Other than the improvements 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 2011, are not relevant to the Bank’s operations.

#### *(c) Early adoption of standards*

In the year 2011, the Bank did not early-adopt any new or amended standards.



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 year ended 31 December 2011 using the official rate of exchange regulated by the Central Bank as at the reporting date, which was US\$ 1 to KHR 4,039 (31 December 2010: US\$1 to KHR4,053). 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.

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

Both past due and qualitative factors shall be taken into account for loan classification and provisioning.

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 a

ccumulated 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 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	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.

2.9 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 straightline 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. 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.

2.11 Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Fee and commission income comprise income received from inward and outward bank transfers, ATM fee charges, and others. 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 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.

2.15 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.

2.16 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.

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. For the purpose of loan classification, the Bank takes into account all relevant factors which may affect the counterparties' repayment abilities.

b) Income tax

Taxes are calculated on the basis of 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. BALANCES WITH THE CENTRAL BANK

	31 December 2011		31 December 2010	
	US\$	KHR' 000 (Unaudited)	US\$	KHR' 000 (Unaudited)
Current account	12,471,255	50,371,399	3,751,591	15,205,198
Fixed deposit (a)	10,000,000	40,390,000	29,000,000	117,537,000
Reserve requirement (b)	6,255,000	25,263,945	270,000	1,094,310
Statutory deposit (c)	3,700,000	14,944,300	3,700,000	14,996,100
	<u>32,426,255</u>	<u>130,969,644</u>	<u>36,721,591</u>	<u>148,832,608</u>

*(a) Fixed deposit*

Fixed deposit with the Central Bank is short term deposit with maturity less than three months.

requirement on customers' deposits in KHR bear no interest.

*(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.

*(b) 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

*(d) Interest rates*

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

	2011	2010
Fixed deposit	0.10% - 0.13%	0.10% - 0.13%
Reserve requirement	0.05% - 0.11%	0.05% - 0.11%
Statutory deposit	0.05% - 0.10%	0.05% - 0.13%

#### 5. DEPOSITS AND PLACEMENTS WITH OTHER BANKS

	31 December 2011		31 December 2010	
	US\$	KHR' 000 (Unaudited)	US\$	KHR' 000 (Unaudited)
Current accounts	6,589,554	26,615,209	19,431	78,754
Placements with other bank	-	-	2,780,000	11,267,340
	<u>6,589,554</u>	<u>26,615,209</u>	<u>2,799,431</u>	<u>11,346,094</u>

Current accounts bear no interest. Placements with other bank in 2010 are mainly with CIMB Bank Berhad, Malaysia. Placements are short term and earn interest from 0.1% to 0.3% per annum.

#### 6. LOANS AND ADVANCES TO CUSTOMERS

	31 December 2011		31 December 2010	
	US\$	KHR' 000 (Unaudited)	US\$	KHR' 000 (Unaudited)
Commercial loans:				
Long-term loans	29,708,516	119,992,696	-	-
Overdrafts	12,658,113	51,126,118	-	-
Total loans & advances - gross	<u>42,366,629</u>	<u>171,118,814</u>	<u>-</u>	<u>-</u>
Provisions for doubtful debts	<u>423,800</u>	<u>(1,711,728)</u>	<u>-</u>	<u>-</u>
	<u>41,942,829</u>	<u>169,407,086</u>	<u>-</u>	<u>-</u>

All loans were granted to individual Cambodian borrowers and entities incorporated in Cambodia.

*(a) Provision for doubtful debts*

Movements in the provisions for bad and doubtful debts are as follows:

	31 December 2011	
	US\$	KHR '000 (Unaudited)
At beginning of the year	-	-
Provision for the year	<u>423,800</u>	<u>1,711,728</u>
At end of the year	<u>423,800</u>	<u>1,711,728</u>

*(b) Analysis by classification*

	31 December 2011	
	US\$	KHR '000 (Unaudited)
Standard	42,366,629	171,118,814
Secured	-	-
Unsecured	<u>42,366,629</u>	<u>171,118,814</u>

*(c) Analysis by industry*

	31 December 2011	
	US\$	KHR '000 (Unaudited)
Services	13,772,618	55,627,604
Real estate business	9,027,023	36,460,146
Wholesales and retails	6,763,397	27,317,360
Personal own use	4,887,109	19,739,033
Constructions	3,551,411	14,344,149
Import	3,192,577	12,894,819
Textile industries	525,993	2,124,486
Other industries	383,826	1,550,273
Food industries	262,675	1,060,944
	<u>42,366,629</u>	<u>171,118,814</u>

*(d) Maturity analysis*

	31 December 2011	
	US\$	KHR '000 (Unaudited)
Later than 3 months and no later than 12 months	12,658,113	51,126,118
Later than 1 year and no later than 5 years	8,390,377	33,888,733
Later than 5 years	<u>21,318,139</u>	<u>86,103,963</u>
	<u>42,366,629</u>	<u>171,118,814</u>

*(e) Exposure analysis*

	31 December 2011	
	US\$	KHR '000 (Unaudited)
Large exposures	5,803,783	23,441,480
Non-large exposures	<u>36,562,846</u>	<u>147,677,334</u>
	<u>42,366,629</u>	<u>171,118,814</u>

*(f) Interest rate*

These loans and advances to customers earn interest at annual rates ranging from 8% to 12%.



