





CIMB & YOU

CIMB & You captures the relationship that we have with our customers across all walks of life to support you in building a better future. We go the extra mile to delight our customers. It embodies the relationship between our bank and its employees, anchored in a harmonious and nurturing environment in which we work together in mutual respect.

CIMB & You is the shared experience that says, "Together we are better."

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CORPORATE PROFILE

About CIMB Bank PLC

CIMB Bank PLC was established in Cambodia on 19 November 2010 with the opening of a commercial banking branch in the heart of Phnom Penh.

Today the Bank operates 11 branches and nine self-service terminals, including 11 cash deposit machines, 11 cheque deposit machines and 27 ATMs across five major cities: Phnom Penh, Siem Reap, Preah Sihanouk, Battambang and Kampong Cham. We currently serve more than 15,000 corporate and individual customers. Adding to the existing retail and commercial banking, we also officially launched the Corporate & Transaction Banking (CTB) arm to our business. This was in response to a growing demand from our corporate customers in Cambodia as well as to leverage on our regional customer base.

As of December 2014, the Bank employed over 230 highly trained employees with diverse experience and expertise in the banking and financial industry, amongst others. As a good corporate citizen, CIMB Bank PLC has contributed to numerous community and educational projects in Cambodia. In 2014, our staff donated food aid and study materials to

orphanage centres and disadvantaged communities in Phnom Penh, Kandal and Preah Sihanouk provinces. Over the past year, the Bank also sponsored major events such as the 2015 Angkor Sankranta and organized sporting events, most noticeably the CIMB Bowling Championship and the CIMB Preferred Golf Tournament 2014.

CIMB Bank PLC is committed to building a strong and sustainable financial future for our customers. We have constantly striven, from the very beginning, to create opportunities and value through our innovative products and services. We pride ourselves on being not only a financial services provider, but also a true business partner to assist customers in making the right financial and investment decisions. CIMB Bank PLC is a Cambodian subsidiary of CIMB Group.

About CIMB Group

CIMB Group is 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 nine out

of 10 ASEAN nations (Malaysia, Indonesia, Singapore, Thailand, Cambodia, Brunei, Vietnam, Myanmar and Laos). Beyond ASEAN, the Group has market presence in China, Hong Kong, Bahrain, India, Sri Lanka, Taiwan, South Korea, the US and the UK.

CIMB Group's retail branch network is the most extensive in ASEAN, with more than 1,000 branches as of 31 December 2014. CIMB Group's investment banking arm is also one of the largest Asia Pacific-based investment banks, offering amongst the most comprehensive research coverage of more than 1,000 stocks in the region.

CIMB Group operates its business through three main brand entities, CIMB Bank, CIMB Investment Bank and CIMB Islamic. The Group is a 97.9% shareholder in Bank CIMB Niaga in Indonesia, and a 93.7% shareholder of CIMB Thai in Thailand.

CIMB Group is listed on Bursa Malaysia via CIMB Group Holdings Berhad. It had a market capitalisation of approximately RM46.3 billion as of 31 January 2015. The Group has over 40,000 employees located in 17 countries.



COMMITMENT TO SERVICE QUALITY AND EXCELLENCE

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

Since CIMB Bank PLC's early days, customers and clients have been core to everything we do. The first of our five values is that we are customer centric. We exist for our clients and customers and sell products and services they understand and value. The second value is high performance. We work hard and strategically for our customers, clients, staff and other stakeholders. Internally, we measure, differentiate and recognise our people according to their individual contributions, while aligning everyone to the performance of the company as a whole. Clients and customers can always rely on our people to strive for excellence in service performance.

In placing the needs of our clients and customers first, we have divided our responses to ensure that we can serve them in the manner to which they are accustomed.

In pursuit of our customer service excellence goals, CIMB Bank is upholding our customer service pledge. We have pledged to provide our customers with positive service. Each and every time, we will:

- Greet you with a **SAMPEAH**
- Serve you with a **SMILE**
- **SERVE** you within five minutes at our branches
- Focus on **SOLUTIONS** or what we can do for customers – not what we can't

At CIMB Bank, customers are the focus of everything that we do.

OUR VALUES

CUSTOMER-CENTRIC

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

HIGH PERFORMANCE

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

ENABLING PEOPLE

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

STRENGTH IN DIVERSITY

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

INTEGRITY

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



MESSAGE FROM THE CHAIRMAN

2014 was a robust year for CIMB Bank PLC. The Bank outperformed the industry and achieved its full-year profit for the first time since its establishment in Cambodia over four years ago. The Bank exceeded all key targets and recorded 320% (USD1.4 million) growth in profit before tax, year-on-year.

Our strength is in customer relations. By understanding customers' needs, our team has built a strong foundation that sees us working together with customers to achieve their business and life goals. The young and dynamic local team at CIMB Bank PLC is dedicated to harnessing these relationships with customers across all walks of life, to help them build a better future. Our team is focused on going the extra mile to delight our customers and grow our business together.

Behind CIMB Bank PLC's sterling performance in 2014 is the sound development of Cambodia's banking industry in general, as well as the country's macroeconomic stability. The country's economic drivers remained strong. Cambodia has been named an "Olympian of Growth" on account of its strong and sustained economic development. It ranks as one of the world's fastest-growing economies with average GDP growth of 7.7% per annum since 1993. The appreciation of the US dollar, however, has brought challenges to Cambodia. The government has stepped up efforts to gradually de-dollarise the economy and introduced measures to better control the country's monetary policy.

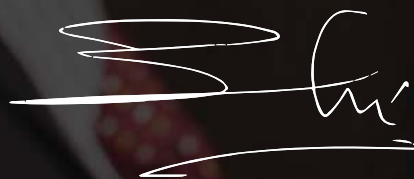
Over the years, CIMB Bank PLC has focused on connecting our employees, customers and local communities. We have consistently rewarded our

customers for their continuous support by organising corporate events including golf tournaments, bowling competitions and business networking events, and by offering special privileges for customers at all our merchant partners. The Bank recognizes its responsibility to give back to the community. Our corporate responsibility projects not only inculcate a culture of sharing and volunteering, but also promote socially responsible citizenship among CIMB Bank PLC's members.

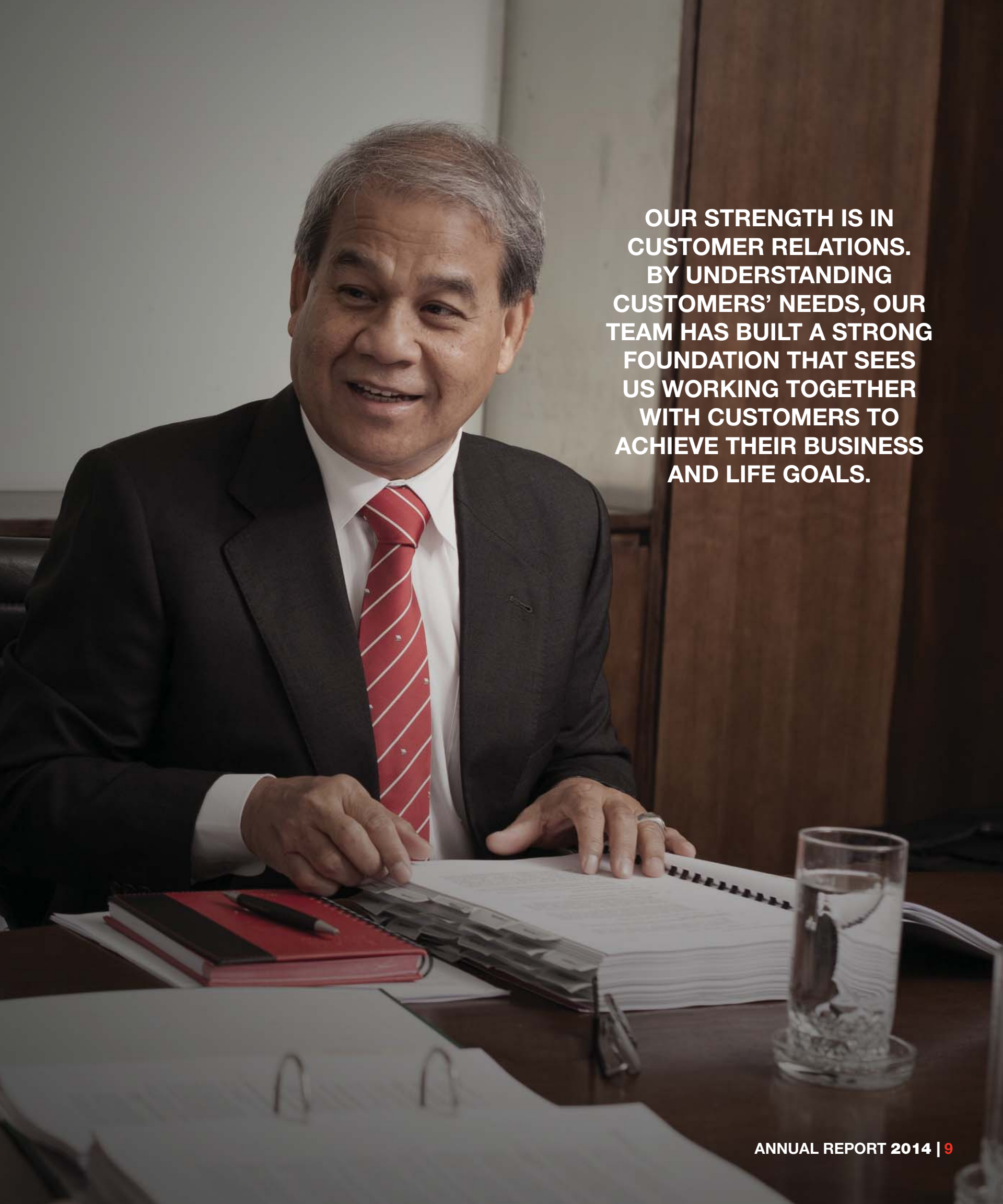
We are committed to promoting an inclusive culture and implementing staff engagement initiatives, including CIMB Family Day, town hall events, and sports and recreational activities. We have continued to build an organization with local talent. With the recent appointment of Bun Yin as Chief Executive Officer, the Bank becomes the first international bank in Cambodia to be headed by a local.

Our achievements result from the efforts of all. Thus, I would like to register my sincere appreciation to my fellow directors for their valuable guidance and dedication, with special thanks to Mr. Yew Wan Kup, who was re-assigned to the Headquarters. I would also like to commend the management and employees of CIMB Bank PLC for their continuous efforts in building business momentum, and improving the Bank's products and service quality with a firm determination to improve performance in the years ahead.

Finally, on behalf of the Board, I similarly would like to express my gratitude to the Royal Government of Cambodia, the National Bank of Cambodia, our customers and all stakeholders for their trust and support.



DATO' SHAARANI IBRAHIM
Chairman

A middle-aged man with grey hair, wearing a dark suit, white shirt, and a red tie with white diagonal stripes, is seated at a dark wooden desk. He is looking towards the camera with a slight smile. His hands are resting on a large, open spiral-bound book or report on the desk. To his left is a red folder with a black pen on top. In the foreground, there are some loose papers. To his right is a tall, clear glass filled with water. The background is a simple office setting with a light-colored wall and a dark wooden panel.

**OUR STRENGTH IS IN
CUSTOMER RELATIONS.
BY UNDERSTANDING
CUSTOMERS' NEEDS, OUR
TEAM HAS BUILT A STRONG
FOUNDATION THAT SEES
US WORKING TOGETHER
WITH CUSTOMERS TO
ACHIEVE THEIR BUSINESS
AND LIFE GOALS.**



**WE MADE SIGNIFICANT
PROGRESS IN DEVELOPING
OUR MOST IMPORTANT
RESOURCE – OUR PEOPLE.**

PERFORMANCE REVIEW BY THE CHIEF EXECUTIVE OFFICER

OPERATING ENVIRONMENT 2014

The Cambodian economy continued its strong growth momentum with year-on-year (Y-o-Y) GDP growth of 7.2% (7.4% in 2013). The growth was primarily supported by robust exports, particularly in the garments, rice and rubber industries, increased income from the tourism industry and a steadily expanding construction sector. Foreign direct investment (FDI) remained strong, partly driven by manufacturers relocating from China and Vietnam, and supported by strong credit growth at 27% Y-o-Y. Overall deposits grew by 29% Y-o-Y.

Economic Indicators	2010	2011	2012	2013	2014*	2015F
GDP (in USD billion)	11.6	13.0	14.1	15.5	16.9	18.4
Inflation Index	4.0%	5.0%	5.2%	3.0%	3.9%	1.6%
Export (in USD billion)	3.9	5.2	6.0	-	8.0	9.2
Import (in USD billion)	5.5	6.7	8.0	-	10.1	11.7
FDI (in USD billion)	0.8	0.8	1.4	-	1.5	1.7
Banking deposits (in USD billion)	4.3	5.2	6.7	7.6	9.7	n/a
Banking lendings (in USD billion)	3.2	4.2	5.7	7.2	9.2	n/a
Foreign Reserve (in USD billion)	2.7	3.8	4.5	5.1	5.8	n/a

Source: IMF, World Bank, & ADB

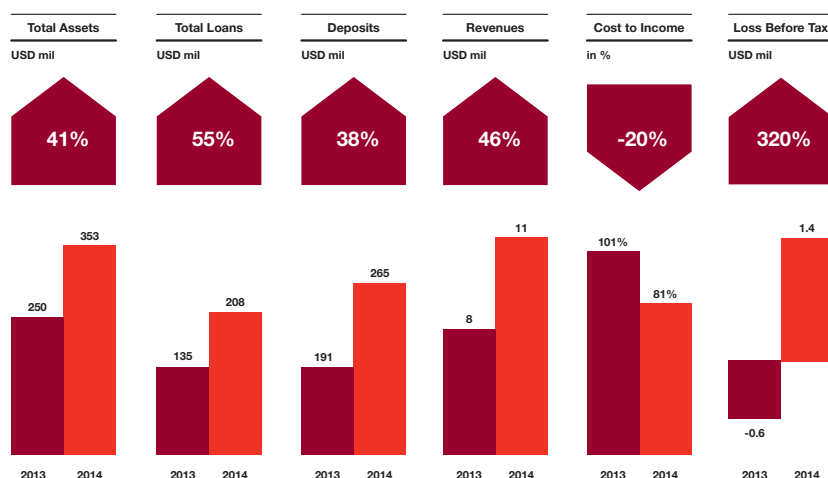
*Estimates13F

As of end-2014, there were 44 commercial and specialized banks in the country with a growing number of microfinance institutions. Despite the increased competition, CIMB Bank PLC is satisfied with its overall 2014 performance, which saw gross loans and deposits grow by 55% and 38% Y-o-Y respectively.

OUR PERFORMANCE IN 2014

CIMB Cambodia exceeded all key targets and celebrated its first full year of profitability with outstanding growth in both assets and liabilities.

After four years of operation in Cambodia, profits grew 320% Y-o-Y, recording a positive profit before tax (PBT) for the first time. This was mainly due to high operating income growth of 46%, effective cost management and strong asset quality, with nonperforming loan ratios at near 0%. Our mortgage portfolio was a key area of success, recording 172% growth Y-o-Y. On the deposit side, we obtained considerably greater retail market share with a Y-o-Y growth of 61%. In addition to the existing retail and commercial banking franchises, we officially launched the Corporate & Transaction Banking (CTB) arm in 2014, in response to growing demand in the local market and as well as to better leverage on our regional customer base.



We also made a great effort to ensure that our rapid growth was supported by strengthened foundations. To this end, we have improved various business and operational aspects such as the end-to-end loan origination process, risk management, audit and compliance.

We have expanded CIMB Cambodia's self-service network to 27 ATMs, 11 CDMs and 11 CDTs deployed across five strategic locations throughout the Kingdom.

We made significant progress in developing our most important resource – our People. Throughout 2014, we implemented various staff engagement activities including CIMB Family Day, town halls, sports and recreation activities, CSR projects, skills training and many others. As a direct result, we were delighted to see noticeable improvement in overall employee engagement ratings. CIMB Cambodia will continue to invest in its staff, to nurture and elevate their capabilities and productivity.

OUTLOOK FOR 2015

Cambodia's gross domestic product (GDP) is forecast to grow at around 7.3% amidst global headwinds, but supported by improvements in infrastructure, country competitiveness and investment climate. Inflation is expected to remain low, between 3% and 4%, due to stable food prices. On the domestic side, rapid credit growth and emerging risks in a fast-changing financial landscape could undermine financial stability; extreme weather conditions could affect agriculture and growth, and labour market instability could disrupt garment production and exports. Should these downside risks materialize, the country's relatively small fiscal buffers would require that additional expenditure be allocated to high-impact developmental spending.

We think 2015 will be another exciting period for CIMB Bank PLC as we are expecting new developments in its suite of products and services. We look forward to introducing our Internet banking service and credit card business in 2015, and we are confident that our customers will benefit from the Bank's enhanced capabilities and growing sophistication.

In line with CIMB's 2015 corporate theme, "Recalibrate", CIMB Cambodia will endeavour to improve its existing propositions, and to seek out new growth opportunities:

- **Leveraging a growing Preferred customer base:** Early engagement with targeted Preferred customers to introduce new products and services, with the ultimate objective of building long-term relationships.
- **Building Corporate and Transaction Banking:** Leveraging our regional strengths and competitive advantage to link up with local and ASEAN corporate businesses.
- **Growing Commercial (SME) Banking:** Deepening relationships with commercial customers by understanding their specific needs while exploring supply chain financing with relevant businesses.
- **Diversifying fee-based income:** With a full range of trade finance products and services, we aim to reach out more to customers to ensure they benefit from our trade finance offerings, structured products, cash management and remittance services.
- **Expanding network:** Introduce more Self Service Terminals, which will provide greater convenience to customers while increasing banking accessibility.
- **Developing staff competencies:** Continue to reinforce and strengthen credit and other managerial competencies through coaching, local ownership, employee relations and communications, and building a strong local management team.

Finally, I would like to express my most sincere appreciation to all our loyal customers, our board of directors, and my fellow Cambodian management team and staff for their support and commitment throughout the year. Last but not least, I express my gratitude and utmost appreciation to the Royal Government of Cambodia and the National Bank of Cambodia for their continued support and guidance.

BUN YIN
Chief Executive Officer

A medium shot of a man with dark hair and glasses, wearing a dark suit, white shirt, and a patterned tie. He is smiling slightly and looking towards the camera. His hands are visible in the foreground, gesturing as if he is speaking. The background is blurred, showing what appears to be an office or meeting room with other people.

**WE PLAN TO LAUNCH A RANGE OF
NEW PRODUCTS IN 2015, CATERING TO
THE GROWING NEEDS OF THE CAMBODIAN
MARKET, WHILE STILL ENSURING THAT WE
CONTINUOUSLY BETTER SERVE
OUR CUSTOMERS.**

MESSAGE FROM THE GROUP CHIEF EXECUTIVE OFFICER

I am very pleased with the performance of CIMB Cambodia, which exceeded all of our key targets and posted its maiden profitable year in 2014. Loans and deposits both recorded strong growth, while nonperforming loans were contained. We also enhanced our product suite to include Corporate and Transaction Banking services.

We now operate 11 branches with 28 ATMs across five major cities in the country. On behalf of CIMB Group, I would like to congratulate the management and staff of CIMB Cambodia for another successful year.

With the development and expansion of the Cambodian economy, we anticipate a growing acceptance of and need for more banking products and services. We plan to launch a range of new products in 2015, catering to the growing needs

of the Cambodian market, while still ensuring that we continuously better serve our customers. meet this growing banking need, as we continue in our commitment to better serve our customers in Cambodia. Our growing regional footprint also broadens the available international network for our Cambodian customers to reach new markets for products, investors and other opportunities.

In support of the Cambodian government's long-term economic development agenda, CIMB Cambodia is playing its part by continuing to invest in Cambodian human resources and banking infrastructure. On behalf of CIMB Group, I would like to express our sincere appreciation to our loyal customers, the Royal Government of Cambodia, the National Bank of Cambodia and all other stakeholders for their continuous support throughout 2014.



TENGKU ZAFRUL AZIZ
Group Chief Executive Officer

BUSINESS REVIEW

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CORPORATE & TRANSACTION BANKING

Corporate & Transaction Banking

At CIMB Cambodia, preparations are well under way to support the realisation of the ASEAN Economic Community. Our priorities have been the enhancement of our cash management capabilities and trade finance services for our corporate clients, empowering them to adapt to new challenges and opportunities presented by the regional and global change.

On cash management services, we are excited to report that our Internet banking platform project is on course to go live mid this year. It will make banking even more convenient and offer better controls for our customers. Trade finance and facilitation will also become increasingly important in supporting our clients' efforts to keep up with the growth of the economy as a whole. Growth in consumer goods and services, construction and agriculture have accelerated in the last couple of years. We are pleased to have played a part in all of them. Our organization is continuously structured to be more agile and new products are being lined up in response to changes in the demographic and business environments.

We stand ready to optimize the synergy of CIMB Group's position in ASEAN, an emerging economic powerhouse. With strong presence in and in-depth knowledge of the region, our mission is to take full advantage of our Group's strengths and make sure that our clients benefit from them.

Treasury

Treasury of CIMB Bank PLC has been providing cross-border solutions to regional and domestic clients for their trade, investment, and financial management requirements, including foreign exchange transactions with competitive pricing. Our regional platform opened treasury markets for our customers across ASEAN with the presence of CIMB in nine out of the 10 ASEAN countries. Interest rate and derivatives products are another growing sector that the Bank is looking to serve in the Cambodian market.

The day-to-day function of Treasury is working with the business units to explore opportunities to maximize revenue by cross selling Treasury products with other product offerings for corporate, commercial and individual customers.

As a support unit, Treasury provides funding for the Bank's balance sheet through a number of creative strategies which is done in conjunction with business units to ensure sufficient and timely funding for daily business continuity. We also sit in Assets and Liabilities Management Committee to discuss balance sheet exposure, liquidity risk and interest rate pricing, plus determination of key business strategies in such a way to optimize the Bank's assets and liabilities proportions with effectiveness and efficiency. Our Financial Institution function is also appointed to maintain a good relationship and promote inter-bank business collaboration amongst the local and foreign banks operating in Cambodia. It includes facilitating the process of bank counter-party credit risk assessment and proposal of global banking institution limits.



COMMERCIAL BANKING

CIMB Bank PLC's Commercial Banking handles deposits and loans in support of Cambodia's growing number of businesses. Our commercial banking business portfolio is a key component of the Bank's overall business, accounting for 61% of its total loans and 57% of its total deposits. These represent increases of USD28.85 million and USD15.59 million in total Commercial Banking loans and deposits respectively, compared to the previous year.

Commercial Banking, in parallel with the Bank's Retail Financial Services, has a network of 11 branches throughout Cambodia.

Our performance in 2014

Commercial Banking performed well in 2014, underpinned by strong loan and deposit growth. As of end-2014, Commercial Banking's total loans portfolio stood at USD127.77 million, while deposits were USD152.13 million. We are very pleased that this robust growth was accompanied by strong asset quality with no loan impairments reported since the inception of CIMB Bank PLC.

In its fourth year of operations, Commercial Banking has continued to invest in physical infrastructure and human capital growth to better serve our customers.

The Commercial Banking team grew from eight members to 32 members at the end of 2014. All our staff members are Cambodian nationals, reflecting CIMB Group's longstanding principle of developing local talent and leadership in all key markets.

Commercial Banking will continue to develop local talent through the transfer of technical expertise and the highest standards of corporate governance. Leveraging on CIMB Group's diverse workforce, CIMB Bank PLC's workforce has been exposed to various kinds of expertise across the banking and financial landscape. This in turn contributes to the development of our staff's knowledge and skill sets. Our local staff have benefited greatly from their experience and banking knowledge, and we continuously adapt these best practices to suit the local market and environment.

Plans for 2015

Moving forward, we will build on the strong fundamentals of 2014 with the aim of doubling our profit in 2015. This will be driven primarily by loans and deposits growth, enabled by continued improvements in our banking capabilities, operating systems and processes. We will also further expand our training programs to enhance our human capital – our most

important resource. We will introduce new products and improve on existing ones as we find better ways to serve the Cambodian business community.

The outlook for the Cambodian economy in 2015 is positive, and we are confident that our growth will be supported by rising demand for banking products and services. We are also cognizant of the increasing levels of interest amongst domestic and foreign investors, and will leverage CIMB Group's unparalleled ASEAN network to facilitate trade and investment flows, which will benefit the economy and the people of Cambodia.

Products in Commercial Banking

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

RETAIL FINANCIAL SERVICES

An exciting breakthrough for the past 12 months in Retail Financial Services has built a stronger establishment by being not only a bank, but also a financial services provider. The team has not only provided sales services, but has also provided advice to customers by way of improved access to specialists. As a result, we have increased our network and expanded our specialised sales force of loan officers, small business bankers and financial advisers.

As the leading ASEAN franchise, we have expanded our regional banking services. Our customers can enjoy the Preferred banking services and the regional ATM Link throughout ASEAN, with zero fee.

The 2014 achievements of Retail Financial Services:

- Deposits increase by 33% to USD88 million from USD66 million in 2013;
- Loans increase by 120% to USD66 million from USD30 million in 2013;
- Deployed additional offsite ATMs;
- Deployed two offsite self-service terminals consisting of a one-stop shop, ATMs, Cash Deposit Machines and Check Deposit Machines allowing customers to bank 24/7;
- Enhanced our home loan program, offering competitive interest rate and fee charges with improved turnaround time;
- With our “i-commit!” theme of the year, our team has placed their strong commitment to provide better customer service; and
- Conducted Customer Survey to reflect our service performance and plan action to further improve it.

Subsequent to introducing our ‘Customer Service Pledge’, in which the Bank offers USD1 to each customer or — should the customer opt for it — as a donation to Operation Smile Cambodia, we have collected and donated USD2,100 to the international medical mission.

To further strengthen our frontline staff’s knowledge and skills, and to better serve customers, the Bank conducted a Customer Service Officer (CSO) accreditation programme. In the programme, all CSOs must improve and strengthen their cash-counting and transactions-processing skills by competing against colleagues throughout the branches and the Bank.

With the deployment of off-site Self Service Terminals (SSTs) at various branches and strategic locations, the Bank has educated customers to use

the terminals, saving time for customers waiting at the counters and providing added convenience for them, during banking and off-banking hours, and even on weekends.

Our Plan for Year 2015

We plan to widen our network across the country, bringing the best of products and services closer to our customers. We continuously aim to enhance our products and services with our team of specialised experts to increase client flow. This includes:

- Rolling out more value-added offerings for our affluent customers;
- Rolling out more loan and deposit products;
- Continuing to build our digital and “convenient” banking by offering Internet banking and credit card services; and
- Enhancing customer satisfaction through customer surveys.





STRATEGY & FINANCE

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

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

Achievements in 2014

In 2014, we provided daily tracking reports for treasury trading positions, reporting daily to the Assets & Liabilities Committee's (ALCO) members, as well as capital and liquidity regulatory ratios.

We have managed to reduce budget overhead costs by 4% through rigorous cost-control efforts, ensuring that bank disbursements to vendors are valid and safeguarded from unauthorised payment. In addition, payments that have been made are within the budget.

Business planning and budgeting for 2015 was done early in the fourth quarter, with participation from each key business head, by applying a mixed approach of top-down and bottom-up. Each business unit head presented their business plan together with their performance review to senior management during the Annual Branch Dialogue (ABD) in mid-December 2014.

2014: With the set-up of Business Finance & Analytics (BFA), we have engaged with the IT team to establish an in-house developed data-warehouse engine to facilitate individual RM and ARM performance tracking and financial performance reporting for each business segment. The engine was rolled out successfully with both business and IT support.

As part of the Bank's in-country projects, we have been working with Group Strategy on boosting CIMB's presence in other ASEAN countries. We have been coordinating and assisting Group Strategy in preparing applications for banking licences.

To conclude 2014, our annual management dialogue was set for mid-December to formalise the 2015 business plan with our board of directors and honoured guests from the Group.

High level plan for 2015

"Recalibration" in 2015: We will continue to review and reassess our resources and processes in order to improve efficiency and productivity by leveraging the strength and expertise of our people.

With the roll-out of our in-house-developed data-warehouse engine, we will continue to engage with the business units and IT support to take our system to another level, particularly on performance measurement, financial analytic tools and business performance reporting, and most importantly in setting up the Key Performance Indicators (KPIs).

Funds transfer pricing and cost allocation exercises are still outstanding items in our implementation plan as we try to improve our methods of measuring the performance of the Bank's business units and the Bank's products and services pricing.

The National Bank of Cambodia's announcement on banks' impact and readiness assessments regarding full implementation of the International Financial Reporting Standards poses a big task for the team in 2015. A taskforce working group will be set up with expert support from Group Finance in the assessment and pre-implementation stage.



CORPORATE RESOURCES

Corporate Resources oversees Human Resources and Administration & Property Management. The key function of Human Resources is to deliver effective people agenda to various stakeholders. This includes but is not limited to building employee-development programmes, performance management, attraction and retention strategy, remuneration and benefits, staff functions/events and Corporate Social Responsibility programmes. Administration and Property Management covers general administrative work, develop/renovate/rent office building, property's maintenance, security & safety of the bank's premise and procurement & tender.

The operations of Corporate Resources involve working closely with relevant local legislation; hence, all legal matters are always being checked, in line with our compliance culture.

CIMB Bank PLC is a Place where Talent grows

The financial services sector is a people-driven service industry, and talented employees bring forth an obvious competitive advantage. CIMB Bank PLC is therefore focused on ensuring a workplace environment where

employees are valued, where talent is fostered and where employees can build on their strengths within a network of experience and opportunity.

Fulfilling these people-focused commitments is a key building block in the transformational changes now under way at CIMB Bank PLC. It is our employees who have made our vision to be a leading ASEAN company a reality.

Staff and Management

We deem our staff to be the most important asset in our company and throughout the years we have been pleased to note how teamwork in the Bank has led to the team's strength and success. We continue to support the growth of our employees by adding value to their experiences and creating opportunities for them. Employees with significant potential are also considered for the Group's regional leadership programmes.

Our management team is a combination of experienced and young talents who are committed to achieving our vision. Together, management and staff strive for the continuous growth of the Bank.

Working Environment

We promote and instill a culture of learning for each and every employee. Our learning agenda is very extensive to enhance staff's knowledge and skills to perform effectively in their current job and support future career growth. We believe competent employees will lead to more productivity, thereby optimising the bank's performance. We promote teamwork through team-building activities, sale rallies and Family Days. Moreover, we engage our employees in a regular town hall to promote a sharing/constructive dialogue with senior management as well as formal/informal CSR projects/activities. All of these activities are aimed at building a professional and personal network which will help create a good rapport among our employees.

We also leverage our regional leadership and professional learning platforms to network CIMB employees across the regions. Furthermore, CIMB Group has in place a graduate program as well as the Global Employee Mobility Program where staff are given the opportunity to be assigned to the Group's other regional offices.



MARKETING & COMMUNICATIONS

Marketing & Communications oversees all the Bank's strategic marketing and communications activities. It defines the Bank's brand positioning and its marketing and communications agenda through an integrated framework comprising various functions covering branding, advertising and marketing; media and public relations; events and sponsorship management; internal communications and CSR activities.

We have consistently positioned CIMB Bank PLC as a financial services provider and business partner that links our clients in Cambodia with their counterparts in ASEAN and beyond. We reinvigorated our 'ASEAN For You' tagline to position CIMB as a leading regional bank. As such, we continued to drive a major positioning agenda around ASEAN, especially through innovative services such as the Regional ATM Link services and the regional banking services with Preferred Centres across the region.

Our priorities for 2015 include continuing to enhance our ASEAN positioning and product propositions by leveraging the Group's regional platforms and expertise. We aim to enhance our media relations and also have presence in the social media space, as a means to effectively communicate and continuously engage with our clients.

INFORMATION TECHNOLOGY & OPERATIONS

Information & Operations Division (IOD) operates across the Bank, enabling operations and delivering Information Technology (IT) services. The operating model is in line with Group Information and Operations Division (GIOD). IOD reports to local management

of CIMB Bank PLC and has a matrix reporting line to GIOD. IOD provides IT services and back-office operations support such as centralised cash management, offsite self-service terminals, inward

and outward clearing, remittances, payroll, trade finance and loan documentation and disbursements.

Our main thrust in 2014 is to increase internal efficiency to improve customers' banking experience.

In April 2014, we centralised Credit Facility Administration Function to Credit Support Administration under Operations. The initiative significantly improved all 11 branches' internal processes, especially on the customer service turnaround time.

In October 2014, we achieved successful cutover of our SWIFT application to leverage on CIMB Group's SWIFT system. The transition was smooth with no disruption to the business or customers. We are already reaping the benefits: greater agility, reduced costs and improved architecture.

Throughout 2014, our internal IT software-development team continuously enhanced and developed Anti-Money Laundering (AML) Transaction Monitoring and Customer Risk Profiling applications to provide better management of AML monitoring. We achieved efficiency and process improvement, which enabled our Compliance unit to promptly assess transaction patterns and perform risk scoring on customer profiles.

Our Assurance Review Team, an independent review team within the Information & Operations Division focusing on operational risks, completed 18 assignments in 2014. The review exercises were not limited to IOD, but also covered branches' operations with the aim of providing recommended mitigation controls and to ensure continuous improvements as business grows.





RISK MANAGEMENT

The Bank considers risk management as an important element of the Bank's business and embeds strong risk culture in day-to-day business operations and decision-making. Understanding the importance of risk management to sustainable growth, the Risk Management team is involved in the early stage of the risk-taking process to provide an independent view and input including new product assessment, strategy setting, credit evaluation, etc.

The Bank as part of CIMB Group employs the Enterprise Wide Risk Management (EWRM) framework to manage its risk and opportunities. The EWRM provides the Board and its management with 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.

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

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

Credit Risk

Credit and counterparty risk is defined as the possibility of losses due to an obligor or market counterparty or issuer of securities or other instruments held failing to perform its contractual obligations to the Bank. Credit risk undertaken by the Bank is governed by the

Credit Policies Guide (CPG), Credit Procedure Manual (CPM) and the respective Credit Business Rules.

To ensure that all credit applications receive an independent evaluation, all credit approvals require a deciding vote from a Risk-delegated person. Credit Management is also established under Risk Management to provide an independent evaluation of credit applications, requiring the committee's approval.

Liquidity Risk

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

Liquidity risk is primarily monitored and managed on the basis of cash flow projections; that is, by regularly forecasting 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.

Risk Management is responsible for independently monitoring 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.

The Bank's 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.

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

Market Risk

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

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

Interest rate risk arises primarily from the different maturity dates and repricing of cash flows.

Interest rate risk is currently measured by the interest sensitivity gap (or repricing gap). Risk Management is responsible for the independent review and monitoring of the interest rate risk profile of the Bank based on its interest sensitivity gap report.



LEGAL & COMPLIANCE

Legal & Compliance Division consists of Legal, Compliance and Company Secretarial. Legal & Compliance oversees the legal aspects of activities undertaken by the Bank, and is responsible for facilitating, advising, and monitoring the business and support units to ensure they are acting in accordance with laws, regulations and guidelines. In line with good governance, the Compliance Department reports independently to the Board and the annual compliance work plan is also tabled and approved by the Board. Company Secretarial continued to provide support to the Board as well as advise on governance matters to all respective units, including legal and regulatory requirements, together with the Board's duties and responsibilities.

In the past year, efforts were made to streamline the governance standards, policies, procedures, compliance and practices across the different units in the Bank.

A number of new pieces of legislation came into effect in 2014, and Legal & Compliance played a major role in ensuring the respective business and support units as well as all employees in the Bank were made aware of and appreciated the obligations and impact of these regulations. Legal & Compliance drove the active participation of taskforces and project working teams in meeting the Bank's responsibilities towards regulations such as the Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) controls and the US Foreign Account Tax Compliance Act (FATCA). Compliance Department has also worked closely with the IT Department to introduce the Management Information System for AML/CFT Alert Monitoring and Customer Risk Profile.

Training was also a key focus for the unit. Legal & Compliance conducted a total of 24 training programmes on Compliance, 31 on AML/CFT and several on Laws and Regulations of Cambodia and Legal Document Requirements for staff in Phnom Penh and all CIMB provinces, and a total of 19 onsite compliance reviews and self-testing validations on the business and support units, in which nine reviews were done jointly with the Group, to ensure that their processes and procedures are in compliance with the relevant laws, regulations and guidelines.

INTERNAL AUDIT

Internal Audit reports independently to the Audit Committee and is independent of the activities and operations of other business and support units. The principal responsibility of Internal Audit is to provide independent appraisals on the adequacy, **efficiency and effectiveness of the internal control systems** implemented by Management. We evaluate the Bank's control environment, **risk-assessment** practices, control activities, information sources, communication effectiveness and monitoring practices.

In 2014, with support from Group Internal Audit Division, we completed 25 audit assignments covering all key operations as well as investigations into specific areas.

Acknowledging the importance of reinforcing awareness of risk, governance and internal controls, we conducted four training/sharing sessions on branch risk and control awareness, and branch observations, involving 91 employees.



CORPORATE HIGHLIGHTS 2014

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EVENT HIGHLIGHTS

LAUNCH PARTNERSHIP BETWEEN CIMB BANK AND CAMBODIAN LIFE

**26 MAY 2014 @ SOFTEL PHNOM PENH
PHOKEETHRA HOTEL**

The partnership launch which took place in Phnom Penh allows CIMB Bank PLC to become a referral agent for life insurance products of CamLife.



CONFERENCE ON BUSINESS OPPORTUNITIES IN CAMBODIA

4 JUNE 2014 @ OSAKA, JAPAN

Mr. Bun Yin presented to Japanese audience about business opportunities in Cambodia @ Cambodia Business Seminar.



COMMERCIAL BANKING BUSINESS DELEGATION TO SURABAYA, INDONESIA

11-14 JUNE 2014

CIMB Bank led a Cambodian delegation to Surabaya, Indonesia to promote business networking for our ASEAN customers



CIMB BANK TOWN HALL 2014

**2 AUGUST 2014 @ CAMBODIA-KOREA
COOPERATION CENTRE**

Staff and management of CIMB Bank PLC gathered at CIMB Bank's 2014 town hall to share achievements, learn from each other and plan together for the coming year.



PHOTOGRAPHY SKILLS TRAINING FOR CUSTOMERS

2 & 9 AUGUST 2014 @ NIKON CENTRE CAMBODIA

CIMB Bank, in collaboration with Nikon Centre Cambodia provided training on photo shooting and editing for CIMB Bank PLC's Preferred customers and/or their children. The customers can choose Nikon D5300 camera unit as a gift when opening their new preferred account.