7. OTHER ASSETS

	31 December 2011		31 December 2010	
	US\$	KHR' 000	US\$	KHR' 000
		(Unaudited)		(Unaudited)
Deposits (*)	206,804	835,281	85,445	346,309
Interest receivables	187,165	755,959	1,629	6,602
Inventories	19,478	78,672	-	-
Receivable from CIMB Bank Berhad	1,902	7,682	10,823	43,866
Others	93,206	376,460	4,668	18,919
	508,555	2,054,054	102,565	415,696

(\*) 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.

8. PROPERTY AND EQUIPMENT

	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Assets under construction US\$	Total US\$	
Period ended 31 December 2010						
At 20 September 2010 (incorporation date)	-	-	-	-	-	
Additions	44,876	4,444	260,400	1,279,417	1,589,137	
Depreciation	(338)	(236)	(12,136)	-	(12,710)	
Closing net book value	44,538	4,208	248,264	1,279,417	1,576,427	
As at 31 December 2010						
Cost	44,876	4,444	260,400	1,279,417	1,589,137	
Accumulated depreciation	(338)	(236)	(12,136)	-	(12,710)	
Net book value	44,538	4,208	248,264	1,279,417	1,576,427	
Net book value in KHR' 000 equivalent (Unaudited)	180,513	17,055	1,006,214	5,185,477	6,389,259	
	Leasehold improvements US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Assets under construction US\$	Total US\$
Year ended 31 December 2011						
Open net book value	-	44,538	4,208	248,264	1,279,417	1,576,427
Additions	2,457,452	429,549	1,077,122	154,012	(821,022)	3,297,113
Depreciation charge	(287,385)	(48,783)	(334,551)	(65,422)	-	(736,141)
Closing net book value	2,170,067	425,304	746,779	336,854	458,395	4,137,399
As at 31 December 2011						
Cost	2,457,452	474,425	1,081,566	414,412	458,395	4,886,250
Accumulated depreciation	(287,385)	(49,121)	(334,787)	(77,558)	-	(748,851)
Net book value	2,170,067	425,304	746,779	336,854	458,395	4,137,399
Net book value in KHR' 000 equivalent (Unaudited)	8,764,901	1,717,803	3,016,240	1,360,553	1,851,458	16,710,955

9. INTANGIBLE ASSETS

	Computer software
	US\$
Period ended 31 December 2010	
At 20 September 2010 (incorporation date)	-
Additions	1,139,033
Amortisation	(44,729)
Closing net book value	1,094,304
As at 31 December 2010	
Cost	1,139,033
Accumulated amortisation	(44,729)
Net book value	1,094,304
Net book value in KHR' 000 equivalent (Unaudited)	4,435,215
Year ended 31 December 2011	
Open net book value	1,094,304
Additions	305,612
Amortisation	(482,006)
Closing net book value	917,910
As at 31 December 2011	
Cost	1,444,645
Accumulated amortisation	(526,736)
Net book value	917,909
Net book value in KHR' 000 equivalent (Unaudited)	3,707,434

10. DEPOSITS FROM BANKS

	31 December 2011		31 December 2010	
	US\$	KHR' 000	US\$	KHR' 000
		(Unaudited)		(Unaudited)
Current accounts	19,995	80,760	-	-
Fixed deposits	3,011,250	12,162,439	19,990	81,020
	3,031,245	12,243,199	19,990	81,020

Fixed deposits are short-term and have maturities of less than three months. The fixed deposits bear interest from 0.5% to 1.5% per annum.

11. DEPOSITS FROM CUSTOMERS

	31 December 2011		31 December 2010	
	US\$	KHR' 000	US\$	KHR' 000
		(Unaudited)		(Unaudited)
Current accounts	11,489,731	46,407,024	386,466	1,566,347
Savings accounts	4,702,980	18,995,336	497,916	2,018,054
Fixed deposits	33,441,883	135,071,765	2,126,741	8,619,681
	49,634,594	200,474,125	3,011,123	12,204,082

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:

	2011	2010
Savings accounts	0.5% to 1.5%	0.5% - 0.75%
Fixed deposits	2.25% - 4.75%	2.25% - 4.25%



## 12. AMOUNT DUE TO RELATED COMPANY

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.

## 13. AMOUNT DUE TO SUPPLIERS

The amount was mainly the payables to suppliers of the renovation work, cable camera television access control, alarm system and purchase of computer equipment. These payables will be settled within 12 months.

## 14. OTHER LIABILITIES

	31 December 2011		31 December 2010	
	US\$	KHR' 000	US\$	KHR' 000
		(Unaudited)		(Unaudited)
Banker's cheque and other collection accounts	1,752,251	7,077,342	214,980	871,314
Accrual interest payable	143,630	580,122	2,377	9,634
Accrued tax payable	36,837	148,785	7,584	30,738
Other liabilities	302,102	1,220,188	130,632	529,451
	<u>2,234,820</u>	<u>9,026,437</u>	<u>355,573</u>	<u>1,441,137</u>

All of these liabilities are expected to be settled within one year.

## 15. STATUTORY CAPITAL

The registered statutory capital of the Bank as at 31 December 2011 is 37 million shares (31 December 2010: 37 million shares) at a par value of US\$ 1 per share. All shares are fully paid-up.

## 16. NET INTEREST INCOME

	For the year ended 31 December 2011		For the period ended 31 December 2010	
	US\$	KHR '000	US\$	KHR '000
		(Unaudited)		(Unaudited)
<i>Interest income:</i>				
Loans and advances to customers	1,568,405	6,334,788	19	77
Placements with the Central Bank and other banks	32,729	132,192	9,120	36,963
<b>Total interest income</b>	<u>1,601,134</u>	<u>6,466,980</u>	<u>9,139</u>	<u>37,040</u>
<i>Interest expense:</i>				
Term deposits	(469,361)	(1,895,749)	(4,311)	(17,472)
Savings deposits	(26,597)	(107,425)	(250)	(1,014)
<b>Total interest expense</b>	<u>(495,958)</u>	<u>(2,003,174)</u>	<u>(4,561)</u>	<u>(18,486)</u>
<b>Net interest income</b>	<u>1,105,176</u>	<u>4,463,806</u>	<u>4,578</u>	<u>18,554</u>

## 17. FEE AND COMMISSION INCOME

Fee and commission income represents mainly from commission earned from fund remittance fees.

## 18. PERSONNEL EXPENSES

	For the year ended 31 December 2011		For the period ended 31 December 2010	
	US\$	KHR' 000	US\$	KHR' 000
		(Unaudited)		(Unaudited)
Salaries and wages	987,046	3,986,679	135,606	549,611
Other short-term benefits	271,074	1,094,868	17,603	71,345
Bonus and incentive	266,250	1,075,383	-	-
	<u>1,524,370</u>	<u>6,156,930</u>	<u>153,209</u>	<u>620,956</u>

## 19. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December 2011		For the period ended 31 December 2010	
	US\$	KHR' 000	US\$	KHR' 000
		(Unaudited)		(Unaudited)
Rental	299,547	1,209,870	46,718	189,348
Office supplies	106,194	428,918	12,216	49,511
Repair and maintenance	105,610	426,559	7,432	30,122
Communication expenses	99,012	399,909	8,781	35,589
Director's fee	96,166	388,414	-	-
Advertising and public relations	96,527	389,873	10,973	44,474
Utilities	78,304	316,270	12,389	50,213
Travelling and accommodation	53,441	215,848	21,562	87,391
Legal and professional fees	30,442	122,955	95,315	386,312
Others expenses	393,449	1,589,142	32,366	131,179
	<u>1,358,692</u>	<u>5,487,758</u>	<u>247,752</u>	<u>1,004,139</u>

## 20. INCOME TAX EXPENSE

	For the year ended 31 December 2011		From 20 September to 31 December 2010	
	US\$	KHR' 000	US\$	KHR' 000
		(Unaudited)		(Unaudited)
Current tax	1 8,572	75,012	129	522

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.



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:

	For the year ended 31 December 2011		For the period ended 31 December 2010	
	US\$	KHR '000 (Unaudited)	US\$	KHR '000 (Unaudited)
<b>Loss before income tax</b>	(3,253,687)	(13,141,641)	(452,121)	(1,832,447)
<b>Tax calculated at 20%</b>	(650,737)	(2,628,328)	(90,424)	(366,489)
<b>Tax effects in respect of: Expenses not deductible for tax purposes</b>	18,346	74,099	310	1,256
<b>Tax on profit at 20%</b>	-	-	-	-
<b>Minimum tax at 1% of turnover</b>	18,572	75,012	129	522

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.

## 21. CASH GENERATED FROM OPERATIONS

	For the year ended 31 December 2011		For the period ended 31 December 2010	
	US\$	KHR '000 (Unaudited)	US\$	KHR '000 (Unaudited)
<b>Loss before income tax</b>	(3,253,687)	(13,141,641)	(452,121)	(1,832,447)
<i>Adjustments for:</i>				
<b>Provision for doubtful debt</b>	423,800	1,711,728	-	-
<b>Depreciation and amortisation</b>	1,218,147	4,920,096	57,439	232,800
<b>Net interest income</b>	(1,105,176)	(4,463,806)	(4,578)	(18,554)
<b>Operating profit before changes in operating assets and liabilities</b>	(2,716,916)	(10,973,623)	(399,260)	(1,618,201)
<i>Changes in operating assets and liabilities</i>				
<b>Loans and advances to customers</b>	(42,366,629)	(171,118,814)	-	-
<b>Other assets</b>	(220,454)	(890,414)	(100,936)	(409,094)
<b>Deposits from banks</b>	3,011,255	12,162,179	19,990	81,020
<b>Deposits from customers</b>	46,623,471	188,312,199	3,011,123	12,204,082
<b>Amount due related company</b>	(1,087,131)	(4,390,922)	1,471,659	5,964,634
<b>Amount due to suppliers</b>	(208,312)	(841,372)	1,144,146	4,637,224
<b>Other liabilities</b>	1,737,994	7,019,758	353,196	1,431,503
<b>Cash generated from operations</b>	4,773,278	19,278,991	5,499,918	22,291,168

## 22. CASH AND CASH EQUIVALENTS

	31 December 2011		31 December 2010	
	US\$	KHR '000 (Unaudited)	US\$	KHR '000 (Unaudited)
<b>Cash on hand</b>	2,977,180	12,024,830	256,052	1,037,779
<i>Balances with the Central Bank:</i>				
<b>Current account</b>	12,471,255	50,371,399	3,751,591	15,205,198
<b>Term deposits (maturity less than three months)</b>	10,000,000	40,390,000	29,000,000	117,537,000
<b>Balances with other banks</b>				
<b>Current accounts</b>	6,589,554	26,615,209	19,431	78,754
<b>Term deposits (maturity less than three months)</b>	-	-	2,780,000	11,267,340
	32,037,989	129,401,438	35,807,074	145,126,071

## 23. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments to extend credit

At 31 December 2011, 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:

	31 December 2011		31 December 2010	
	US\$	KHR '000 (Unaudited)	US\$	KHR '000 (Unaudited)
<b>loan commitment</b>	5,455,600	22,035,168	-	-
<b>Unused portion of overdrafts</b>	9,323,540	37,657,778	-	-
	14,779,140	59,692,946	-	-



## 24. 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 2011		31 December 2010	
	US\$	KHR' 000 (Unaudited)	US\$	KHR' 000 (Unaudited)
<b>Due to:</b>				
<i>Intermediate parent company:</i>				
<b>Amounts due to CIMB Bank Berhad (Note 12)</b>	384,528	1,553,109	1,471,659	5,964,634
<b>Deposits and placements from key Management personnel</b>	6,843	27,639	10,036	40,676
	<u>391,371</u>	<u>1,580,748</u>	<u>1,481,695</u>	<u>6,005,310</u>
<b>Due from:</b>				
<i>Intermediate parent company:</i>				
<b>CIMB Bank Berhad</b>	6,570,741	26,539,223	2,799,431	11,346,094
<i>Fellow subsidiaries:</i>				
<b>CIMB Bank (Singapore Branch)</b>	7,813	31,557	-	-
<b>Deposit and placement with PT BANK CIMB NIAGA TBK (Indonesia)</b>	11,000	44,429	-	-
	<u>6,589,554</u>	<u>26,615,209</u>	<u>2,799,431</u>	<u>11,346,094</u>

### c) Related-party transactions

	For the year ended 31 December 2011		For the period ended 31 December 2010	
	US\$	KHR' 000 (Unaudited)	US\$	KHR' 000 (Unaudited)
<b>Expenses:</b>				
<b>Interest expense paid/payable on deposits from key Management personnel</b>	307	1,240	4	16

### d) Key Management personnel remuneration

	For the year ended 31 December 2011		For the period ended 31 December 2010	
	US\$	KHR' 000 (Unaudited)	US\$	KHR' 000 (Unaudited)
<b>Director's fee</b>	96,166	388,414	-	-
<b>Salaries and short-term benefits</b>	315,386	1,273,844	53,938	218,611

## 25. 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:

	31 December 2011		31 December 2010	
	US\$	KHR' 000 (Unaudited)	US\$	KHR' 000 (Unaudited)
<i>Financial assets</i>				
<b>Cash on hand</b>	2,977,180	12,024,830	256,052	1,037,779
<b>Balances with the Central Bank</b>	32,426,255	130,969,644	36,721,591	148,832,608
<b>Deposits and placements with other banks</b>	6,589,554	26,615,209	2,799,431	11,346,094
<b>Loans and advances to customers (*)</b>	42,366,629	171,118,814	-	-
<b>Other assets</b>	395,871	1,598,923	97,897	396,777
	<u>84,755,489</u>	<u>342,327,420</u>	<u>39,874,971</u>	<u>161,613,258</u>
<i>Financial liabilities</i>				
<b>Deposits from banks</b>	3,031,245	12,243,199	19,990	81,020
<b>Deposits from customers</b>	49,634,594	200,474,125	3,011,123	12,204,082
<b>Amount due to parent company</b>	384,528	1,553,109	1,471,659	5,964,634
<b>Amount due to suppliers</b>	935,834	3,779,834	1,144,146	4,637,224
<b>Other liabilities</b>	2,197,983	8,877,653	347,989	1,410,399
	<u>56,184,184</u>	<u>226,927,920</u>	<u>5,994,907</u>	<u>24,297,359</u>
<b>Net financial assets</b>	<u>28,571,305</u>	<u>115,399,500</u>	<u>33,880,064</u>	<u>137,315,899</u>

\* excludes general provision for loan losses.



25.1 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.

e) Loans and advances

Loans and advances are summarised as follows:

	31 December 2011		31 December 2010	
	US\$	KHR '000	US\$	KHR '000
	(Unaudited)		(Unaudited)	
Loans and advances neither past due nor impaired	42,366,629	171,118,814	-	-
Less:				
Provision for doubtful debts	(423,800)	(1,711,728)	-	-
Net loans and advances	41,942,829	169,407,086	-	-

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 loan loss is US\$423,800 which represents 1% general provision for all outstanding loans and advances.

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.

There is no loans and advances that are past due but not impaired as at 31 December 2011.

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 more than 90 days 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.

There is no loans and advances that are individually impaired as at 31 December 2011.

iv. Loans and advances renegotiated

There were no renegotiated loans and advances at 31 December 2011.

f) Repossessed collateral

During the year ended 31 December 2011, the Bank did not obtain assets by taking possession of collateral held as security.

Reposessed properties have to be sold within one year as required by the Central Bank. Repossessed property is classified in the balance sheet as foreclosed properties.

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

	31 December 2011		31 December 2010	
	US\$	KHR '000	US\$	KHR '000
	(Unaudited)		(Unaudited)	
<i>Credit risks exposures relating to on-balance sheet assets:</i>				
Balances with other banks	6,589,554	26,615,209	2,799,431	11,346,094
Loans and advances to customers (*)	42,366,629	171,118,814	-	-
Other assets	395,871	1,598,923	97,897	396,777
<i>Credit risk exposures relating to off-balance sheet items:</i>				
Loan commitments	5,455,600	22,035,168	-	-
Unused portion of approved credit facilities	9,323,540	37,657,778	-	-
	64,131,194	259,025,892	2,897,328	11,742,871

\* excludes general provision for loan losses.

The above table represents a worse case scenario of credit risk exposure to the Bank at 31 December 2011 and 2010, 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.