MOVIE & BUSINESS NETWORKING

10 AUGUST 2014 @ MAJOR CINEPLEX, AEON MALL

Staff of CIMB Bank PLC welcomed CIMB Preferred customers at the VIP Lounge with snacks and drinks while networking before they headed off to the VIP theater to screen "Guardians of the Galaxy".



SOUP KITCHEN

29 AUGUST 2014 @ CIMB BANK OLYMPIC BRANCH

As part of our CSR initiatives, CIMB Bank PLC employees collected donations to start a project called 'Soup Kitchen'. Staff will collectively cook simple, inexpensive but nutritious meals for the homeless, street children and other disadvantaged groups.



CYCLING FOR ENVIRONMENT & CHILDREN'S HEALTH

31 AUGUST 2014 @ KRONG SIEM REAP, CAMBODIA

CIMB Bank staff in Siem Reap participated and made a donation to the cycling event that raised funds to support disadvantaged children at the Angkor Hospital for Children.





CAMBODIA PROPERTY EXPO 2014

10-12 SEPTEMBER 2014 @ KOH PICH CONVENTION AND EXHIBITION CENTER

CIMB Bank PLC were present at the Expo to create presence and market out CIMB Bank's products.

CIMB PREFERRED GOLF TOURNAMENT

14 SEPTEMBER 2014 @ CITYGOLF COURSE

CIMB Bank and CityGolf co-organized the CIMB Preferred Golf Tournament to select winners to attend the CIMB Classic 2014 in Kuala Lumpur. The tournament also included a whole-in-one prize, Honda City 2014.



CIMB ASEAN STOCK CHALLENGE ORIENTATION

3 OCTOBER 2014 @ CAMBODIA SECURITIES EXCHANGE

CIMB Bank PLC and the Cambodia Securities Exchange jointly organized an orientation for about 100 students who registered to compete in the regional CIMB ASEAN Stock Challenge 2014. The orientation provided the students with tools, features and basic strategies to analyze stocks with emphasis on the Malaysian, Singaporean, Indonesian and Thai stock markets.

1ST CIMB BOWLING CHAMPIONSHIP

18 OCTOBER 2014 @ MAJOR CINEPLEX, AEON MALL

CIMB Bank PLC organized the 1st CIMB Bowling Championship aimed at fostering the spirit of sportsmanship and creating opportunity for business interactions.



NIKON 2ND ANNIVERSARY IN CAMBODIA

24 OCTOBER 2014 @ NIKON CENTRE CAMBODIA

CIMB Bank PLC sponsored Nikon's 2nd anniversary in Cambodia to enhance the relationship with Nikon and also to promote our brand among Nikon users.



CIMB CLASSIC

30 OCT-2 NOV 2014 @ KUALA LUMPUR GOLF & COUNTRY CLUB

CIMB Bank PLC sent some customers to Kuala Lumpur to experience CIMB Classic 2014. Some staff also became volunteers at the tournament.



CIMB FAMILY DAY

15 NOVEMBER 2014 @ CAMBODIA
COUNTRY CLUB



CIMB MOVIE NIGHT

29 NOVEMBER 2014 @ MAJOR CINEPLEX



MINOSHI VIP PARTY

29 NOVEMBER 2014
@ MINOSHI, PHNOM PENH



NATIONAL AWARD CEREMONY OF CIMB ASEAN STOCK CHALLENGE 2014

2 DECEMBER 2014 @ CAMBODIANA HOTEL



CUSTOMER ENTERTAINMENT

2 – 4 DECEMBER 2014 @ BLU-O BOWLING, AEON MALL



ANGKOR WAT INTERNATIONAL HALF MARATHON 2014

6 - 7 DECEMBER 2014 @ ANGKOR WAT, SIEM REAP



NIKON PHOTOGRAPHY CLASS

13 DECEMBER 2014 @ NIKON CENTRE CAMBODIA



2ND CIMB BOWLING CHAMPIONSHIP

27 DECEMBER 2014
@ MAJOR CINEPLEX



DONATION TO OPERATION SMILE

27 DECEMBER 2014 @ OPERATION SMILE



DONATION TO KANTHA BOPHA CHILDREN'S HOSPITAL

9 JAN 2015 @ KANTHA BOPHA CHILDREN'S HOSPITAL, PHNOM PENH



CIMB ASEAN STOCK CHALLENGE 2014 GRAND FINALE

19 JAN 2015 @ STOCK EXCHANGE OF THAILAND, BANGKOK



CIMB COMMUNITY CARE

28 FEBRUARY 2015 @ KANDAL PROVINCE

CIMB staff raised money to buy food supplies and study materials for disadvantaged children at an orphanage center in Kandal Province.



3RD CIMB BOWLING CHAMPIONSHIP

14 MARCH 2015 @ BLU-O, AEON MALL



CIMB TOWN HALL 2015

28 MARCH 2015 @ GREEN PLACE HOTEL



CIMB COMMUNITY CARE

3 APRIL 2015 @ KEP PROVINCE

Educating Smiling Children Community School in Kep Province



2014 REGIONAL CEO'S CHALLENGE

3 – 5 APRIL 2015 @ SIEM REAP, CAMBODIA

The Regional CEO's Challenge 2014 aims to promote sales excellence among sales staff in CIMB consumer bank.

HANDOVER OF OMEGA'S CORE CREDIT SKILLS CERTIFICATES

6 JUNE 2015

Commercial Banking team of CIMB Bank PLC attended Omega training on Core Credit Skills.

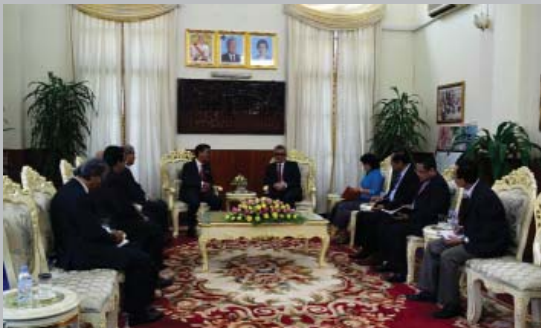


CIMB GROUP CEO'S VISIT

Courtesy call on H.E. Chea Chanto, Governor of the National Bank of Cambodia



Courtesy call on H.E. Aun Pornmoniroth, Minister of Economy and Finance



Meeting with CIMB Cambodia's top performers.





CORPORATE GOVERNANCE

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STATEMENT ON CORPORATE GOVERNANCE

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

Corporate governance structure and culture play a critical role in determining how the Bank functions, something that has been continuously emphasised to all our employees. The governance framework adopted by the Bank was developed on the basis of the principles and best practices recommended in the National Bank of Cambodia (NBC)'s Prakas on Governance in Banks and Financial Institutions and the Prakas on Fit and Proper Regulatory Requirements for Applying to Entities and Licensed Banks and Financial Institutions. International best practices in corporate governance, where applicable, also played a role in the development of the framework.

BOARD OF DIRECTORS

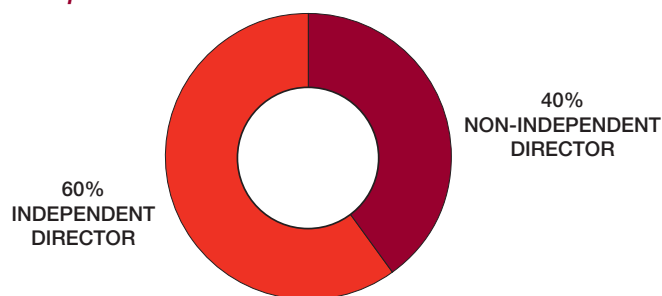
The Board and Board Balance

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

The Board benefits from the contribution of each of the Non-Executive Directors in all areas of the Bank's businesses. In addition to their wide range of skills and business experience, the Non-Executive Directors also bring independent judgment to 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 the balance of authority, increased accountability and a greater capacity for independent decision-making, the roles of Chairman and Executive Director (ED) are distinct and separate with a clear division of responsibilities between the Chairman and the ED, 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 for ensuring the effective functioning of the Board and its Committees. He assumes the formal role of leader and chairs all board meetings, leads discussions amongst the Directors and provides leadership to the Board in its oversight of management. The Chairman facilitates the flow of information between Management and the Board, and in consultation with Management, sets the agenda for each Board meeting.

Executive Director

Yew Wan Kup retired as General Manager of the Bank on 31 December 2014 and resigned as the Executive Director on 29 January 2015. Appointed on 20 September 2010, Wan Kup served the Bank for more than four years. He was instrumental in leading the management team and successfully built the Bank from its humble beginnings in September 2010 to what it is today, growing from a single branch in Phnom Penh to 11 branches covering four other provinces. He was succeeded by Bun Yin, the first Cambodian to head an international bank in Cambodia, who took over as Chief Executive Officer (CEO) on 1 January 2015 and Executive Director (ED) of the Bank on 29 January 2015.

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

Size and Composition of Board of Directors

The Board is committed to regularly reviewing its own size and composition, taking into account the scope, nature, diversity and expansion of the Bank's business.

The Board considers the present size of the Board to be appropriate to oversee the overall businesses of the Bank. The current Directors bring to the Board a wealth of knowledge, experience and skills to drive the Bank towards the vision of the Group.

The Directors of the Bank have met the criteria for the appointment of Directors as set out in the Prakas. All Independent Directors demonstrate sound and independent judgment and refrain from participating in any business transaction that could impair their independent judgment and decision-making.

Brief backgrounds of each Director are presented on pages 54 to 57 of the Annual Report.

Directors' Code of Ethics

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

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

Duties and Responsibilities of the Board

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

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

The Board has adopted a schedule of matters reserved for its review and approval. These include, but are not limited to:

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

The Board's principal responsibilities are:

- Providing clear objectives and policies within which the senior executives of the Bank are to operate;
- Ensuring that there are adequate controls and systems in place to facilitate the implementation of the Bank's policies;
- Monitoring management's success in implementing the approved strategies, plans and budget;
- Understanding the principal risks of all aspects of the businesses in which the Bank is engaged and ensuring that systems are in place to effectively monitor and manage these risks with a view to ensuring the Bank's long-term viability and success;

- Monitoring and assessing developments that could affect the Bank's strategic plans;
- Reviewing the adequacy and integrity of the Bank's internal control systems and management information systems, including systems for compliance with the applicable laws, regulations, rules, directives and guidelines;
- Avoiding conflicts of interest and ensuring disclosure of possible conflicts of interest; and
- Upholding and observing banking and other relevant laws, rules and regulations.

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

The terms of reference and responsibilities of the Committees are set out on pages 40 to 44.

Appointments to the Board

The Bank leverages on the Group Nomination and Remuneration Committee, which meets at CIMB Group Holdings Berhad. The Group Nomination and Remuneration Committee is responsible for identifying and nominating suitable candidates for appointment to the Board, 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 criteria adopted by the Board. The Bank also takes into account the Bank's businesses and matches the capabilities and contributions expected for a particular appointment.

The appointment process is conducted in accordance with the NBC's 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 appointing Directors, the Chairman and the 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 assessing a candidate's suitability for an appointment:

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

The process for identifying and nominating candidates by the Group Nomination and Remuneration Committee for appointment involves the following five stages:

NOMINATION FRAMEWORK



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

Re-appointment and Re-election of Directors

Each year, one-third of the Directors retire from office at the Annual General Meeting and, subject to eligibility, may offer themselves for re-election at the meeting. In addition, the Memorandum and Articles of Association of the Bank require that all Directors retire from office at least once every three years, but shall be eligible for re-election at the Annual General Meeting. Proposals for the reappointment and re-election of Directors are made by the Group Nomination and Remuneration Committee to the Board pending shareholders' approval at the Annual General Meeting.

MEETINGS AND SUPPLY OF INFORMATION TO THE BOARD

The Board meets regularly to discuss business strategy, financial performance and matters pertaining to compliance and governance, as well as reports on matters deliberated on by the respective committees. On a quarterly basis, amongst other things, the Board reviews the 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 the planning of Directors' 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 the effective discharge of their duties. Procedures have been established concerning the format, content, presentation and delivery of meeting papers. The meeting papers clearly address the background, objective, key issues, rationale, impact and other information relevant to each proposal to enable the Board to reach informed and effective decisions.

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

Directors are also allowed to participate in 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. The Chairman of the Audit Committee provides a summary of the audit reports deliberated on at the Audit Committee meetings for the Board's notation. Significant audit findings by the Group Internal Audit are also escalated to the Board for discussion and direction. In addition, the head of Compliance reports on the status of compliance with the laws, regulatory requirements and internal policies and procedures adopted by the Bank. Management is also invited to present proposals and answer queries raised by the Board on a needs 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 that 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.

Six board meetings were held in 2014 and the Directors' attendance at the meetings was as follows:

No. of Meetings			Attended	Held
Directors				
Dato' Shaarani Ibrahim			6	6
<i>Chairman/Independent Non-Executive Director</i>				
Dato' Wira Zainal Abidin Mahamad Zain			6	6
<i>Independent Non-Executive Director</i>				
Yew Wan Kup*1			5	5
<i>Non-Independent Executive Director & General Manager</i>				
Mey Kalyan			6	6
<i>Independent Non-Executive Director</i>				
Kua Wei Jin			5	6
<i>Non-Independent Non-Executive Director</i>				
Bun Yin*2			0	0
<i>Non-Independent Executive Director & Chief Executive Officer</i>				
<i>*1 Resigned on 29 January 2015</i>				
<i>*2 Appointed on 29 January 2015</i>				

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

Training of Directors is an integral element of the process of 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 continual basis and determines areas that would further the Directors' understanding of the issues facing the Bank.

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

List of Course Attended	Type of Course	No. of Hours	Attended by
International Advisory Panel 10-11 January 2014, Colombo, Sri Lanka	Forum	2 days	Mr. Kua Wei Jin
2014 Audit Committee Conference 'Stepping Up for Better Governance' 20 March 2014, Kuala Lumpur, Malaysia	Conference	1 day	Dato' Wira Zainal Abidin Mahamad Zain
LSE-Post Asia Forum Seminar 4 April 2014, Kuala Lumpur, Malaysia	Forum	½ day	Mr. Kua Wei Jin
Corporate Directors Training 16-17 April 2014, Kuala Lumpur, Malaysia	Course	2 days	
Annual Director Duties, Governance and Regulatory Updates Seminar 2014 22 April 2014, Kuala Lumpur, Malaysia	Seminar	1 day	Dato' Wira Zainal Abidin Mahamad Zain
ASEAN Risk Conference 15 May 2014, Bangkok, Thailand	Forum	1 day	Mr. Kua Wei Jin
28th Asia-Pacific Roundtable (APR) 2-4 June 2014, Kuala Lumpur, Malaysia	Forum	2 days	Dato' Shaarani Ibrahim
HK-ASEAN Regional Cooperation Forum 5 June 2014, Kuala Lumpur, Malaysia	Forum	1 day	Mr. Kua Wei Jin
CIMB Asia Pacific Conference 9-10 June 2014, Kuala Lumpur, Malaysia	Forum	2 days	
CIMB Group on the 6th Regional Compliance, Audit & Risk (CAR) Summit 16 June 2014, Penang, Malaysia	Conference	1 day	Dato' Shaarani Ibrahim and Dr. Mey Kalyan

Transactions by Directors 04 July 2014, Kuala Lumpur, Malaysia	Seminar	1 day	Dato' Wira Zainal Abidin Mahamad Zain
Audit Committee Workshop Series 1: The Function of the Audit Committee 17 July 2014, Kuala Lumpur, Malaysia	Workshop	1 day	
Audit Committee Workshop Series 2: Control Environment in Managing Risk 17 July 2014, Kuala Lumpur, Malaysia	Workshop	1 day	
Audit Committee Workshop Series 3: Oversight of Financial Reports and Compliance 7 August 2014, Kuala Lumpur, Malaysia	Workshop	1 day	
Audit Committee Workshop Series 4: Enhancing Audit Quality : Role of Audit Committee 7 August 2014, Kuala Lumpur, Malaysia	Workshop	1 day	
Corporate Board Leadership Symposium 2014 25 August 2014, Kuala Lumpur, Malaysia	Seminar	1 day	Dato' Shaarani Ibrahim
ASEAN Game Changer Forum 8-9 September 2014, Singapore	Forum	2 days	
BUSINESS LEADERSHIP MASTERCLASS 'Develop and Become Transformational Leaders' 22-23 September 2014, Kuala Lumpur, Malaysia	Seminar	2 days	Dato' Wira Zainal Abidin Mahamad Zain
Annual ASEAN Corporate Governance Summit 2014 1-2 October 2014, Kuala Lumpur, Malaysia	Seminar	2 days	
2014 Manulife Ivey Asia Leadership Program Introduction 'Putting the Customer First' 12-14 October 2014, Singapore	Programme	3 day	Mr. Yew Wan Kup
CIMB Group Annual Management Summit 28-29 November 2014, Selangor, Malaysia	Forum	2 days	Mr. Kua Wei Jin

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 the effective functioning of the Board.

The Company Secretaries ensure that the Board, Committees and Shareholders' meetings are properly convened in accordance with the laws and best practices, and that records of proceedings at Board, Committee and Shareholder 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 the agenda and conduct of Board, Committee and Shareholders' 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 Audit Committee and Risk Committee. These Committees operate within clearly defined roles and responsibilities as set out in the duly approved formal terms of reference of each of the Committees.

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

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

Audit Committee

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

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

The Audit Committee met five times in 2014 and the attendance of the members of the Audit Committee was as follows:

No. of Meetings

Directors	Attended	Held
Dr. Mey Kalyan <i>Chairman/Independent Non-Executive Director</i>	5	5
Dato' Shaarani Ibrahim <i>Independent Non-Executive Director</i>	5	5
Dato' Wira Zainal Abidin Mahamad Zain <i>Independent Non-Executive Director</i>	5	5

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

Area	Responsibilities
Internal control/risk management/governance	To review the effectiveness of internal controls, risk management processes and governance within the Bank's group, taking into account the requirements in the Prakas on Governance in Banks and Financial Institutions.

Internal Audit

- 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.
- To review the adequacy, competency and resources of the internal audit function, and ensure that it has the necessary authority to carry out its work.
- To review the results of the internal audit processes and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function. The reports of internal auditors and the AC are not subject to clearance by the general manager.
- To oversee the functions of internal auditing and ensure compliance with the Laws and Regulations Applicable to Banks and Financial Institutions.
- To evaluate the performance and decide on the remuneration package of the internal audit head.
- To approve the appointment, transfer and dismissal of the internal audit head or senior staff members of the internal audit function, and to be informed of the resignation of any senior internal audit staff members and provide the resigning staff member with an opportunity to submit his/her reasons for resignation.

External Audit

- To consider the appointment of external auditors, their remuneration, and any matters related to resignation or dismissal.
- To discuss and review with the external auditor before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved.
- To assess the objectivity, performance and independence of external auditors (e.g. by reviewing and assessing the various relationships between the external auditors and Bank).
- To approve the provision of non-audit services by external auditors, evaluating whether such non-audit services would impair their independence.
- To ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercising of independent judgment of the auditors.

- f. To ensure that accounts are prepared in a timely and accurate manner with frequent reviews of the adequacy of allowances against contingencies and assets impairment.
- 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 Management or Executive Directors to discuss key concerns and obtain feedback.