As shown above, 66% 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:

- 100% of loans and advances of the Bank are collateralised and credit is given at 60% to 70% of collateral value.
- 100% of loans portfolios are considered neither past due nor impaired.
- The Bank has a proper credit evaluation process in place for granting of loans and advances to customers.



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 carrying amount, as catergorised by geographical region as at 31 December 2011. For this table, the Bank has allocated exposure to countries based on the country of domicile of our counterparties.

	Cambodia US\$	Malaysia US\$	Total US\$
At 31 December 2010			
Deposits and placements with other banks	-	6,589,554	6,589,554
Loans and advances to customers (*)	42,366,629	-	42,366,629
Other assets	393,969	1,902	395,871
	42,760,598	6,591,456	49,352,054
<b>Total financial assets In KHR'000 equivalent (Unaudited)</b>	<b>172,710,055</b>	<b>26,622,891</b>	<b>199,332,946</b>
At 31 December 2011			
Deposits and placements with other banks	-	2,799,431	2,799,431
Other assets	87,074	10,823	97,897
	87,074	2,810,254	2,897,328
<b>Total financial assets In KHR'000 equivalent (Unaudited)</b>	<b>352,911</b>	<b>11,389,959</b>	<b>11,742,870</b>

\* excludes general provision for loan losses.

g) Concentration of financial assets with credit risk exposure (continued)

ii. Industry sector

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

	Financial institution US\$	services US\$	Real estate business US\$	Wholesales and retails US\$	Construct -ions US\$	Import US\$	Other industries US\$	Individuals US\$	Total US\$
31 December 2011									
Deposits and placements with other banks	6,589,554	-	-	-	-	-	-	-	6,589,554
Loans and advances to customers	-	13,772,618	9,027,023	6,763,397	3,551,411	3,192,577	1,172,493	4,887,110	42,366,629
Other assets	395,871	-	-	-	-	-	-	-	395,871
As at 31 December 2011	6,985,425	13,772,618	9,027,023	6,763,397	3,551,411	3,192,577	1,172,493	4,887,110	49,352,054
<b>In KHR '000 equivalents (Unaudited)</b>	<b>28,214,132</b>	<b>55,627,604</b>	<b>36,460,146</b>	<b>27,317,360</b>	<b>14,344,149</b>	<b>12,894,819</b>	<b>4,735,699</b>	<b>19,739,037</b>	<b>199,332,946</b>
31 December 2010									
Deposits and placements with other banks	2,799,431	-	-	-	-	-	-	-	2,799,431
Other assets	97,897	-	-	-	-	-	-	-	97,897
As at 31 December 2010	2,897,328	-	-	-	-	-	-	-	2,897,328
<b>In KHR '000 equivalents (Unaudited)</b>	<b>11,742,870</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,742,870</b>

\* excludes general provision for loan losses.

25.2 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.

As of 31 December 2011, the Bank did not have financial instruments carried at fair value. The Bank does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to hold its risk exposures.

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 2011.

At 31 December 2011	US\$	IDR	KHR	MYR	SGD	THB	Total
<b>Financial assets</b>							
Cash on hand	2,962,701	-	14,479	-	-	-	2,977,180
Balances with Central Bank	32,421,034	-	5,221	-	-	-	32,426,255
Deposits and placements with other banks	6,570,709	11,000	-	-	7,813	32	6,589,554
Loans and advances to customers	42,366,629	-	-	-	-	-	42,366,629
Other assets	395,871	-	-	-	-	-	395,871
	84,716,944	11,000	19,700	-	7,813	32	84,755,489
<b>Financial liabilities</b>							
Deposits from banks	3,031,245	-	-	-	-	-	3,031,245
Deposits from customers	49,634,594	-	-	-	-	-	49,634,594
Amount due to related company	384,528	-	-	-	-	-	384,528
Amount due to suppliers	923,924	-	11,910	-	-	-	935,834
Other liabilities	2,164,504	-	8,745	24,734	-	-	2,197,983
	56,138,795	-	20,655	24,734	-	-	56,184,184
<b>Net on-balance sheet position</b>	<b>28,578,149</b>	<b>11,000</b>	<b>(955)</b>	<b>(24,734)</b>	<b>7,813</b>	<b>32</b>	<b>28,571,305</b>
<b>In KHR'000 equivalent (Unaudited)</b>	<b>115,427,143</b>	<b>44,429</b>	<b>(3,857)</b>	<b>(99,901)</b>	<b>31,557</b>	<b>129</b>	<b>115,399,500</b>
<b>Credit commitments</b>	<b>14,779,140</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,779,140</b>
<b>In KHR'000 equivalent (Unaudited)</b>	<b>59,692,946</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,692,946</b>



b) Foreign exchange risk (continued)