Audit Findings, Internal Control and Compliance Issues To review the findings of major investigations, routine audit findings, and internal control and compliance reported by the internal, external and regulatory auditors.

Financial Statements To review the quarterly results of the Bank, prior to the approval by the Board focusing particularly on:

- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- the assumptions about ongoing concerns; and
- compliance with applicable financial reporting standards and other legal or regulatory requirements.

Related Party Transactions To review all related party transactions and keep the Board informed of such transactions.

Others

a. To engage senior management on a continuing basis in order to keep informed of matters affecting the Bank.

b. To convene meetings with internal auditors, external auditors or both whenever deemed necessary.

c. To review the semi-annual and annual financial statements for submission to the Bank's Board of Directors and ensure prompt publication of annual financial statements.

Risk Committee

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

A total of 12 Risk Committee meetings were held in 2014 and the members' attendance at the meetings was as follows:

No. of Meetings Members	Attended	Held
Dato' Shaarani Ibrahim <i>Chairman/Independent Non-Executive Director</i>	12	12

Yew Wan Kup ^{*1} <i>Non-independent Executive Director & General Manager</i>	12	12
Low Chee Hock ^{*2} <i>General Manager</i>	0	0
Bun Yin ^{*3} <i>Chief Executive Officer</i>	12	12
Hong Cheap <i>Head, Risk Management</i>	12	12
Heng Thida <i>Head, Retail Financial Services</i>	10	12
Mohan Raj S Govinda Raj ^{*4} <i>Head, Information Technology & Operations</i>	11	12
Den Davuth ^{*5} <i>Head, Information Technology & Operations</i>	0	0
Heng Vuthy <i>Head, Strategy & Finance</i>	12	12
Ky Sana ^{*5} <i>Head, Corporate & Transaction Banking</i>	0	0

^{*1} Retired as General Manager on 31 December 2014

^{*2} Appointed General Manager on 1 January 2015

^{*3} Appointed as Chief Executive Officer on 1 January 2015

^{*4} Resigned as member on 18 December 2014

^{*5} Appointed as member on 18 December 2014

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

- Allocate capital-at-risk for different lines of business and different categories of risk to ensure adequate diversification of risk, compliance with the regulatory limit requirements and that the Bank has sufficient capital to cushion against stress scenarios.
- Enhance shareholder value by evaluating the risk-return profiles of business activities and ensuring that they are within the parameters established by the Board of Directors.
- Review and make recommendations to the Board of Directors for approval of appropriate risk policies and limits so that the risk-management framework is in line with the corporate plan — the Group's Enterprise Wide Risk Management Framework — and conforms to the legal and regulatory requirements.
- Evaluate and review proposals on new products, investments, businesses, strategic alliances and product variations, and subsequently to grant approval-in-principle or recommend to the Board of Directors for approval.
- Review and approve changes to operational procedures and processes.
- Enforce compliance with all risk policies and limits.
- Deploy proper methodologies to identify and measure risk for all positions.
- Set strategies to evaluate, monitor and control risks to maintain them within reasonable levels.
- Endorse the methodologies and tools for the measurement of the various types of quantifiable risk for Board approval.
- Review the Bank's loan/deposit balance sheet.
- Ensure that a holistic approach is taken to managing the Bank's balance sheet through effective interest rate risk management, funding liquidity risk management, interest margins 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 nonperforming loans.
- Review and recommend courses of action for monitoring, initiating recovery actions, restructuring and rescheduling of Early Alert Watchlist accounts, delinquent accounts or impaired accounts of the Bank.

- Review and decide if any performing or delinquent account should be included on the Early Alert Watchlist for monitoring and vice versa.
- Mediate issues relating to transfer of accounts between business units and recovery team when accounts turned impaired and vice versa.
- Review performance of assets including but not limited to:
 - Early Alert Watchlist, delinquent or nonperforming loan accounts;
 - Provisioning of accounts pursuant to the Prakas of the National Bank of Cambodia and other relevant regulations; and
 - Any other issues relating to asset quality.
- Review the Bank's contingency plan and overall business continuity management for implementation whenever necessary and propose it to the Board of Directors for approval.
- Change in individual members within the same corporate function can be approved by the Committee itself with notation to Board of Directors. Where changes in membership involve a change in corporate function of members or amendments are proposed to the Terms of Reference, approval must be sought from Board of Directors before implementation.
- Review and approve the terms of reference and composition of any Sub-Committees, including the appointment and removal of members and invitees to such Committees.

Management Committees

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

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

Management Committee

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

Yew Wan Kup *1 <i>General Manager</i>	Chairman
Low Chee Hock *2 <i>General Manager</i>	Chairman
Bun Yin *3 <i>Chief Executive Officer</i>	Member
Heng Thida <i>Head, Retail Financial Services</i>	Member
Heng Torang <i>Vice-President, Treasury</i>	Member
Hong Cheap <i>Head, Risk Management</i>	Member
Heng Vuthy <i>Head, Strategy & Finance</i>	Member
Oum Chendapheakdey <i>Head, Corporate Resources</i>	Member
Mohan Raj Govinda Raj *4 <i>Head, Information Technology & Operations</i>	Member
Den Davuth *5 <i>Head, Information Technology & Operations</i>	Member
Ky Sana *5 <i>Head, Corporate & Transaction Banking</i>	Member
Seang Soleak <i>Head, Marketing & Communications</i>	Member

Ly Sophea Secretary
Head, Legal & Compliance

- *1 Retired as General Manager on 31 December 2014
- *2 Appointed as General Manager on 1 January 2015
- *3 Appointed as Chief Executive Officer on 1 January 2015
- *4 Resigned as member on 18 December 2014
- *5 Appointed as member on 18 December 2014

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

- Advise the General Manager.
- Monitor and evaluate the 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-departmental synergies.
- Deliberate on 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.

Hong Cheap <i>Head, Risk Management</i>	Chairman
Bun Yin <i>Chief Executive Officer</i>	Alternate Chairman
Yew Wan Kup *1 <i>General Manager</i>	Alternate Chairman
Low Chee Hock *2 <i>General Manager</i>	Member
Heng Thida <i>Head, Retail Financial Services</i>	Member
Kien Vatana <i>Acting Head, Credit Management</i>	Member
John Chuah Keat Kong <i>Credit Adviser, Commercial Banking</i>	Member
Heng Vuthy *3 <i>Head, Strategy and Finance</i>	Member
Ky Sana *2 <i>Head, Corporate & Transaction Banking</i>	Member
Chea Bunhean *2 <i>Commercial Banking</i>	Member
Hong Bunroeut *2 <i>Commercial Banking</i>	Member

- *1 Retired as General Manager on 31 December 2014
- *2 Appointed as member on 2 March 2015
- *3 Resigned as member on 2 March 2015

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

- Review and approve credit facilities originating from CIMB Bank PLC, which are within the approval limits delegated by the Board.
- Recommend for Group Credit Committee's concurrence/endorsement and Board approval, all credit proposals, which exceed the CCC's approval authority.

- Ensure the Bank's overall loans portfolio meets with the guidelines of regulatory authorities, approved credit policies and procedures, within the approved risk appetite.
- 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 credit facilities.
- 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 to the relevant Committees for endorsement and approval.
- Any other functions as and when directed by the Risk Committee.

Assets and Liabilities Management Committee

The Assets and Liabilities Management Committee reports to the Risk Committee on liquidity risk and assets and liability matters of the Bank. There were 13 times of ALCO meeting held in 2014.

Bun Yin <i>Chief Executive Officer*1</i>	Chairman
Yew Wan Kup*2 <i>General Manager</i>	Member
Low Chee Hock*3 <i>General Manager</i>	Member
Heng Thida <i>Head of Retail Financial Services</i>	Member
Hong Cheap <i>Head of Risk Management</i>	Member
Heng Vuthy <i>Head of Strategy & Finance</i>	Member
Heng Torang <i>Vice-President, Treasury</i>	Member
Ky Sana*4 <i>Head of Corporate & Transaction Banking</i>	Member

*1 Appointed as Chief Executive Officer on 1 January 2015
 *2 Retired as General Manager on 31 December 2014
 *3 Appointed as General Manager on 1 January 2015
 *4 Appointed as member on 18 December 2014

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

- Overall management and oversight of the Bank's liquidity and interest rate risk in banking book (IRRBB) exposure to ensure that the Bank is able to meet its cash flow obligations in a timely and cost effective manner.
- Diversification of funding sources as much as possible to avoid overdependence on volatile sources of funding.
- Reviewing/recommending on liquidity risk and IRRBB management policies, and other significant policies related to liquidity risk/IRRBB before seeking endorsement from the local Risk Committee, acknowledgement from the Malaysia Asset & Liabilities Management Committee (MALCO) and approval from the Cambodian Board of Directors.
- Reviewing liquidity risk and IRRBB tolerance and ensuring internal compliance, for example to monitor the approved alert/MAT or any threshold set related to liquidity risk management and recommend the proposal to Risk Committee for approval and notification to MALCO.
- Reviewing the operating procedures, methodologies or assumptions used for liquidity risk and IRRBB management in consultation with group ALM, for example the assumptions in liquidity and repricing gap/IRRBB reports.

- Ensure compliance with local regulatory requirements and inform group ALM of any potential liquidity/interest rate risk issues.
- Review the Bank's balance sheet composition of loans and deposits.
- Ensure a 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.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Pursuant to the Law on Commercial Enterprises and the Law on Banking and Financial Institutions, financial statements for each financial year are prepared in accordance with the guidelines issued by the NBC and Cambodian accounting standards. The financial statements are prepared on a going concern basis and give a true and fair view of the state of affairs of the Bank as at 31 December 2014.

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

The Board is satisfied that it has met its obligations to present a balanced and understandable assessment of the Bank's position and prospects in preparing the financial statements, reflected in the directors' report as set out on pages 68 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, legal and regulatory compliance as well as risk management. The size and complexity of the Bank necessitate the management of a wide and diverse spectrum of risks. The nature of these risks means that events may occur which would give rise to unanticipated or unavoidable losses. The inherent system of internal controls is designed to provide reasonable, though not absolute assurance against the risk of material errors, fraud or losses occurring.

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

A statement providing an overview of the state of the Bank's internal controls is set out on pages 49 to 51 of the Annual Report.

The Statement on Corporate Governance was approved by the Board of Directors on 12 May 2015.

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 of 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 2014 are as follows:

No. of Committee Meetings

Members	Status	Attended	Held
Dr. Mey Kalyan	Independent Non-Executive	5	5
Dato' Shaarani Ibrahim	Independent Non-Executive	5	5
Dato' Wira Zainal Abidin Mahamad Zain	Independent Non-Executive	5	5

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

2. COMPOSITION

The AC shall comprise exclusively non-executive directors. The committee must be chaired by an independent director and have at least three members, the majority of whom should be independent. It should include at least one independent person with finance and accounting expertise, and an independent person with legal and banking expertise.

The Board of Directors should implement a process to conduct an annual assessment of the effectiveness of the AC as well as the contribution of each individual member based on objective performance criteria, in line with established KPIs.

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

3. AUTHORITY

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

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 Function	<p>a. To ensure 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.</p> <p>b. To review the adequacy of the scope, competency and resources of Internal Audit function and that it has the necessary authority to carry out its work.</p> <p>c. To review the results of the internal audit processes and, where necessary, ensure that appropriate actions are taken on the recommendations of Internal Audit function. The reports of internal auditors and the AC are not subject to the clearance of the General Manager.</p>

d. To oversee the functions of the Internal Audit department 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 Internal Audit function, and to be informed of the resignation of any senior Internal Audit staff members and provide the resigning staff member with an opportunity to submit their reasons for resigning.

External Audit	<p>a. To consider the appointment of external auditors, their remuneration and any matters related to resignation or dismissal.</p> <p>b. To discuss and review with the external auditor before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved.</p> <p>c. To assess the objectivity, performance and independence of external auditors (e.g. by reviewing and assessing the various relationships between external auditors and the Bank).</p> <p>d. To approve the provision of non-audit services by external auditors, evaluating whether such non-audit services would impair their independence.</p> <p>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 the independent judgment of the auditors.</p> <p>f. To ensure that the accounts are prepared in a timely and accurate manner with frequent reviews of the adequacy of allowances against contingencies and asset impairment.</p> <p>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).</p> <p>h. To review the external auditors' management letters and management's responses.</p> <p>i. To meet with the external auditors at least once a year without the presence of management or executive directors to discuss key concerns and to obtain feedback.</p>
Audit Findings, Internal Control and Compliance Issues	To review the findings of major investigations, routine audit findings, and internal control and compliance reported by the internal, external and regulatory auditors.

Review of Financial Statements	<p>To review the quarterly results of the bank, prior to the approval by the Board focusing particularly on:</p> <ul style="list-style-type: none"> • any change in accounting policies and practices; • significant adjustments arising from the audit; • the going concerns assumption; and • compliance with applicable financial reporting standards and other legal or regulatory requirement
Related Party Transactions	To review all related party transactions and keep the Board informed of such transactions.
Others	<p>a. To engage on a continuous basis senior management in order to keep informed of matters affecting the Bank.</p> <p>b. To convene meetings with internal auditors, external auditors or both whenever deemed necessary.</p> <p>c. To review the semi-annual and annual financial statements for submission to the Board of Directors of the Bank and ensure prompt publication of annual financial statements.</p>

5. SUMMARY OF ACTIVITIES IN 2014

5.1 Audit Committee

- Reviewed and approved the annual audit plan, scope of work and resources requirements of Internal Audit.
- Reviewed Internal Audit's methodology in assessing the risk levels of the various auditable areas and ensured that audit emphasis was placed on areas of critical risk.
- Reviewed the adequacy and effectiveness of the system of controls, reporting and risk management to ensure there is a systematic methodology for identifying, assessing and mitigating risk areas.
- Reviewed the efficiency of operations and the economical use of resources throughout the Bank.
- Reviewed the appointment of external auditors and their independence and effectiveness.
- Reviewed the external auditors' audit plan, the scope of work and the results of the annual audit of the Bank.

- Met with the external auditors on 18 December 2014 without the presence of management and the executive director to discuss relevant issues and obtain feedback.
- Reviewed the internal control issues identified by internal and external auditors as well as management's response to audit recommendations and the implementation of agreed action plans.
- Reviewed the financial statements of the Bank on a quarterly basis.
- Reviewed related party transactions and the adequacy of the Bank's procedures in identifying, monitoring, reporting and reviewing related party transactions.
- Ensured compliance with regulatory requirements and internal policies, and provided a status update on follow up by management on internal and external audit recommendations.

5.2 Internal Audit Function

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

5.3 Internal Audit Reports

- Internal Audit completed 25 audit assignments during the year, covering audits of all key operations and investigations carried out.
- Audit reports that are rated as 'Unsatisfactory' and 'Unacceptable' require the respective management to be present at the Audit Committee meetings to respond to and provide feedback on audit issues identified by Internal Audit.
- All findings by Internal Audit are tracked and followed up until they are dealt with and reported on a quarterly basis to the Audit Committee by Compliance Department.
- The implementation status of audit recommendations is reported to the Audit Committee on a quarterly basis.

STATEMENT ON INTERNAL CONTROL

BOARD RESPONSIBILITY

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

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

RISK MANAGEMENT AND CONTROL FRAMEWORK

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

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

INFORMATION TECHNOLOGY SECURITY

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

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

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

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

KEY INTERNAL CONTROL PROCESSES

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

Audit Committee

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

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

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

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

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

Risk Committees

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

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

Management Committee

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

Internal Policies and Procedures

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

Internal Audit

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

IAD's scope of coverage encompasses all business and support units. The selection of the units to be audited from the audit universe is based on an annual audit plan that is approved by the AC. The annual audit plan is developed based on assessment of the risks, exposures and strategies of the Bank. Units that are assessed as high risk are subject to an annual audit, while those that are assessed to be medium or low risk are subject to a cycle audit. Notwithstanding the risk assessment, the annual audit plan will include units that must be audited annually due to regulatory requirements, recent incidence of fraud or adverse audit rating in the past year. IAD also undertakes investigations into alleged fraud by staff, customers and third parties, and recommends appropriate improvements to prevent recurrence and actions against the persons responsible.

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

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

IAD conducts training routinely for relevant staff of the Bank on governance and internal control matters.

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

Compliance Framework

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

The Bank compliance function is driven by the Compliance Department with consultation with and guidance from the Group Compliance. Its main function is to facilitate advice, monitor and educate the business and support units to act in accordance with laws, regulations and guidelines.

Under the Compliance Framework, all business and support units are required to establish and update a Compliance Matrix to ensure that the Bank complies with regulatory requirements. The Compliance Matrix is a document that encompasses relevant laws, regulations and guidelines that apply to the business and support units. Business and support units are also required to conduct a Self-Testing exercise on the Compliance Matrix and a verification of this Self-Testing is done independently by Compliance Department. Additionally, Compliance Department conducts scheduled Compliance Reviews on business and support units, of which the annual compliance work plan is tabled and approved by the Boards.

In addition, the scheduled trainings are regularly conducted to create compliance awareness of the Compliance Framework and to facilitate implementation within the Bank.

The Compliance Framework lays down mechanisms and tools to ensure consistency and efficiency in managing compliance risk. The framework requires the Bank to adopt and implement the Group Compliance Policies and Procedures and endeavors to mitigate the Bank from liabilities arising from non-compliance with legislations, laws and regulation.

In line with good governance, Compliance Department reports independently to the Board of Directors and the Board of Directors are provided with compliance reports on a regular basis to facilitate the Board having a holistic and overall view of all compliance matters of the Bank.

New Product Approval Policy & Procedures

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

Exceptions Management and Escalation

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

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

Code of Ethics

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

Human Resources Policies and Procedures

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

BUSINESS CONTINUITY MANAGEMENT

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

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

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

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

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

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

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

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

Pursuant to the Group AML/CFT Policies and Procedures, the Bank has adopted and implemented the AML/CFT Compliance Programme framework which includes the establishment of documented policies and procedures on Customer Due Dilligence (CDD), staff roles and responsibilities, monitoring and reporting of suspicious transactions, record retention, employee training and audits of the internal AML/CFT measures.

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

The Bank uses a combination of processes, systems, reports and databases to screen and monitor customers and their transactions for due diligence, sanction checking and transaction patterns. The Customer Risk Profile and AML/CFT Alert Monitoring framework have been established to facilitate the AML/CFT risk.

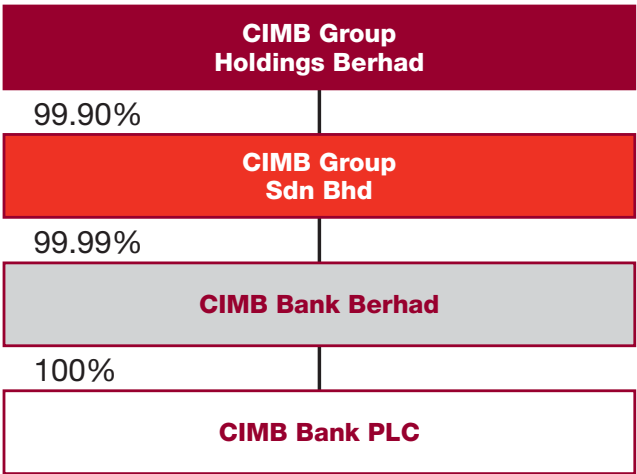
The Board and Senior Management of the Bank are aware and will continue to maintain adequate oversight of the AML/CFT measures undertaken by all Reporting Institution including enhancing the effectiveness of the internal controls, mechanisms and system to effectively combat money laundering and financing of terrorism activities.