	US\$	RM	KHR	Total
At 31 December 2010				
<i>Financial assets</i>				
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
	39,870,610	-	4,361	39,874,971
<i>Financial liabilities</i>				
Deposits from banks	19,990	-	-	19,990
Deposits from customers	3,011,123	-	-	3,011,123
Amount due to related company	999,105	1,616,700	-	2,615,805
Other liabilities	340,448	-	7,541	347,989
	4,370,666	1,616,700	7,541	5,994,907
<b>Net on-balance sheet position</b>	35,499,944	(1,616,700)	(3,180)	33,880,064
<b>Net on-balance sheet position in KHR'000 equivalent (Unaudited)</b>	143,881,273	(6,552,485)	(12,889)	137,315,899

c) Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase or decrease due to unexpected movements in rates. Management regularly monitors any mismatch of interest rate 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\$
At 31 December 2011							
<i>Financial assets</i>							
Cash on hand	-	-	-	-	-	2,977,180	2,977,180
Balances with the Central Bank	10,000,000	-	-	-	5,785,000	16,641,255	32,426,255
Deposits and placements with other banks	-	-	-	-	-	6,589,554	6,589,554
Loans and advances to customers (*)	-	-	12,658,113	8,390,377	21,318,139	-	42,366,629
Other assets	-	-	-	-	-	395,871	395,871
	10,000,000	-	12,658,113	8,390,377	27,103,139	26,603,860	84,755,489
<i>Financial liabilities</i>							
Deposits from banks	19,995		-	3,011,250	-	-	-
	3,031,245						
Deposits from customers	19,897,514		15,254,609	2,992,740	-	-	11,489,731
	49,634,594						
Amount due to related company	-	-	-	-	-	384,528	384,528
Amount due to suppliers	-	-	-	-	-	935,834	935,834
Other liabilities	-	-	-	-	-	2,197,983	2,197,983
	19,917,509	15,254,609	6,003,990	-	-	15,008,076	56,184,184
<b>Total interest rate re-pricing gap In KHR' 000 equivalent (Unaudited)</b>	(9,917,509)	(15,254,609)	6,654,123	8,390,377	27,103,139	11,595,784	28,571,305
	(40,056,819)	(61,613,366)	26,876,003	33,888,733	109,469,578	46,835,372	115,399,501

\* excludes general provision for loan losses.

c) Interest rate risk (continued)

	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\$
At 31 December 2010							
<i>Financial assets</i>							
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
	31,780,000	-	-	-	3,835,000	4,259,971	39,874,971
<i>Financial liabilities</i>							
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 related company	-	-	-	-	-	1,471,659	1,471,659
Amount due to suppliers	-	-	-	-	-	1,144,146	1,144,146
Other liabilities	-	-	-	-	-	347,989	347,989
	2,011,367	311,000	282,300	-	-	3,390,240	5,994,907
<b>Total interest rate re-pricing gap</b>	29,768,633	(311,000)	(282,300)	-	3,835,000	869,731	33,880,064
<b>In KHR' 000 equivalent (Unaudited)</b>	120,652,270	(1,260,483)	(1,144,162)	-	15,543,255	3,525,021	137,315,901

25.3 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

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\$
At 31 December 2011						
<i>Liabilities</i>						
Deposits from banks	19,995	3,022,533	-	-	-	3,042,528
Deposits from customers	31,293,582	15,403,002	3,091,860	-	-	49,788,444
Amount due to parent company	384,528	-	-	-	-	384,528
Amount due to suppliers	935,834	-	-	-	-	935,834
Other liabilities	2,197,983	-	-	-	-	2,197,983
<b>Total financial liabilities (contractual maturity dates)</b>	34,831,922	18,425,535	3,091,860	-	-	56,349,317
<b>Total financial assets (contractual maturity dates)</b>	36,603,860	1,017,187	4,577,340	21,332,364	24,705,932	88,236,683
<b>Net liquidity gap - US\$</b>	1,771,938	(17,408,348)	1,485,480	21,332,364	24,705,932	31,887,366
<b>In KHR' 000 equivalent (Unaudited)</b>	7,156,858	(70,312,318)	5,999,854	86,161,418	99,787,259	128,793,071



c) Non-derivative cash flows (continued)

	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\$
At 31 December 2010						
<i>Liabilities</i>						
Deposits from banks	19,990	-	-	-	-	19,990
Deposits from customers	2,418,283	312,931	291,010	-	-	3,022,224
Amount due to related company	1,471,659	-	-	-	-	1,471,659
Amount due to suppliers	1,144,146	-	-	-	-	1,144,146
Other liabilities	347,989	-	-	-	-	347,989
Total financial liabilities (contractual maturity dates)	5,402,067	312,931	291,010	-	-	6,006,008
Total financial assets (contractual maturity dates)	36,039,971	-	-	-	3,835,000	39,874,971
Net liquidity gap - US\$	30,637,904	(312,931)	(291,010)	-	3,835,000	33,868,963
In KHR' 000 equivalent (Unaudited)	124,175,423	(1,268,308)	(1,179,465)	-	15,543,255	137,270,905

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 23), are summarised in below table.
- ii. Other financial facilities  
Other financial facilities (Note 23) 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 2011 based on the contractual maturity dates:

	Not later than 1 year	1 to 5 years	Total
At 31 December 2011			
Loan commitments US\$	5,455,600	-	5,455,600
Unused portion of approved overdraft US\$	9,323,540	-	9,323,540
	14,779,140	-	14,779,140
Financial commitments - KHR' 000 equivalent (Unaudited)	59,692,946	-	59,692,946

### 25.4 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.

### 25.5 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) *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.

### 25.6 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:

	31 December 2011		31 December 2010	
	US\$	KHR' 000 (Unaudited)	US\$	KHR' 000 (Unaudited)
Tier 1 (core capital)				
Statutory capital	37,000,000	149,443,000	37,000,000	149,961,000
Accumulated losses	(3,724,509)	(15,043,292)	(452,250)	(1,832,969)
	33,275,491	134,399,708	36,547,750	148,128,031
Less:				
Intangible assets	(917,909)	(3,707,434)	(1,094,304)	(4,435,215)
	32,357,582	130,692,274	35,453,446	143,692,816
Tier 2 (complementary capital)				
General provision (Prakas on Asset Classification)	423,800	1,711,728	-	-
Regulated capital/ net worth	32,781,382	132,404,002	35,453,446	143,692,816

As at 31 December 2011, the Bank's net worth fell below minimum capital due to accumulated losses. 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 of from the date of commercial operation. 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.



GROUP CORPORATE DIRECTORY

**CIMB Group Holdings Berhad**  
**CIMB Group Sdn. Bhd.**  
**CIMB Investment Bank Berhad**  
**CIMB Futures Sdn. Bhd.**  
**CIMB SI Sdn. Bhd.**  
10th Floor, Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia  
Tel : 603 2084 8888  
Fax : 603 2084 8899  
Website : [www.cimb.com](http://www.cimb.com)

**CIMB Bank Berhad**  
**CIMB Islamic Bank Berhad**  
Menara Bumiputra-Commerce  
11 Jalan Raja Laut  
50350 Kuala Lumpur  
Malaysia  
Tel : 603 2619 1188  
Fax : 603 2619 2288  
Website : [www.cimb.com](http://www.cimb.com)

**Touch 'n Go Sdn. Bhd.**  
Tower 6 Avenue 5  
Bangsar South  
No. 8 Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia  
Tel : 603 2714 8000  
Fax : 603 2714 8001  
Website : [www.touchngo.com.my](http://www.touchngo.com.my)

**PT Bank CIMB Niaga Tbk**  
Graha Niaga, 14th Floor  
Jl. Jend Sudirman Kav. 58  
Jakarta 12190  
Indonesia  
Tel : 6221 250 5252  
Fax : 6221 250 5202  
Website : [www.cimbniaga.com](http://www.cimbniaga.com)

**CIMB Thai Bank**  
**Public Company Limited**  
44 Langsuan Road Lumpini  
Pathumwan Bangkok 10330, Thailand  
Tel : 662 626 7000/662 638 8000  
Fax : 662 657 3333  
Website : [www.cimbthai.com](http://www.cimbthai.com)

**CIMB Bank Berhad**  
Singapore Branch  
50 Raffles Place #09-01  
Singapore Land Tower  
Singapore 048623  
Tel : 65 6337 5115  
Fax : 65 6337 5335

**CIMB Bank Berhad**  
London Branch  
Ground Floor, 27 Knightbridge  
London SW1X 7YB  
United Kingdom  
Tel : 44 0 20 7201 3150  
Fax : 44 0 20 7201 3151

**CIMB Bank (L) Limited**  
**CIMB Bank Berhad,**  
**Labuan Offshore Branch**  
Level 14(A), Main Office Tower  
Financial Park Labuan  
Jalan Merdeka  
87000 W P Labuan  
Malaysia  
Tel : 6087 410 302/305  
Fax : 6087 410 313

**CIMB Bank PLC**  
20AB Corner Norodom Blvd. & Street 118  
Sangkat Phsar Chas  
Phnom Penh 12203  
Cambodia  
Tel : 855 23 988 088  
Fax : 855 23 988 099/988 199

**CIMB Middle East BSC (C)**  
304, Almoayyed Tower  
Seef District, Manama  
Kingdom of Bahrain  
Tel : 00 973 17 567 111  
Fax : 00 973 17 583 180  
Website : [www.cimb.com](http://www.cimb.com)

**CIMB Investment Bank Berhad**  
Brunei Branch  
14th Floor, PGGMB Building  
Jalan Kianggeh  
Bandar Seri Begawan BS8111  
Brunei Darussalam  
Tel : 673 224 1888  
Fax : 673 224 0999

**CIMB Securities International Pte. Ltd.**  
**CIMB Securities (Singapore) Pte. Ltd.**  
Level 8 & 11  
338 Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur  
Malaysia  
Tel : 603 2612 3600  
Fax : 603 2698 7035  
Website : [www.cimbaviva.com](http://www.cimbaviva.com)

**CIMB Securities (HK) Ltd.**  
Unit 7706-08, Level 77  
International Commerce Centre  
1 Austin Road West, Kowloon Hong Kong  
Tel : 852 2868 0380  
Fax : 852 2537 1928

**CIMB Securities (UK) Ltd.**  
27 Knightsbridge  
London SW1X 7YB  
United Kingdom  
Tel : 44 20 7201 2199  
Fax : 44 20 7201 2191

**PT CIMB Securities Indonesia**  
The Indonesia Stock Exchange Building  
Tower II, 20th Floor  
Jl. Jend. Sudirman Kav. 52-53  
Jakarta 12190  
Indonesia  
Tel : 6221 515 1330  
Fax : 6221 515 1335

**CIMB Securities (Thailand)**  
**Company Limited**  
44 CIMB Thai Bank Building  
24th-25th Floor, Soi Langsuan  
Ploenchit Road, Lumpini  
Pathumwan  
Bangkok 10330  
Tel : 66 2657 9000  
Fax : 66 2657 9096  
Website : [www.cimbsecurities.com](http://www.cimbsecurities.com)

**CIMB Securities (USA), Inc.**  
540 Madison Avenue  
11th Floor, New York  
NY 10022 USA  
Tel : 1 212 616 8600  
Fax : 1 212 616 8639  
Website : [www.us.cimb.com](http://www.us.cimb.com)

**CIMB Vinashin Securities LLC**  
1st Floor Building 34T  
Trung Hoa Nhan Chinh  
Cau Giay District  
Hanoi, Vietnam  
Tel : 04 2221 0483  
Fax : 04 2221 0484