CONCLUSION

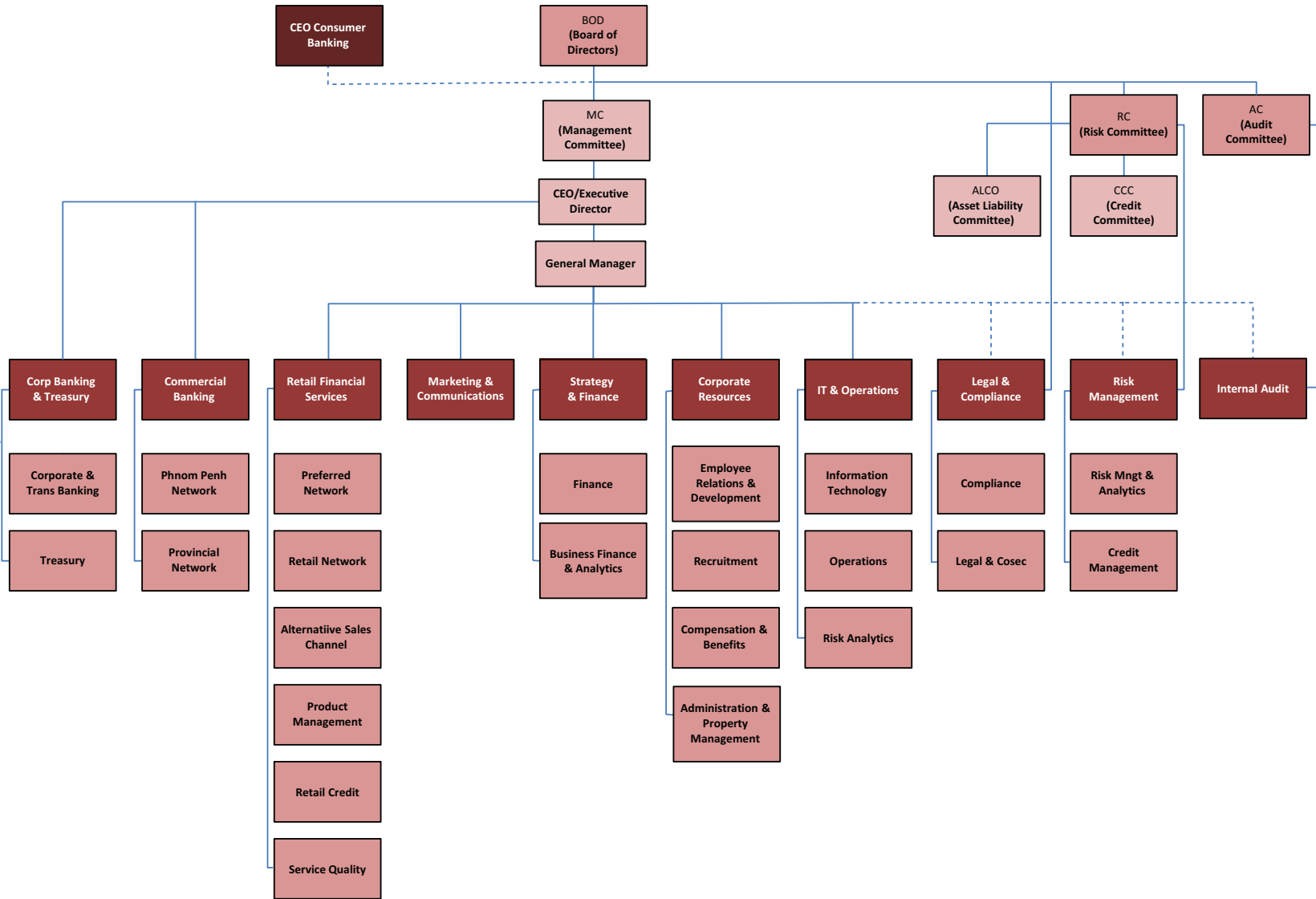
The Board believes that the system of internal control in place is adequate to safeguard shareholder interests as well as the assets of the Bank. It also acknowledges the effectiveness of the on-going process for the identification, evaluation and management of significant risks in the Bank and is committed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

CORPORATE STRUCTURE OF CIMB BANK PLC

AS AT 31 DECEMBER 2014



ORGANISATION CHART



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Shaarani Ibrahim
Chairman/ Independent Non-Executive Director

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

Yew Wan Kup
*Non-Independent Executive Director
(Resigned on 29 January 2015)*

Dr. Mey Kalyan
Independent Non-Executive Director

Kua Wei Jin
Non-Independent Non-Executive Director

Bun Yin
*Non-Independent Executive Director
(Appointed on 29 January 2015)*

AUDIT COMMITTEE

Mey Kalyan
Chairman/Independent Non-Executive Director

Dato' Shaarani Ibrahim
Independent Non-Executive Director

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

RISK COMMITTEE

Dato' Shaarani Ibrahim
Chairman/Independent Non-Executive Director

Yew Wan Kup
*General Manager(Retired as General Manager
on 31 December 2014)*

Low Chee Hock
*General Manager(Appointed as General Manager
on 1 January 2015)*

Bun Yin
*Chief Executive Officer
(Appointed as Chief Executive Officer
on 1 January 2015)*

Heng Thida
Head, Retail Financial Services

Hong Cheap
Head, Risk Management

Mohan Raj S Govinda Raj
*Head, Information Technology & Operations
(Resigned as member on 18 December 2014)*

Den Davuth
*Head, Information Technology & Operations
(Appointed as member on 18 December 2014)*

Heng Vuthy
Head, Strategy & Finance

Ky Sana
*Head, Corporate & Transaction Banking
(Appointed as member on 18 December 2014)*

CAMBODIA CREDIT COMMITTEE

Hong Cheap
Chairman/Head, Risk Management

Bun Yin
Alternative Chairman/Chief Executive Officer

Yew Wan Kup
*General Manager
(Retired as General Manager on 31 December 2014)*

Low Chee Hock
*General Manager
(Appointed as member on 2 March 2015)*

Heng Thida
Head, Retail Financial Services

Kien Vatana
Acting Head, Credit Management

John Chuah Keat Kong
Credit Advisor, Commercial Banking

Heng Vuthy
*Head, Strategy & Finance
(Resigned as member on 2 March 2015)*

Ky Sana
*Head, Corporate & Transaction Banking
(Appointed as member on 2 March 2015)*

Chea Bunhean
*Commercial Banking
(Appointed as member on 2 March 2015)*

Hong Bunroeut
*Commercial Banking
(Appointed as member on 2 March 2015)*

ASSETS AND LIABILITIES MANAGEMENT COMMITTEE

Bun Yin
*Chairman/
Chief Executive Officer
(Appointed as Chief Executive Officer
on 1 January 2015)*

Yew Wan Kup
*General Manager
(Retired as General Manager on 31 December 2014)*

Low Chee Hock
*General Manager
(Appointed as General Manager on 1 January 2015)*

Heng Thida
Head, Retail Financial Services

Hong Cheap
Head, Risk Management

Heng Vuthy
Head, Strategy & Finance

Heng Torang
Vice President, Treasury

Ky Sana
*Head, Corporate & Transaction Banking
(Appointed as member on 18 December 2014)*

MANAGEMENT COMMITTEE

Yew Wan Kup
*Chairman/General Manager
(Retired as General Manager on 31 December 2014)*

Low Chee Hock
*Chairman/General Manager
(Appointed as General Manager on 1 January 2015)*

Bun Yin
*Chief Executive Officer
(Appointed as Chief Executive Officer on 1 January 2015)*

Heng Thida
Head, Retail Financial Services

Heng Torang
Vice President, Treasury

Hong Cheap
Head, Risk Management

Heng Vuthy
Head, Strategy & Finance

Oum Chendapheakdey
Head, Corporate Resource

Mohan Raj S Govinda Raj
*Head, Information Technology & Operations
(Resigned as member on 18 December 2014)*

Den Davuth
*Head, Information Technology & Operations
(Appointed as member on 18 December 2014)*

Ky Sana
*Head, Corporate & Transaction Banking
(Appointed as member on 18 December 2014)*

Seang Soleak,
Head, Marketing & Communications

Ly Sophea
Head, Legal & Compliance (Secretary)

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 988388
Fax: +855 23 988099
Website: www.cimbbank.com.kh

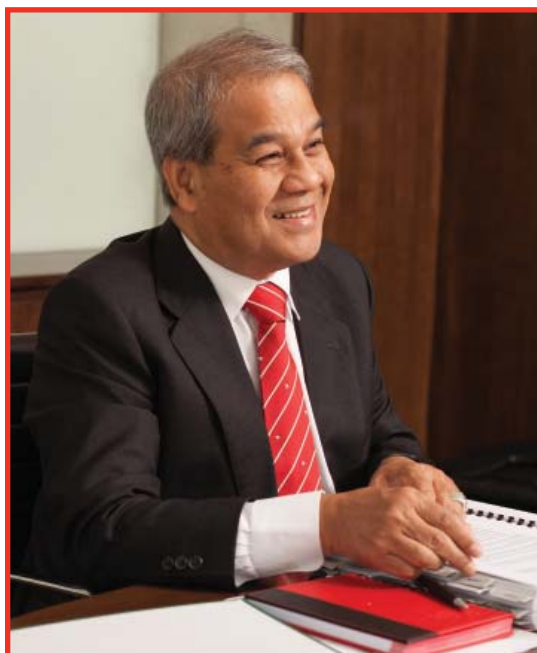
AUDITOR

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

BOARD OF DIRECTORS







DATO' SHAARANI IBRAHIM
Chairman
Independent Non-Executive Director

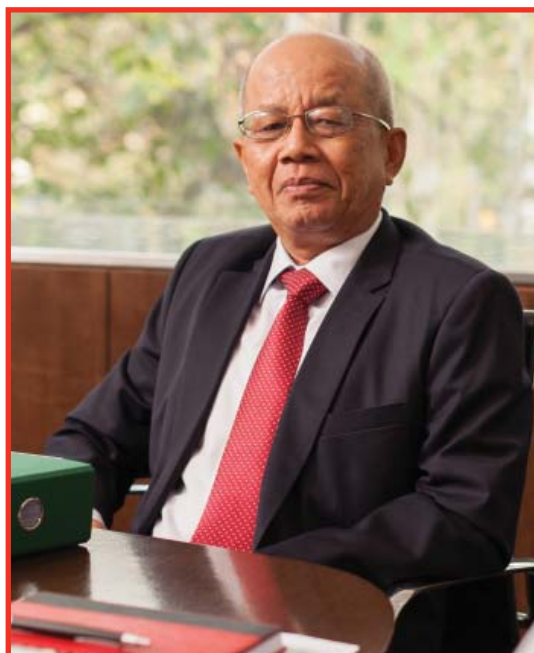
Joined the Board on 20 September 2010
Attended all 6 Board Meetings held in 2014
Chairman of the Risk Committee
Member of the Audit Committee

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

Dato' Shaarani 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 Committee and Nomination, Remuneration and Corporate Governance Committee. Since September 2010, Dato' Shaarani has also been 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 Committees. Dato' Shaarani had also sat on the Board of Universiti Putra Malaysia (UPM) and had been the Chairman of its Audit Committee and member of its Investment Committee from January 2011 to January 2014.

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

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



MEY KALYAN
Independent Non-Executive Director

Joined the Board on 28 June 2012
Attended all 6 Board Meetings held in 2014
Chairman of the Audit Committee

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

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

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



DATO' WIRA ZAINAL ABIDIN MAHAMAD ZAIN
Independent Non-Executive Director

Joined the Board on 20 September 2010
Attended all 6 Board Meetings held in 2014
Member of the Audit Committee

Dato' Wira Zainal Abidin holds a Bachelor of Arts (Hons) 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 has served at the Ministry of Foreign Affairs since 1973, having held various responsibilities over a span of 42 years in public service. He currently also serves as Special Envoy of the Prime Minister of Malaysia to the Islamic Republic of Afghanistan, a responsibility which he assumed since June 2010.

His career during these 42 years to date in serving the Government of Malaysia saw him appointed as Ambassador of Malaysia to Brazil, Vietnam and Indonesia. He also served as Malaysia's first Director-General of the South-East-Asian Centre for Counter-Terrorism based in Kuala Lumpur. His other appointments were as Chargé d' Affaires of Malaysia in Tehran, the Islamic Republic of Iran; Consul-General of Malaysia in Abu Dhabi, UAE; Consul-General of Malaysia in Jeddah, Saudi Arabia and Consul General of Malaysia in Vancouver, Canada.



YEW WAN KUP
General Manager
Non-Independent Executive Director

Joined the Board on 20 September 2010
Attended 5 out of 5 Board Meetings held in 2014
Member of the Risk Committee
*Resigned from the Board on 29 January 2015

Yew Wan Kup graduated from Universiti Malaya, Malaysia, with a Master of Business Administration and a Master of Information Technology. He also holds a Bachelor of Science (Hons) degree in Housing, Building and Planning (Architecture) from Universiti Sains Malaysia, Malaysia.

In CIMB Bank PLC, Mr. Yew was the General Manager and a member of the Risk Committee before his retirement from these positions in December 2014. Mr. Yew first joined the CIMB Group in 2008 primarily to oversee the Group's expansion programs within the Indochina region. Prior to his secondment to CIMB Bank PLC, Mr. Yew held an advisory role at CIMB Thai.

Mr. Yew was considered as the vanguard of the establishment of CIMB Bank PLC in 2010. As the General Manager, he had been instrumental in the strategic business growth of the Bank. Mr. Yew led the overall management of the entire banking operations in Cambodia.

Mr. Yew has more than 30 years' commercial banking experience. Prior to joining CIMB, he led another Malaysian Bank, overseeing its overseas operations in 12 locations worldwide. At another Malaysian bank prior to that, Mr. Yew had been instrumental in developing the strategic and tactical directions in managing the operations of its 180 branches with 2,300 staffs.

Mr. Yew resigned from the Board of CIMB Bank PLC on 29 January 2015.



KUA WEI JIN
Non-Independent Non-Executive Director

Joined the Board on 01 November 2013
Attended 5 out of 6 Board Meetings held in 2014

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

Mr. Kua joined CIMB Investment Bank Berhad as Regional Treasurer in November 2010. He started his career in the banking sector with Union Bank of Switzerland, Singapore / Hong Kong as an Assistant Vice President, Global Fixed Income Derivatives from year 1993 to 1996. For the next 3 years, he was with Bankers Trust Company, Singapore / Hong Kong and as Vice President, Asia Trading and Distribution. He then moved on to be a Director of Barclays Capital, Singapore in 1999. On April 2001, he joined Standard Chartered Bank, Singapore as Regional Head, Interest Rate Derivatives - South Asia. Thereafter, Mr. Kua joined Hong Leong Bank Berhad in February 2004 and was holding the position of Chief Operating Officer.



BUN YIN
Chief Executive Officer
Non-Independent Executive Director

Joined the Board on 29 January 2010
Member of the Risk Committee

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

He was appointed as Chief Executive Officer (CEO) on 1 January 2015 after serving as Deputy General Manager since the first setup of the Bank in Cambodia. Bun Yin was appointed as the Bank's Executive Director (ED) on 29 January 2015. He has also served as a member of the Bank's Risk Committee. With his recent appointments, Bun Yin is the first Cambodian who heads an international bank in Cambodia.

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

He has been working in the banking industry for more than 30 years. With his extensive experience in banking and deep relationship with local and regional customers, Bun Yin has been a central part in driving CIMB's Cambodia business, generating quality funds and balancing credit. He has been recognized as one of the pioneers in the Cambodian banking industry.



DATIN ROSSAYA MOHD NASHIR

Joint Company Secretary

Datin Rossaya Mohd Nashir is CIMB's Group Company Secretary. She was appointed as the Joint Company Secretary of CIMB Cambodia on 20 September 2010.

In Cambodia, she supports the Chairman and the Board and ensures that a corporate governance framework is in place for the Board to perform its role professionally and effectively. She also plays a liaison role between the Board and its key stakeholders in Malaysia and CIMB Group's other regional operations.

She has been with CIMB since 2002, when she joined the Corporate Legal Services Unit and later set up the Company Secretarial Department. She has more than 20 years of experience in corporate secretarial practice and takes an active interest in advocating greater participation of women in the boardroom. Datin Rossaya started her career with Time Engineering Group and subsequently joined Permodalan Nasional Berhad, where she assumed the position of Joint Company Secretary for several of its subsidiaries.

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



LY SOPHEA

Joint Company Secretary

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

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

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

**600 MILLION PEOPLE
IN ASEAN.**

**One bank that
brings us together.**



CIMB BANK ធនាគារ ស៊ីអាយអិមប៊ី ភីអិលស៊ី



MANAGEMENT TEAM





LOW CHEE HOCK
General Manager

Low Chee Hock is the General Manager of CIMB Bank PLC. He started his banking career with Citibank Malaysia, gaining experiences with different departments within the consumer banking portfolios of Mortgage and Credit Cards in both Sales and Credit functions. He later moved on to join Southern Bank Berhad based in Malaysia as the Head of Management Support for Collection and Recovery Department. After four successive years there, the bank was merged into CIMB Bank Malaysia in 2006. From there, he continued his career with CIMB Bank Malaysia till 2014 as Senior Vice President in Commercial Banking Division, managing CIMB Property Mart before being promoted and reassigned to CIMB Bank PLC in Cambodia as the General Manager.

As the General Manager for CIMB Bank PLC, Chee Hock is tasked to oversee all the Operational and Governance related matters of the Bank including the Consumer and Enterprise Banking business segments. He is also Chairman of the **Management Committee** of CIMB Bank PLC and sits as member on the Group Consumer Banking Committee of CIMB Group. On top of that, Chee Hock sits as member on the Bank's Risk Committee, Asset & Liability Committee and Audit Committee of CIMB Bank PLC.

Graduated with a Bachelor of Commerce in Accounting and Finance from the University of Southern Queensland, Australia, he has recently completed his INSEAD Leadership Program from INSEAD Business School, France.



HENG THIDA
First Vice President
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 also takes care of both Preferred Banking and Technology Banking.

She started her career as a salesperson in the import/export industry and later took on the challenge of becoming an Account Executive in an international advertising agency for four years before she left for Japan to further her studies. On her return to Cambodia, Thida was 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 where she assumed various management positions, from Head of Marketing to Head of Retail Support and then Head of Sales and Distribution.

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



KY SANA
First Vice President,
Head, Corporate & Transaction Banking

Sana has served over 14 years in banking services covering various disciplines. She started her banking career with international Banks and assumed various positions in banking sector both front line and back office support and currently with CIMB Cambodia. As FVP for Corporate and Transactional Banking, Sana is responsible for delivering large corporate lending and overall performance of Trade Finance and Cash Management. This entails formulating strategic and operational plans as well as execution of those plans.

In performing her duties, Sana was recipient of the following awards: Best Branch of the Year Award (2011), Most Admired Employee Award (2011) from CIMB Cambodia and Emerald Award (2013) for high performing middle managers from CIMB Group.

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



HENG TORANG

**Vice President,
Head, Treasury**

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

Prior to joining CIMB Bank PLC, Torang was Assistant Vice President and Manager of Market and Treasury Risk, plus three years' experience in cash management, Treasury, at a major bank in Cambodia.