**Bank of Yingkou Co. Ltd.**  
8 West, Jinniushan Street  
Yingkou, Liaoning, China  
Post Code 115000  
Tel : 86 417 280 8816  
Fax : 86 417 282 7926

**CIMB Aviva Assurance Berhad**  
**CIMB Aviva Takaful Berhad**  
Level 8 & 11  
338 Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur  
Malaysia  
Tel : 603 2612 3600  
Fax : 603 2698 7035  
Website : [www.cimbaviva.com](http://www.cimbaviva.com)

**CIMB Insurance Brokers Sdn. Bhd.**  
Level 15, Menara Bumiputra-Commerce  
11 Jalan Raja Laut  
50350 Kuala Lumpur  
Malaysia  
Tel : 603 2619 1188  
Fax : 603 2692 3396  
Website : [www.cimb.com](http://www.cimb.com)

**CIMB Trust Limited**  
Level 14(A), Main Office Tower  
Financial Park Labuan  
Jalan Merdeka  
87000 W P Labuan  
Malaysia  
Tel : 6087 414 252  
Fax : 6087 411 855

**CIMB Islamic Trustee Berhad**  
*(formerly known as CIMB Trustee Berhad)*  
UL Wisma Amanah Raya  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia  
Tel : 603 2084 8888  
Fax : 603 2092 2717

**CIMB Commerce Trustee Berhad**  
*(formerly known as BHLB Trustee Berhad)*  
UL Wisma Amanah Raya  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia  
Tel : 603 2084 8888  
Fax : 603 2095 5469

**CIMB-Mapletree Management**  
**Sdn. Bhd.**  
**CMREF 1 Sdn. Bhd.**  
Lot 3-02, Level 3 Annex Block  
Menara Milenium  
8 Jalan Damanlela  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia  
Tel : 603 2084 2000  
Fax : 603 2096 1591

**CIMB-Principal Asset Management**  
**Berhad**  
**CIMB-Principal Islamic Asset**  
**Management**  
Sdn. Bhd.  
Level 5, Menara Milenium  
8 Jalan Damanlela  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia  
Tel : 603 2084 2000  
Fax : 603 2084 2233  
Website : [www.cimb-principal.com.my](http://www.cimb-principal.com.my)

**Capital Advisors Partners**  
**Asia Sdn. Bhd.**  
Lot 17.4, Level 17  
Menara Milenium  
8 Jalan Damanlela  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia  
Tel : 603 2093 8942  
Fax : 603 2093 9677  
Website : [www.cap-asia.net](http://www.cap-asia.net)

**CIMB Wealth Advisors Berhad**  
50, 52 & 54 Jalan SS21/39  
Damansara Utama  
47400 Petaling Jaya  
Malaysia  
Tel : 603 7712 2888  
Fax : 603 7726 5088  
Website : [www.cwealthadvisors.com.my](http://www.cwealthadvisors.com.my)

**iCIMB (Malaysia) Sdn. Bhd.**  
**iCIMB (MSC) Sdn. Bhd.**  
10th Floor, Menara Atlas  
Plaza Pantai  
5 Jalan 4/83A  
Off Jalan Pantai Baru  
59200 Kuala Lumpur  
Malaysia  
Tel : 603 2296 0000  
Fax : 603 2710 9570

**Commerce Asset Ventures Sdn. Bhd.**  
**CIMB Private Equity Sdn. Bhd.**  
Level 33, Menara Bumiputra-Commerce  
11 Jalan Raja Laut  
50350 Kuala Lumpur  
Malaysia  
Tel : 603 2619 1188  
Fax : 603 2619 2288  
Website : [www.cimb.com](http://www.cimb.com)

**CIMB Foundation**  
22-B, Commerce House  
Jalan Sri Semantan 1  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia  
Tel : 603 2084 8888  
Fax : 603 2084 6704  
Website : [www.cimbfoundation.com](http://www.cimbfoundation.com)

**CIMB Bank Berhad**  
Shanghai Representative Office  
Unit 802 AZIA Centre  
1233 Lujiazui Ring Road  
Pudong New District  
Shanghai 200120  
China  
Tel : 8621 6194 0218  
Fax : 8621 6194 0210

**CIMB Bank Berhad**  
Yangon Representative Office  
35 (D) Pyay Road, 7th Miles  
Mayangone Township Yangon  
Myanmar  
Tel : 951 6609 19  
Fax : 951 6508 38

**CIMB Bank Berhad**  
Mumbai Representative Office  
No. 85, 8th Floor  
3 North Avenue, Maker Maxity  
Bandra Kurla Complex  
Bandra (East)  
Mumbai – 400051  
India  
Tel : 91 22 6676 8888  
Fax : 91 22 6676 8899

**CIMB (Private) Limited**  
Level 33, West Tower  
World Trade Centre  
Echelon Square  
Colombo 01, Sri Lanka  
Tel : 00 94 11 234 8888  
Fax : 00 94 11 244 1801  
Website : [www.cimb.com](http://www.cimb.com)

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**Singapore** [www.cimbniaga.com.sg](http://www.cimbniaga.com.sg)  
**Thailand** [www.cimbthai.com](http://www.cimbthai.com)





CIMB Bank PLC (CO. 1935E/2010)

20AB Corner Preah Norodom Boulevard & Street 118  
Sangkat Phsar Chas Phnom Penh 12203  
Cambodia  
[www.cimbbank.com.kh](http://www.cimbbank.com.kh)