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



SEANG SOLEAK

**Vice President,
Head, Marketing & Communications**

Seang Soleak is responsible for planning, development and implementation of all of the Bank's marketing strategies. He manages both internal and external communications, including management of the Bank's advertising, corporate branding, website and social media, public and media relations, sponsorship, corporate events and reporting.

Prior to joining CIMB Bank PLC, Soleak worked with international relief and development organization Oxfam America for five years where he served as East Asia Regional Communications Officer. In the early 2000s, Soleak was an English language trainer. He then joined national and international media organizations, working with them until 2009.

A former Fulbright scholar, Soleak earned a Master of Science in Journalism and Mass Communications from the University of Kansas, USA. He also holds a Bachelor of Arts in Media Management and a Bachelor of Business Administration.



HENG VUTHY

**First Vice President,
Head, Strategy & Finance**

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

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

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



OUM CHENDA PHEAKDEY

**First Vice President,
Head, Corporate Resources**

Oum Chenda Pheakdey joined CIMB Bank PLC in 2010 as a Head of Human Resource and was promoted to Head of Corporate Resources in 2013. Her role encompasses a full range of HR responsibilities, which include sourcing, managing, developing and retaining talented employees as well as managing competitive remuneration & benefits. She also oversees the Bank's Property and Administration which include setting-up, renovation and expansion of offices and branches.

Pheakdey's key focus are employee development, employee engagement and performance management. She ensures staff are well equipped with knowledge and skills necessary to perform their job effectively. On top of that she also promotes the learning and sharing culture to sustain the organization's knowledge in the long-run. Her other agenda works around on-going engagement activities to ensure employees and management are well engaged with each other. Promoting the Bank's high performance culture is an utmost important area.

Oum Chenda Pheakdey holds a Bachelor of Business Administration from the National Institute of Management. Prior to joining CIMB Bank PLC, she held HR leadership roles in various industries from 2002.



DEN DAVUTH

**First Vice President,
Head, Information & Operations**

Den Davuth is the Head of Information & Operations. He oversees information technology, operations, business process improvement, and operational governance and assurance functions. He directs the bank and executes technical strategies to ensure they are in baseline with the Group Information and Operations Division's blueprints.

Davuth joined CIMB Bank PLC as one of the pioneers in setting up the bank operations in September 2010 as Head of Information Technology before he assumed the position of Head of Information & Operations in November 2014. Prior to this, he had 5 years of experience as Head of Information Technology in a local bank.

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



HONG CHEAP

**First Vice President,
Head, Risk Management**

With more than 10 years' work in commercial banking sector involved in frontline customer facing and risk management, Hong Cheap has equipped himself with strong knowledge and experiences and is able to provide valuable views to his counterparts within the Bank on business and risk management matters. Hong Cheap has also exposed himself in risk management in Laos in the position of Chief Risk Officer for an international bank. As Head of Risk for CIMB Cambodia, Hong Cheap holds responsibility for overall risk management and works closely with other business units and Group Risk team to embed a strong risk culture within the Bank.

As Chairman of Credit Committee, Hong Cheap provides direction and guidance from a lending point of view to maintain and attract creditworthy customers while maintaining quality books. He also oversees other risk matters, including but not limited to operational risk, market risk, and liquidity risk.

He holds a Bachelor's and a Master's degree in Business Administration.



KHIEU LANIN

**Vice President,
Internal Audit**

Khieu Lanin is responsible for the overall management of the Bank's Internal Audit Department, which includes developing and overseeing audit plans, strategies, standards and policies. He joined CIMB Bank PLC in 2010.

Lanin has 10 years' experience in internal audit and two years as manager of credit and remittance department. He served in various committees including Audit Committee and Executive Committee.

Lanin holds a bachelor's degree in Finance and Banking and a master's degree in Finance and Accounting.



LY SOPHEA

**First Vice President,
Head, Legal & Compliance**

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

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

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



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DIRECTORS' REPORT

The Board of Directors ("the Directors") hereby submit their report and the audited financial statements of CIMB BANK PLC ("the Bank") for the year ended 31 December 2014.

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 2014 are set out in the income statement on page 7.

No dividends were declared or paid during the year ended 31 December 2014.

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
- Dr. Mey Kalyan
- Mr. Kua Wei Jin
- Mr. Yew Wan Kup (resigned as Executive Director on 29 January 2015)
- Mr. Bun Yin (appointed as Executive Director on 29 January 2015)

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 2014 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 2014, 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.

DATO' SHAARANI IBRAHIM
Chairman
PhnomPenh, Kingdom of Cambodia
27 March 2015

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF CIMB BANK PLC

We have audited the accompanying financial statements of CIMB BANK PLC which comprise the balance sheet as at 31 December 2014 and the income statement, the statement of changes in equity and the cash flow statement for the year then ended 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 at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards.

For PricewaterhouseCoopers (Cambodia) Ltd.



BY LANG HY

Director

Phnom Penh, Kingdom of Cambodia

Date: 27 March 2015

AS AT 31 DECEMBER 2014

BALANCE SHEET

		31 December 2014		31 December 2013	
	Note	US\$	KHR'000	US\$	KHR'000
ASSETS					
Cash on hand		10,573,971	43,088,932	9,529,355	38,069,773
Balances with the Central Bank	4	108,666,214	442,814,822	66,013,937	263,725,678
Deposits and placements with other banks	5	22,643,213	92,271,093	34,071,535	136,115,782
Loans and advances to customers	6	206,399,963	841,079,850	133,533,280	533,465,454
Amount due from related company	12	63,474	258,657	51,124	204,240
Other assets	7	1,574,874	6,417,611	3,071,833	12,271,973
Property and equipment	8	2,417,276	9,850,400	3,540,849	14,145,692
Intangible assets	9	254,284	1,036,207	492,370	1,967,018
Total assets		352,593,269	1,436,817,572	250,304,283	999,965,610
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks	10	33,303,864	135,713,246	10,732,351	42,875,742
Deposits from customers	11	264,680,623	1,078,573,539	191,314,215	764,300,289
Amount due to related company	12	283,710	1,156,118	51,434	205,479
Amount due to suppliers	13	197,211	803,635	140,086	559,644
Current income tax liabilities		20,794	84,736	12,008	47,970
Other liabilities	14	14,410,370	58,722,258	9,581,897	38,279,679
Total liabilities		312,896,572	1,275,053,532	211,831,991	846,268,803
SHAREHOLDERS' EQUITY					
Share capital	15	45,000,000	183,375,000	45,000,000	179,775,000
Accumulated losses		(5,303,303)	(21,610,960)	(6,527,708)	(26,078,193)
Total shareholders' equity		39,696,697	161,764,040	38,472,292	153,696,807
Total liabilities and shareholders' equity		352,593,269	1,436,817,572	250,304,283	999,965,610

The accompanying notes on pages 74 to 88 form an integral part of these financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2014

INCOME STATEMENT

		For the year ended 31 December 2014		For the year ended 31 December 2013	
	Note	US\$	KHR' 000	US\$	KHR' 000
Interest income	16	13,286,304	54,141,689	9,119,702	36,433,209
Interest expense	16	(4,569,489)	(18,620,668)	(3,043,368)	(12,158,255)
Net interest income		8,716,815	35,521,021	6,076,334	24,274,954
Fee and commission income	17	2,459,590	10,022,829	1,575,606	6,294,546
Other operating income		204,453	833,146	206,423	824,660
Personnel expenses	18	(4,059,376)	(16,541,957)	(2,924,009)	(11,681,416)
Depreciation and amortisation charges	19	(1,809,063)	(7,371,932)	(2,334,261)	(9,325,373)
General and administrative expenses	20	(3,367,041)	(13,720,692)	(2,688,953)	(10,742,367)
Provision for doubtful loans	6 (a)	(760,947)	(3,100,859)	(539,852)	(2,156,708)
Profit/(loss) before income tax		1,384,431	5,641,556	(628,712)	(2,511,704)
Income tax expense	21	(160,026)	(652,106)	(108,688)	(434,209)
Profit/(loss) for the year		1,224,405	4,989,450	(737,400)	(2,945,913)
Profit /(loss) attributable to:					
Equity holders of the Company		1,224,405	4,989,450	(737,400)	(2,945,913)

The accompanying notes on pages 74 to 88 form an integral part of these financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2014

STATEMENT OF CHANGES IN EQUITY

	Share capital US\$	Accumulated losses US\$	Total US\$
For the year ended 31 December 2013			
At 1 January 2013	37,000,000	(5,790,308)	31,209,692
Additional paid-up capital	8,000,000	-	8,000,000
Loss for the year	-	(737,400)	(737,400)
At 31 December 2013	<u>45,000,000</u>	<u>(6,527,708)</u>	<u>38,472,292</u>
 In KHR' 000 equivalent	<u>179,775,000</u>	<u>(26,078,193)</u>	<u>153,696,807</u>
 For the year ended 31 December 2014			
At 1 January 2014	45,000,000	(6,527,708)	38,472,292
Net profit for the year	-	1,224,405	1,224,405
At 31 December 2014	<u>45,000,000</u>	<u>(5,303,303)</u>	<u>39,696,697</u>
 In KHR' 000 equivalent	<u>183,375,000</u>	<u>(21,610,960)</u>	<u>161,764,040</u>

The accompanying notes on pages 74 to 88 form an integral part of these financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2014

CASH FLOW STATEMENT

		For the year ended 31 December 2014		For the year ended 31 December 2013	
	Note	US\$	KHR' 000	US\$	KHR' 000
Cash flows from operating activities					
Cash generated from operations	22	12,190,705	49,677,122	11,488,398	45,896,150
Interest received		12,911,470	52,614,240	8,818,474	35,229,804
Interest paid		(3,907,762)	(15,924,130)	(2,638,893)	(10,542,378)
Income tax paid		(151,241)	(616,307)	(103,310)	(412,723)
Net cash generated from operating activities		<u>21,043,172</u>	<u>85,750,925</u>	<u>17,564,669</u>	<u>70,170,853</u>
Cash flows from investing activities					
Additional statutory deposit		-	-	(800,000)	(3,196,000)
Fixed assets adjustments		24,201	98,619	-	-
Purchases of property and equipment	8	(307,461)	(1,252,904)	(286,698)	(1,145,359)
Purchases of intangible assets	9	(89,816)	(366,000)	(113,915)	(455,090)
Net cash used in investing activities		<u>(373,076)</u>	<u>(1,520,285)</u>	<u>(1,200,613)</u>	<u>(4,796,449)</u>
Cash flows from financing activities					
Additional paid-up capital		-	-	8,000,000	31,960,000
Net cash generated from financing activities		<u>-</u>	<u>-</u>	<u>8,000,000</u>	<u>31,960,000</u>
Net increase in cash and cash equivalents		20,670,096	84,230,640	24,364,056	97,334,404
Cash and cash equivalents at beginning of the year		82,897,774	331,176,607	58,533,718	233,842,203
Currency translation differences		-	6,631,823	-	-
Cash and cash equivalents at end of the year	23	<u>103,567,870</u>	<u>422,039,070</u>	<u>82,897,774</u>	<u>331,176,607</u>

The accompanying notes on pages 74 to 88 form an integral part of these financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

1. BACKGROUND INFORMATION

The Bank was incorporated in Cambodia on 20 September 2010 under the Registration No. Co. 1935E/2010, dated 23 September 2010, granted by the Ministry of Commerce and commenced its operations on 19 November 2010. The Bank is a wholly owned subsidiary of CIMB Bank Berhad, a licensed bank incorporated in Malaysia. CIMB Group Holdings Berhad, a publicly listed company incorporated in Malaysia, is the ultimate holding company.

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

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

The financial statements were authorised for issue by the Board of Directors on 27 March 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements have been prepared in accordance with the guidelines issued by the Central Bank and Cambodian Accounting Standards (“CAS”). In applying CAS, the Bank also applies the Cambodian Financial Reporting Standard (“CFRS”) CFRS7: Financial Instruments: Disclosures. The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are therefore not intended to present the financial position and results of operations and cash flows in accordance with jurisdictions other than Cambodia. Consequently, these financial statements are addressed only to those who are informed about Cambodia accounting principles, procedures and practices.

The financial statements are prepared using the historical cost convention.

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

2.2 Changes in financial reporting framework

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

The National Accounting Council of the Ministry of Economy and Finance through Circular No. 086 MoEFNAC dated 30 July 2012 approves banks and financial institutions to delay adoption of CIFRS until the periods beginning on or after 1 January 2016.

The first financial statement of the Bank which will be prepared under CIFRS is the year ending 31 December 2016. CAS, the current accounting standard used, is different to CIFRS in many areas. Hence, the adoption of CIFRS will have significant impact on the financial statements of the Bank.

2.3 Foreign currencies

(i) Functional and presentation currency

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

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 at and for the financial year ended 31 December 2014 using the official rate of exchange regulated by the Central Bank as at the reporting date, which was US\$ 1 to KHR 4,075 (31 December 2013: US\$1 to KHR 3,995). 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 are 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 accumulated depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

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

Assets under construction are not depreciated. Depreciation of property and equipment is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets at the following annual rates:

	%
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 straight-line method.

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

2.10 Interest income and expense

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

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

2.11 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, trade finance 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 include any individual who participates in the administration, direction, management or internal control of the Bank.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

a) Impairment losses on loans and advances

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

b) Taxes

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 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Current accounts	59,049,686	240,627,470	27,196,884	108,651,551
Fixed deposits (a)	11,301,000	46,051,575	12,100,000	48,339,500
Reserve requirement (b)	33,815,528	137,798,277	22,217,053	88,757,127
Statutory deposit (c)	4,500,000	18,337,500	4,500,000	17,977,500
	<u>108,666,214</u>	<u>442,814,822</u>	<u>66,013,937</u>	<u>263,725,678</u>

(a) Fixed deposits

Fixed deposits with the Central Bank are short term deposits with maturity less than three months. Including in fixed deposits, the Bank pledged Negotiable Certificate of Deposits (NCDs) amounting to US\$ 9,001,000 with Central Bank as collateral for settlement clearing facility. The term of the NCD is for a period less than three months and it bears interest rate at 0.24% per annum. As at 31 December 2014, the Bank has yet utilised the overdraft facility.

(b) Reserve requirement

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

(c) Statutory deposit

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

(d) Interest rates

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

	2014	2013
Fixed deposits	0.08% - 0.18%	0.10% - 0.14%
Reserve requirement	0.10% - 0.12%	0.10% - 0.12%
Statutory deposit	0.18% - 0.20%	0.18% - 0.20%

5. DEPOSITS AND PLACEMENTS WITH OTHER BANKS

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Placements	14,608,665	59,530,310	31,467,389	125,712,219
Current accounts	8,034,548	32,740,783	2,604,146	10,403,563
	<u>22,643,213</u>	<u>92,271,093</u>	<u>34,071,535</u>	<u>136,115,782</u>

Current accounts earn no interest. Placements with other banks in 2014 are mainly with local bank. Placements are short term and earn interest from 0.8% to 1.5% per annum.

6. LOANS AND ADVANCES TO CUSTOMERS

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Commercial loans:				
Long-term loans	142,369,414	580,155,362	86,624,125	346,063,380
Overdrafts	57,013,385	232,329,544	43,728,507	174,695,385
Short term loans	<u>9,163,784</u>	<u>37,342,420</u>	<u>4,566,321</u>	<u>18,242,452</u>

Total loans and advances - gross	<u>208,546,583</u>	<u>849,827,326</u>	<u>134,918,953</u>	<u>539,001,217</u>
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Provisions for loans losses:

General provision	(2,084,848)	(8,495,756)	(1,336,446)	(5,339,102)
Specific provision	<u>(61,772)</u>	<u>(251,720)</u>	<u>(49,227)</u>	<u>(196,661)</u>
	<u>(2,146,620)</u>	<u>(8,747,476)</u>	<u>(1,385,673)</u>	<u>(5,535,763)</u>
	<u>206,399,963</u>	<u>841,079,850</u>	<u>133,533,280</u>	<u>533,465,454</u>

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

(a) Provision for loans losses

Movements in the provisions for loan losses are as follows:

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
At beginning of the year	1,385,673	5,535,763	845,821	3,379,055
Provision for the year	760,947	3,100,859	539,852	2,156,708
Foreign exchange differences	-	110,855	-	-
At end of the year	<u>2,146,620</u>	<u>8,747,477</u>	<u>1,385,673</u>	<u>5,535,763</u>

(b) Analysis by classification

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Standard loans				
Secured	207,675,961	846,279,541	134,844,601	538,704,181
Unsecured	<u>870,622</u>	<u>3,547,785</u>	<u>74,352</u>	<u>297,036</u>
	<u>208,546,583</u>	<u>849,827,326</u>	<u>134,918,953</u>	<u>539,001,217</u>

(c) Interest rate

These loans and advances to customers earn interest at annual rates ranging from 3.5% to 12% (2013: 3.5% to 12%).

7. OTHER ASSETS

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Accrued interest receivables	1,052,297	4,288,110	677,462	2,706,461
Deposits (*)	261,663	1,066,277	252,987	1,010,683
Outstanding inward transactions	79,325	323,249	1,934,145	7,726,909
Office supplies	41,708	169,960	16,237	64,867
Others	<u>139,881</u>	<u>570,015</u>	<u>191,002</u>	<u>763,053</u>
	<u>1,574,874</u>	<u>6,417,611</u>	<u>3,071,833</u>	<u>12,271,973</u>

(*) This represents office rental deposits which are only refundable at the end of the lease term. The lease term is more than one year and the deposits are non-interest-bearing.

8. PROPERTY AND EQUIPMENT

	Leasehold improvements US\$	Office equipment US\$	Computer equipment US\$	Motor vehicles US\$	Assets in progress US\$	Total US\$
Year ended 31 December 2013						
Open net book value	2,644,234	621,764	960,564	274,660	405,803	4,907,025
Additions	-	42,053	25,393	51,730	167,522	286,698
Transferred in/(out)	22,112	1,075	280,819	5,740	(309,746)	-
Adjustments	(5,706)	-	-	-	-	(5,706)
Depreciation charge	(767,945)	(172,427)	(607,302)	(99,494)	-	(1,647,168)
Closing net book value	<u>1,892,695</u>	<u>492,465</u>	<u>659,474</u>	<u>232,636</u>	<u>263,579</u>	<u>3,540,849</u>
As at 31 December 2013						
Cost	3,573,190	828,222	2,046,721	498,500	263,579	7,210,212
Accumulated depreciation	<u>(1,680,495)</u>	<u>(335,757)</u>	<u>(1,387,247)</u>	<u>(265,864)</u>	<u>-</u>	<u>(3,669,363)</u>
Net book value	<u>1,892,695</u>	<u>492,465</u>	<u>659,474</u>	<u>232,636</u>	<u>263,579</u>	<u>3,540,849</u>
Net book value in KHR' 000 equivalent	<u>7,561,317</u>	<u>1,967,398</u>	<u>2,634,599</u>	<u>929,381</u>	<u>1,052,997</u>	<u>14,145,692</u>
Year ended 31 December 2014						
Open net book value	1,892,695	492,465	659,474	232,636	263,579	3,540,849
Additions	128,158	39,851	153,781	60,000	-	381,790
Transferred in/(out)	-	2,790	16,875	44,800	(64,465)	-
Adjustments	-	-	-	-	(24,201)	(24,201)
Depreciation charge	(782,156)	(182,167)	(396,812)	(120,027)	-	(1,481,162)
Closing net book value	<u>1,238,697</u>	<u>352,939</u>	<u>433,318</u>	<u>217,409</u>	<u>174,913</u>	<u>2,417,276</u>
As at 31 December 2014						
Cost	3,701,348	870,863	2,212,823	603,300	174,913	7,563,247
Accumulated depreciation	<u>(2,462,651)</u>	<u>(517,924)</u>	<u>(1,779,505)</u>	<u>(385,891)</u>	<u>-</u>	<u>(5,145,971)</u>
Net book value	<u>1,238,697</u>	<u>352,939</u>	<u>433,318</u>	<u>217,409</u>	<u>174,913</u>	<u>2,417,276</u>
Net book value in KHR' 000 equivalent	<u>5,047,690</u>	<u>1,438,226</u>	<u>1,765,772</u>	<u>885,942</u>	<u>712,770</u>	<u>9,850,400</u>

Total fixed assets addition of US\$ 381,790 for the year ended 31 December 2014 includes outstanding payable of US\$74,329.

9. INTANGIBLE ASSETS

	Computer software US\$	Total US\$
Year ended 31 December 2013		
Open net book value	1,065,548	1,065,548
Additions	113,915	113,915
Amortisation charge	(687,093)	(687,093)
Closing net book value	492,370	492,370

As at 31 December 2013		
Cost	2,283,017	2,283,017
Accumulated amortisation	(1,790,647)	(1,790,647)
Net book value	492,370	492,370
Net book value in KHR' 000 equivalent	1,967,018	1,967,018

Year ended 31 December 2014		
Open net book value	492,370	492,370
Additions	89,816	89,816
Amortisation charge	(327,901)	(327,901)
Closing net book value	254,285	254,285

As at 31 December 2014		
Cost	2,372,832	2,372,832
Accumulated amortisation	(2,118,548)	(2,118,548)
Net book value	254,284	254,284

Net book value in KHR' 000 equivalent 1,036,207 1,036,207

10. DEPOSITS FROM BANKS

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Current accounts	3,303,864	13,463,246	732,351	2,925,742
Fixed deposits	30,000,000	122,250,000	10,000,000	39,950,000
	<u>33,303,864</u>	<u>135,713,246</u>	<u>10,732,351</u>	<u>42,875,742</u>

Fixed deposits are short-term and have maturities of twelve months or less. The fixed deposits bear interest from 0.80% to 2.20% per annum (2013: 0.5% to 1.75%).

11. DEPOSITS FROM CUSTOMERS

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Fixed deposits	151,541,058	617,529,811	98,725,058	394,406,607
Current accounts	87,007,710	354,556,419	78,001,006	311,614,019
Savings accounts	26,131,855	106,487,309	14,588,151	58,279,663
	<u>264,680,623</u>	<u>1,078,573,539</u>	<u>191,314,215</u>	<u>764,300,289</u>

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

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

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

	2014	2013
Savings accounts	0.5% to 1.50%	0.5% to 1.50%
Fixed deposits	0.1% to 5%	0.1% to 5%
Current accounts	0% to 1.75%	0% to 1.75%

12. AMOUNT DUE FROM/TO RELATED COMPANY

The amount due from CIMB Bank Berhad was mainly related to the payments made by CIMB Bank PLC on behalf of CIMB Bank Berhad for the benefits paid to trainees from CIMB Bank Berhad and others.

The amount due to CIMB Bank Berhad was related to the payments made by CIMB Bank Berhad on behalf of CIMB Bank PLC and mainly for the training costs incurred in Malaysia.

13. AMOUNT DUE TO SUPPLIERS

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

14. OTHER LIABILITIES

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Banker's cheque and other collection accounts (*)	10,833,773	44,147,625	2,213,977	8,844,838
Outstanding outward transactions (**)	718,776	2,929,012	5,629,581	22,490,176
Accrual interest payable	1,519,281	6,191,070	857,554	3,425,928
Accrual bonus payable	644,024	2,624,398	485,000	1,937,575
Accrued tax payable	94,201	383,869	53,647	214,321
Other liabilities	600,315	2,446,284	342,138	1,366,841
	<u>14,410,370</u>	<u>58,722,258</u>	<u>9,581,897</u>	<u>38,279,679</u>

(*)These are outstanding check clearances which were subsequently cleared at clearing house at NBC.

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

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

15. SHARE CAPITAL

The registered capital of the Bank as at 31 December 2014 is 45 million shares (31 December 2013: 45 million shares) at a par value of US\$ 1 per share. All shares are fully paid.

16. NET INTEREST INCOME

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Interest income:				
Loans and advances to customers	12,962,061	52,820,399	9,008,287	35,988,107
Placements with the Central Bank and other banks	254,855	1,038,534	89,337	356,900
Loans and advances to staff	69,388	282,756	22,078	88,202
Total interest income	13,286,304	54,141,689	9,119,702	36,433,209
Interest expense:				
Fixed deposits	(3,899,121)	(15,888,918)	(2,596,266)	(10,372,083)
Current accounts (*)	(533,582)	(2,174,347)	(360,185)	(1,438,939)
Savings deposits	(136,786)	(557,403)	(86,917)	(347,233)
Total interest expense	(4,569,489)	(18,620,668)	(3,043,368)	(12,158,255)
Net interest income	8,716,815	35,521,021	6,076,334	24,274,954

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

17. FEE AND COMMISSION INCOME

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Fund remittance fees	995,380	4,056,174	627,206	2,505,688
Trade finance fee	529,679	2,158,442	261,028	1,042,807
Loan processing fees	350,770	1,429,388	384,895	1,537,656
Loan commitment fees	190,039	774,409	111,712	446,289
Other commissions and service charges	393,722	1,604,416	190,765	762,106
	2,459,590	10,022,829	1,575,606	6,294,546

18. PERSONNEL EXPENSES

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Salaries and wages	2,741,949	11,173,442	2,189,169	8,745,731
Other short-term benefits	673,403	2,744,117	255,706	1,021,545
Bonuses and incentives	644,024	2,624,398	479,134	1,914,140
	4,059,376	16,541,957	2,924,009	11,681,416

19. DEPRECIATION AND AMORTISATION CHARGES

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Depreciation charge (Note 8)	1,481,162	6,035,735	1,647,168	6,580,436
Amortisation charge (Note 9)	327,901	1,336,197	687,093	2,744,937
	1,809,063	7,371,932	2,334,261	9,325,373

20. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Rental	578,507	2,357,416	557,300	2,226,414
Bank charges	437,606	1,783,244	175,893	702,693
Repair and maintenance	380,541	1,550,705	292,973	1,170,427
License fee expenses	248,973	1,014,565	180,425	720,798
Communication expenses	224,956	916,696	259,956	1,038,524
Advertising and public relations	323,954	1,320,113	140,366	560,762
Travelling and accommodation	201,386	820,648	203,564	813,238
Utilities	188,851	769,568	208,705	833,776
Office supplies	151,034	615,464	133,743	534,303
Director's fee (Note 25.d)	89,800	365,935	96,168	384,191
Trade finance expense	52,549	214,137	65,311	260,917
Legal and professional fees	23,835	97,128	34,724	138,722
Others expenses	465,049	1,895,073	339,825	1,357,602
	3,367,041	13,720,692	2,688,953	10,742,367

21. INCOME TAX EXPENSE

	31 December 2013		31 December 2014	
	US\$	KHR' 000	US\$	KHR' 000
Current tax (minimum tax)	160,026	652,106	108,688	434,209

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:

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Profit/loss before income tax	1,384,431	5,641,556	(628,712)	(2,511,704)
Tax calculated at 20%	276,886	1,128,311	(125,742)	(502,341)
Tax effects in respect of: Expenses not deductible for tax purposes	213,558	870,247	17,895	71,491
Tax losses for which no deferred income tax asset was recognised	(490,444)	(1,998,558)	-	-
Tax on profit at 20%	-	-	(107,847)	(430,850)
Minimum tax	160,026	652,106	108,688	434,209

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 1% Minimum tax rate, whichever is higher.

c) Other tax matters

As at 31 December 2014, the Bank has deferred tax assets of US\$858,246 that resulting from tax losses carry forward and acceleration of depreciation. No deferred tax asset was recognised for these temporary differences because of the uncertainties as to whether any future benefits can be derived from these losses as:

- it is not probable that future taxable profits will be available against which the Bank can utilise the benefits there from.
- tax losses can only be carried forward to offset against the taxable profits of subsequent years, for a maximum period of five years.
- the tax losses that can be carried forward is subject to review and approval by the GDT.

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 is 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.

22. CASH GENERATED FROM OPERATIONS

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Profit/(loss) before income tax	1,384,431	5,641,556	(628,712)	(2,511,704)
Adjustments for: Provision for doubtful debt (Note 6.a)	760,947	3,100,859	539,852	2,156,708
Depreciation charge (Note 8)	1,481,162	6,035,735	1,647,168	6,580,436
Amortisation charge (Note 9)	327,901	1,336,197	687,093	2,744,937
Net interest income	(8,716,815)	(35,521,021)	(6,076,334)	(24,274,954)
Operating loss before changes in operating assets and liabilities	(4,762,374)	(19,406,674)	(3,830,933)	(15,304,577)
Changes in operating assets and liabilities Reserve deposits with the Central Bank	(11,598,475)	(47,263,786)	(9,662,053)	(38,599,902)
Loans and advances to customers	(73,627,630)	(300,032,592)	(50,336,871)	(201,095,800)
Other assets	1,871,791	7,627,548	(1,716,672)	(6,858,104)
Deposits from banks	22,571,513	91,978,915	(12,713,150)	(50,789,034)
Deposits from customers	73,366,408	298,968,113	92,950,985	371,339,185
Amount due from/to related company	219,926	896,198	(9,369)	(37,429)
Amount due to suppliers	57,125	232,784	(509,387)	(2,035,001)
Other liabilities	4,092,421	16,676,616	(2,684,152)	(10,723,188)
Cash generated from operations	12,190,705	49,677,122	11,488,398	45,896,150

23. CASH AND CASH EQUIVALENTS

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Cash on hand	10,573,971	43,088,932	9,529,355	38,069,773
Balances with the Central Bank: (Note 4)				
Current accounts	59,049,686	240,627,470	27,196,884	108,651,552
Fixed deposits (maturity less than three months)	11,301,000	46,051,575	12,100,000	48,339,500
Deposit and placements with other banks: (Note 5)				
Placements	14,608,665	59,530,310	31,467,389	125,712,219
Current accounts	8,034,548	32,740,783	2,604,146	10,403,563
	103,567,870	422,039,070	82,897,774	331,176,607

24. COMMITMENTS AND CONTINGENT LIABILITIES

a) Commitments to extend credit

At 31 December 2014, 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 2014		31 December 2013	
	US\$	KHR '000	US\$	KHR '000
Bank guarantees	57,511,404	234,358,971	41,690,830	166,554,866
Unused portion of overdrafts	18,935,165	77,160,797	16,040,008	64,079,832
Loan commitments	13,439,880	54,767,511	7,065,431	28,226,397
	<u>89,886,449</u>	<u>366,287,279</u>	<u>64,796,269</u>	<u>258,861,095</u>

b) Operating lease commitments

As at 31 December 2014, the Bank has non-cancellable lease commitments in respect of its leases of premises.

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

	31 December 2014		31 December 2013	
	US\$	KHR '000	US\$	KHR '000
Not later than one year	579,726	2,362,383	342,454	1,368,104
Later than one year but not more than five years	427,939	1,743,851	151,660	605,882
	<u>1,007,665</u>	<u>4,106,234</u>	<u>494,114</u>	<u>1,973,986</u>

25. 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, 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 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Due to:				
Intermediate parent company:				
Amounts due to CIMB Bank Berhad (Note 12)	283,710	1,156,118	51,434	205,479
Deposits and placements from key management personnel	<u>1,979,037</u>	<u>8,064,576</u>	<u>1,856,821</u>	<u>7,418,000</u>
	<u>2,262,747</u>	<u>9,220,694</u>	<u>1,908,255</u>	<u>7,623,479</u>
Due from: deposits and placements with:				
Intermediate parent company	<u>5,168,772</u>	<u>21,062,746</u>	<u>15,405,734</u>	<u>61,545,907</u>
Loans and advances to related parties	<u>(1,165,568)</u>	<u>(4,749,690)</u>	<u>(216,739)</u>	<u>(865,872)</u>
Amount due from related company (Note 12)	<u>63,474</u>	<u>258,657</u>	<u>51,124</u>	<u>204,240</u>
Fellow subsidiaries	<u>156,375</u>	<u>637,228</u>	<u>230,192</u>	<u>919,617</u>

c) Related-party transactions

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Expenses:				
Interest expense paid/payable on deposits from key management personnel	<u>74,510</u>	<u>303,628</u>	<u>75,376</u>	<u>301,127</u>
Incomes:				
Interest income received from deposits and placements with intermediate parent company and fellow subsidiaries	<u>23,259</u>	<u>94,780</u>	<u>15,537</u>	<u>63,313</u>

d) Key management personnel remuneration

	31 December 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Director's fee	89,800	365,935	96,168	384,191
Salaries and short-term benefits	<u>347,196</u>	<u>1,414,824</u>	<u>399,036</u>	<u>1,594,149</u>
	<u>436,996</u>	<u>1,780,759</u>	<u>495,204</u>	<u>1,978,340</u>

26. 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 2014		31 December 2013	
	US\$	KHR' 000	US\$	KHR' 000
Financial assets (Loan and receivables):				
Cash on hand	10,573,971	43,088,932	9,529,355	38,069,773
Balances with the Central Bank (*)	70,350,686	286,679,045	39,296,884	156,991,051
Deposits and placements with other banks	22,643,213	92,271,093	34,071,535	136,115,782
Loans and advances to customers	206,399,963	841,079,850	133,533,280	533,465,454
Amount due from related company	63,474	258,657	51,124	204,240
Other assets	1,393,285	5,677,636	2,864,594	11,444,053
	<u>311,424,592</u>	<u>1,269,055,213</u>	<u>219,346,772</u>	<u>876,290,353</u>
Financial liabilities (Other liabilities at amortised costs):				
Deposits from banks	33,303,864	135,713,246	10,732,351	42,875,742
Deposits from customers	264,680,623	1,078,573,539	191,314,215	764,300,289
Amount due to related company	283,710	1,156,118	51,434	205,479
Amount due to suppliers	197,211	803,635	140,086	559,644
Other liabilities	12,796,888	52,147,319	8,670,696	34,639,431
	<u>311,262,296</u>	<u>1,268,393,857</u>	<u>210,908,782</u>	<u>842,580,585</u>
Net financial assets	<u>162,296</u>	<u>661,356</u>	<u>8,437,990</u>	<u>33,709,768</u>

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

26.1 Credit risk

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

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

a) Credit risk measurement

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

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

b) Risk limit control and mitigation policies

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

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

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

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

c) Impairment and provisioning policies

The Bank is required to follow the mandatory credit classification and provisioning in accordance with the relevant Prakas as stated in note 2.6 to the financial statements.

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

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

	31 December 2014		31 December 2013	
	US\$	KHR '000	US\$	KHR '000
Credit risks exposures relating to on-balance sheet assets:				
Balances with other banks	22,643,213	92,271,093	34,071,535	136,115,782
Loans and advances to customers	206,399,963	841,079,850	134,918,953	539,001,217
Amount due from related company	63,474	258,657	51,124	204,240
Other assets	1,393,285	5,677,636	2,864,594	11,444,053
	<u>230,499,935</u>	<u>939,287,236</u>	<u>171,906,206</u>	<u>686,765,292</u>

Credit risk exposures relating to off-balance sheet items:

Bank guarantees	57,511,404	234,358,971	41,690,830	166,554,866
Unused portion of approved credit facilities	18,935,165	77,160,797	16,040,008	64,079,832
Loan commitments	13,439,880	54,767,511	7,065,431	28,226,397
	<u>89,886,449</u>	<u>366,287,279</u>	<u>64,796,269</u>	<u>258,861,095</u>
	<u>320,386,384</u>	<u>1,305,574,515</u>	<u>236,702,475</u>	<u>945,626,387</u>

The above table represents a worst case scenario of credit risk exposure to the Bank at 31 December 2014 and 2013, without taking account of any collateral held or other credit enhancement attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts less general provision.

As shown above, 67% of total maximum exposure is derived from loans and advances to customers.

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

- Most of loans and advances of the Bank are collateralised and credit is given at 60% to 70% of collateral value.
- Most 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.

e) Loans and advances

Loans and advances are summarised as follows:

	31 December 2014		31 December 2013	
	US\$	KHR '000	US\$	KHR '000
Loans and advances neither past due nor impaired	208,546,583	849,827,326	134,918,953	539,001,217
Less:				
Provision for doubtful debts	(2,146,620)	(8,747,476)	(1,385,673)	(5,535,763)
Net loans and advances	<u>206,399,963</u>	<u>841,079,850</u>	<u>133,533,280</u>	<u>533,465,454</u>

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\$2,146,621 which represents 1% general provision for all outstanding loans and advances and specific provision rate follow NBC Prakas.

(i) Loans and advances neither past due nor impaired

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

(ii) Loans and advances past due but not impaired

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

Neither loans and advances are past due nor impaired as at 31 December 2014.

(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.

	31 December 2014		31 December 2013	
	US\$	KHR '000	US\$	KHR '000
Past due 361 days or more	<u>61,772</u>	<u>251,720</u>	<u>49,227</u>	<u>196,661</u>

(iv) Loans and advances renegotiated

There were no renegotiated loans and advances at 31 December 2014.

f) Repossessed collateral

During the year ended 31 December 2014, the Bank did not obtain assets by taking possession of collateral held as security.

g) Concentration of financial assets with credit risk exposure

(i) Geographical sector

The following table breaks down the Bank's main credit exposure at their gross carrying amount less impairment if any, as categorised by geographical region as at 31 December 2014. For this table, the Bank has allocated exposure to countries based on the country of domicile of our counterparties.

	Cambodia US\$	Malaysia US\$	Thailand US\$	America US\$	Singapore US\$	Indonesia US\$	Total US\$
At 31 December 2014							
Deposits and placements with other banks	14,002,987	5,168,772	55,072	3,315,079	91,940	9,363	22,643,213
Loans and advances to customers	206,399,963	-	-	-	-	-	206,399,963
Amount due from related company	-	63,474	-	-	-	-	63,474
Other assets	1,393,285	-	-	-	-	-	1,393,285
Total financial assets	<u>221,796,235</u>	<u>5,232,246</u>	<u>55,072</u>	<u>3,315,079</u>	<u>91,940</u>	<u>9,363</u>	<u>230,499,935</u>
In KHR'000 equivalent	<u>903,819,658</u>	<u>21,321,402</u>	<u>224,418</u>	<u>13,508,947</u>	<u>374,656</u>	<u>38,154</u>	<u>939,287,235</u>
At 31 December 2013							
Deposits and placements with other banks	17,003,096	15,405,734	21,391	1,432,513	195,119	13,682	34,071,535
Loans and advances to customers	133,533,280	-	-	-	-	-	133,533,280
Amount due from related company	-	51,124	-	-	-	-	51,124
Other assets	2,864,594	-	-	-	-	-	2,864,594
Total financial assets	<u>153,400,970</u>	<u>15,456,858</u>	<u>21,391</u>	<u>1,432,513</u>	<u>195,119</u>	<u>13,682</u>	<u>170,520,533</u>
In KHR'000 equivalent	<u>612,836,875</u>	<u>61,750,148</u>	<u>85,457</u>	<u>5,722,889</u>	<u>779,500</u>	<u>54,660</u>	<u>681,229,529</u>

(ii) *Industry sector*

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

	Financial institution 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 2014									
Deposits and placements with other banks	22,643,213	-	-	-	-	-	-	-	22,643,213
Loans and advances to customers	1,242,632	19,560,408	10,644,165	77,184,148	8,416,673	17,410,097	18,748,978	53,192,862	206,399,963
Amount due from related company	63,474	-	-	-	-	-	-	-	63,474
Other assets	229,360	111,411	63,067	330,307	147,239	77,546	72,883	361,472	1,393,285
As at 31 December 2014	<u>24,178,679</u>	<u>19,671,819</u>	<u>10,707,232</u>	<u>77,514,455</u>	<u>8,563,912</u>	<u>17,487,643</u>	<u>18,821,861</u>	<u>53,554,334</u>	<u>230,499,935</u>
In KHR '000 equivalents	<u>98,528,117</u>	<u>80,162,662</u>	<u>43,631,970</u>	<u>315,871,404</u>	<u>34,897,941</u>	<u>71,262,145</u>	<u>76,699,084</u>	<u>218,233,912</u>	<u>939,287,235</u>
31 December 2013									
Deposits and placements with other banks	34,071,535	-	-	-	-	-	-	-	34,071,535
Loans and advances to customers	2,514,518	5,363,660	11,813,047	32,696,273	4,880,327	15,301,156	35,195,604	25,768,695	133,533,280
Amount due from related company	51,124	-	-	-	-	-	-	-	51,124
Other assets	2,864,594	-	-	-	-	-	-	-	2,864,594
As at 31 December 2013	<u>39,501,771</u>	<u>5,363,660</u>	<u>11,813,047</u>	<u>32,696,273</u>	<u>4,880,327</u>	<u>15,301,156</u>	<u>35,195,604</u>	<u>25,768,695</u>	<u>170,520,533</u>
In KHR '000 equivalents	<u>157,809,575</u>	<u>21,427,822</u>	<u>47,193,123</u>	<u>130,621,611</u>	<u>19,496,906</u>	<u>61,128,118</u>	<u>140,606,438</u>	<u>102,945,937</u>	<u>681,229,530</u>

26.2 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 2014, the Bank have financial instruments carried at fair value. The Bank uses derivative financial instruments such as forward foreign exchange contract 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 2014.

At 31 December 2014	US\$	EUR	IDR	THB	JPY	Total CHI	Others	US\$
Financial assets								
Cash on hand	10,486,895	-	-	-	-	-	87,076	10,573,971
Balances with Central Bank	108,506,724	-	-	-	-	-	159,490	108,666,214
Deposits and placements with other banks	18,569,782	2,933,018	9,363	55,139	251,429	68,579	755,903	22,643,213
Loans and advances to customers	206,399,963	-	-	-	-	-	-	206,399,963
Amount due from related company	63,474	-	-	-	-	-	-	63,474
Other assets	1,077,953	-	-	-	-	-	315,332	1,393,285
	<u>345,104,791</u>	<u>2,933,018</u>	<u>9,363</u>	<u>55,139</u>	<u>251,429</u>	<u>68,579</u>	<u>1,317,801</u>	<u>349,740,120</u>
Financial liabilities								
Deposits from banks	33,303,864	-	-	-	-	-	-	33,303,864
Deposits from customers	260,084,156	2,921,803	-	46,082	309,782	68,579	1,182,740	264,613,142
Amount due to related company	6,973	-	-	-	-	-	245,356	252,329
Amount due to suppliers	113,394	-	429	-	-	-	84,208	198,031
Other liabilities	12,719,765	-	750	15,327	-	-	127,546	12,863,388
	<u>306,228,152</u>	<u>2,921,803</u>	<u>1,179</u>	<u>61,409</u>	<u>309,782</u>	<u>68,579</u>	<u>1,639,850</u>	<u>311,230,754</u>
Net on-balance sheet position	<u>38,876,639</u>	<u>11,215</u>	<u>8,184</u>	<u>(6,270)</u>	<u>(58,353)</u>	<u>-</u>	<u>(322,049)</u>	<u>38,509,366</u>
In KHR'000 equivalent	<u>158,422,304</u>	<u>45,701</u>	<u>33,350</u>	<u>(25,550)</u>	<u>(237,788)</u>	<u>-</u>	<u>(1,312,350)</u>	<u>156,925,666</u>
Credit commitments	<u>89,886,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,886,449</u>
In KHR'000 equivalent	<u>366,287,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>366,287,280</u>

At 31 December 2013	US\$	IDR	THB	JPY	Others	Total US\$
Financial assets						
Cash on hand	9,463,940	-	-	-	65,415	9,529,355
Balances with Central Bank	65,959,542	-	-	-	54,395	66,013,937
Deposits and placements with other banks	32,933,608	13,682	68,590	24,463	1,031,192	34,071,535
Loans and advances to customers	133,533,280	-	-	-	-	133,533,280
Amount due from related company	51,124	-	-	-	-	51,124
Other assets	2,864,594	-	-	-	-	2,864,594
	<u>244,806,088</u>	<u>13,682</u>	<u>68,590</u>	<u>24,463</u>	<u>1,151,002</u>	<u>246,063,825</u>
Financial liabilities						
Deposits from banks	10,732,351	-	-	-	-	10,732,351
Deposits from customers	189,673,465	-	93,004	41,892	1,505,854	191,314,215
Amount due to related company	40,173	-	-	-	11,261	51,434
Amount due to suppliers	135,572	-	-	-	4,513	140,085
Other liabilities	8,670,696	-	-	-	-	8,670,696
	<u>209,252,257</u>	<u>-</u>	<u>93,004</u>	<u>41,892</u>	<u>1,521,628</u>	<u>210,908,781</u>
Net on-balance sheet position	<u>35,553,831</u>	<u>13,682</u>	<u>(24,414)</u>	<u>(17,429)</u>	<u>(370,626)</u>	<u>35,155,044</u>
In KHR'000 equivalent	<u>142,037,555</u>	<u>54,660</u>	<u>(97,534)</u>	<u>(69,629)</u>	<u>(1,480,653)</u>	<u>140,444,401</u>
Credit commitments	<u>64,796,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,796,269</u>
In KHR'000 equivalent	<u>258,861,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,861,095</u>

c) *Interest rate risk*

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

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

	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 Years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
At 31 December 2014							
Financial assets							
Cash on hand	-	-	-	-	-	10,573,971	10,573,971
Balances with the Central Bank	11,301,000	-	-	-	4,500,000	92,865,214	108,666,214
Deposits and placements with other banks	4,185,264	10,102,677	320,725	-	-	8,034,547	22,643,213
Loans and advances to customers	2,839,884	12,628,440	51,690,043	54,732,739	84,508,857	-	206,399,963
Amount due from related company	-	-	-	-	-	63,474	63,474
Other assets	-	-	-	-	-	1,393,285	1,393,285
	<u>18,326,148</u>	<u>22,731,117</u>	<u>52,010,768</u>	<u>54,732,739</u>	<u>89,008,857</u>	<u>112,930,491</u>	<u>349,740,120</u>
Financial liabilities							
Deposits from banks	13,303,864	10,000,000	10,000,000	-	-	-	33,303,864
Deposits from customers	59,455,493	34,930,385	82,925,912	361,123	-	87,007,710	264,680,623
Amount due to related company	-	-	-	-	-	283,710	283,710
Amount due to suppliers	-	-	-	-	-	197,211	197,211
Other liabilities	-	-	-	-	-	12,796,888	12,796,888
	<u>72,759,357</u>	<u>44,930,385</u>	<u>92,925,912</u>	<u>361,123</u>	<u>-</u>	<u>100,285,519</u>	<u>311,262,296</u>
Total interest rate re-pricing gap	<u>(54,433,209)</u>	<u>(22,199,268)</u>	<u>(40,915,144)</u>	<u>54,371,616</u>	<u>89,008,857</u>	<u>12,644,972</u>	<u>38,477,824</u>
In KHR' 000 equivalent	<u>(221,815,327)</u>	<u>(90,462,017)</u>	<u>(166,729,212)</u>	<u>221,564,335</u>	<u>362,711,092</u>	<u>51,528,261</u>	<u>156,797,133</u>
At 31 December 2013							
Financial assets							
Cash on hand	-	-	-	-	-	9,529,355	9,529,355
Balances with the Central Bank	12,100,000	-	4,500,000	-	-	49,413,937	66,013,937
Deposits and placements with other banks	14,467,389	17,000,000	-	-	-	2,604,146	34,071,535
Loans and advances to customers	3,286,425	10,523,651	33,778,828	4,013,656	18,680,895	63,249,825	133,533,280
Amount due from related company	-	-	-	-	-	51,124	51,124
Other assets	-	-	-	-	-	2,864,594	2,864,594
	<u>29,853,814</u>	<u>27,523,651</u>	<u>38,278,828</u>	<u>4,013,656</u>	<u>18,680,895</u>	<u>127,712,981</u>	<u>246,063,825</u>
Financial liabilities							
Deposits from banks	-	-	10,000,000	-	-	732,351	10,732,351
Deposits from customers	47,608,205	12,514,236	52,263,806	26,000	-	78,901,968	191,314,215
Amount due to related company	-	-	-	-	-	51,434	51,434
Amount due to suppliers	-	-	-	-	-	140,086	140,086
Other liabilities	-	-	-	-	-	8,670,696	8,670,696
	<u>47,608,205</u>	<u>12,514,236</u>	<u>62,263,806</u>	<u>26,000</u>	<u>-</u>	<u>88,496,535</u>	<u>210,908,782</u>
Total interest rate re-pricing gap	<u>(17,754,391)</u>	<u>15,009,415</u>	<u>(23,984,978)</u>	<u>3,987,656</u>	<u>18,680,895</u>	<u>39,216,446</u>	<u>35,155,043</u>
In KHR' 000 equivalent	<u>(70,928,792)</u>	<u>59,962,613</u>	<u>(95,819,987)</u>	<u>15,930,686</u>	<u>74,630,176</u>	<u>156,669,702</u>	<u>140,444,397</u>

26.3 Liquidity risk

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

a) Liquidity risk management process

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

b) Funding approach

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

c) Non-derivative cash flows

The table below presents the cash flows arising from non-derivative financial assets and liabilities by remaining contractual maturities as at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash flows.

	Up to 1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
At 31 December 2014						
Liabilities						
Deposits from banks	13,315,371	10,017,479	10,067,507	-	-	33,400,357
Deposits from customers	146,434,909	35,109,288	84,327,035	375,381	-	266,246,613
Amount due to related company	-	-	283,710	-	-	283,710
Amount due to suppliers	-	-	197,211	-	-	197,211
Other liabilities	12,796,888	-	-	-	-	12,796,888
Total financial liabilities (contractual maturity dates)	172,547,168	45,126,767	94,875,463	375,381	-	312,924,779
Total financial assets (contractual maturity dates)	131,307,273	22,841,177	52,770,230	73,834,120	158,313,467	439,066,267
Net liquidity gap - US\$	41,239,895	22,285,590	42,105,233	(73,458,739)	(158,313,467)	(126,141,488)
In KHR' 000 equivalent	168,052,572	90,813,779	171,578,824	(299,344,361)	(645,127,378)	(514,026,564)
At 31 December 2013						
Liabilities						
Deposits from banks	732,351	-	10,000,000	-	-	10,732,351
Deposits from customers	126,510,173	12,514,236	52,263,806	26,000	-	191,314,215
Amount due to related company	-	-	51,434	-	-	51,434
Amount due to suppliers	140,086	-	-	-	-	140,086
Other liabilities	8,670,695	-	-	-	-	8,670,695
Total financial liabilities (contractual maturity dates)	136,053,305	12,514,236	62,315,240	26,000	-	210,908,781
Total financial assets (contractual maturity dates)	158,275,730	27,629,951	38,620,028v	4,054,198	18,869,591	247,449,498
Net liquidity gap - US\$	(22,222,425)	(15,115,715)	23,695,212	(4,028,198)	(18,869,591)	(36,540,717)
In KHR' 000 equivalent	(88,778,588)	(60,387,281)	94,662,372	(16,092,651)	(75,384,016)	(145,980,164)

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 24), are summarised in below table.

(ii) *Other financial facilities*

Other financial facilities (Note 24) 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 2014 based on the contractual maturity dates:

	Not later than 1 year	Total
At 31 December 2014		
Bank guarantees (US\$)	57,511,404	57,511,404
Unused portion of approved overdraft (US\$)	18,935,165	18,935,165
Loan commitments (US\$)	<u>13,439,880</u>	<u>13,439,880</u>
	<u>89,886,449</u>	<u>89,886,449</u>
Financial commitments - KHR' 000 equivalent	<u>366,287,280</u>	<u>366,287,280</u>
At 31 December 2013		
Loan commitments (US\$)	7,065,431	7,065,431
Bank guarantees (US\$)	41,690,830	41,690,830
Unused portion of approved overdraft (US\$)	<u>16,040,008</u>	<u>16,040,008</u>
	<u>64,796,269</u>	<u>64,796,269</u>
Financial commitments - KHR' 000 equivalent	<u>258,861,095</u>	<u>258,861,095</u>

26.4 Operational risk

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

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

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

26.5 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 approximate their carrying amounts.

b) *Loans and advances to customers*

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

c) *Deposits from banks and customers*

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

d) *Other assets and liabilities*

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

26.6 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 2014		31 December 2013	
	US\$	KHR '000	US\$	KHR '000
Tier 1 (core capital)				
Statutory capital	45,000,000	183,375,000	45,000,000	179,775,000
Accumulated losses	<u>(5,303,303)</u>	<u>(21,610,960)</u>	<u>(6,527,708)</u>	<u>(26,078,193)</u>
	39,696,697	161,764,040	38,472,292	153,696,807
Less:				
Intangible assets	(254,284)	(1,036,207)	(492,370)	(1,967,018)
Loans and advances to related parties	<u>(1,165,568)</u>	<u>(4,749,690)</u>	<u>(216,739)</u>	<u>(865,872)</u>
	38,276,845	155,978,143	37,763,183	150,863,917
Tier 2 (complementary capital)				
General provision (Prakas on Asset Classification)	<u>2,084,848</u>	<u>8,495,756</u>	<u>1,336,446</u>	<u>5,339,102</u>
Regulated capital/ net worth	<u>40,361,693</u>	<u>164,473,899</u>	<u>39,099,629</u>	<u>156,203,019</u>

NOTES ON COMPLIANCE WITH THE CENTRAL BANK'S PRAKAS UNAUDITED

1. LIQUIDITY RATIO, PRAKAS NO. B7-04-207

The Bank was in compliance with this Prakas which requires a Liquidity Ratio of at least 50%. As at 31 December 2014, the Bank's Liquidity Ratio was 52.67% (2013: 63%).

The Liquidity Ratio calculation is detailed in Schedule 1.

2. MINIMUM CAPITAL REQUIREMENT, PRAKAS NO. B7-00-39

The Central Bank's Prakas No. B 7-08-139 on new capital requirement and criteria for licensing approval of banks requires that commercial banks locally incorporated as companies that have at least one influential shareholder, being a bank or financial institution with an "investment grade" rating, extended by a reputable rating agency must have minimum capital equal to at least KHR 50 billion (or US\$13 million) and commercial banks having as shareholders individuals or companies must have a minimum capital of at least KHR 150 billion (approximately US\$37.5 million) by the end of year 2010.

As at 31 December 2014, the Bank has a paid-up statutory capital of US\$45million (2013: US\$45million).

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

The Bank's net worth as at 31 December 2014 amounted to US\$40,361,693 (2013: US\$39,099,629) as computed in Schedule 2.

The Banks must maintain their net worth at least equal to the minimum capital. As at 31 December 2014, the Bank's net worth of US\$40,361,693 is higher by US\$2,861,693 compared to the minimum capital of US\$37,500,000.

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

As at 31 December 2014, the Bank maintained a Solvency Ratio of 15.86% (2013: 20.14%), representing the Bank's net worth as a percentage of its risk-weighted assets and off-balance sheet items.

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

The Solvency Ratio calculation is detailed in Schedule 3.

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

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

Balance sheet items

As at 31 December 2014, in accordance with Prakas No. B7-00-50, all assets and liabilities of the Bank that were denominated in foreign currencies were translated using the year end exchange rate

Off-balance sheet items

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

As at 31 December 2014, the Bank was in compliance with this Prakas.

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

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

As at 31 December 2014, the Bank was in compliance with the Prakas of net open position in foreign currency. The calculation is detailed in Schedule 4.

7. CLASSIFICATION OF AND PROVISIONING FOR LOSSES ON LOANS AND ADVANCES,

Prakas No. B7-00-51, ITS AMENDMENT PER Prakas B7-02-145 AND Circular B7-04-01

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

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

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

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

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

As at 31 December 2014, the Bank was in compliance with this Prakas.

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

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

As at 31 December 2014, the Bank was in compliance with this Prakas.

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

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

As at 31 December 2014, the Bank's fixed assets amounting to US\$2,671,560 (2013: US\$4,033,219) were equivalent to 6.61% (2013: 10.32%) of the Bank's net worth and this is therefore in compliance with the fixed asset ratio required by this Prakas.

LIQUIDITY RATIO

NUMERATOR

1. Treasury balance - Debit items

	US\$
- Cash on hand	10,573,971
- Deposits with the Central Bank (excluding statutory deposit and reserve requirement)	60,606,058
- Deposits with other banks and financial institutions	22,640,566
- Portion of lending to banks and FI with not more than one month to run	-
	<u>93,820,595</u>

Less:

- Credit items

- Sight accounts maintained by the Central Bank, banks or financial Institutions	-
- Borrowings from the Central Bank with not more than one month to run	13,303,864
	<u>13,303,864</u>

Net balance - Lender position

1. Lending with not more than one month to run (exclude loans with no maturity)	1,483,078
2. Treasury bills with not more than one month to run (double)	-

TOTAL NUMERATOR (A) 81,999,809

DENOMINATOR

1. 80% of FD & CD having not more than one month to run	28,392,317
2. 50% of FD & CD having more than one month to run	68,059,072
3. 50% of savings deposits	13,065,927
4. 60% of demand deposits	46,164,137
	<u>155,681,453</u>

TOTAL DENOMINATOR (B)

LIQUIDITY RATIO (A/B) 52.67%

NET WORTH

Tier (Core Capital)

I. Subtotal - A

Paid-up capital	45,000,000
Reserves (other than revaluation: translation reserve, general reserve and capital reserve)	-
Audited net income for the last financial period	1,224,405
Retained earnings brought forward (restated)	-
Other Item (NBC approved)	-
Premiums related to capital	-
Other items approved by the Central Bank	-

Total (A) 46,224,405

Limited check on retained earnings: Max 20% of Total A 3%

II. Subtotal - B

Own shares held (at Book Value)	
Accumulated losses	6,527,708
Intangible assets to be deducted	254,284

Shareholders, directors, related parties (deduct)

1. Unpaid portion(s) of capital (a)	-
2. Loans, overdrafts and other advances (b)	1,165,568
3. Debt instruments held bearing signature of shareholders, directors, related parties (c)	-
Other losses	-
Total (B)	<u>7,947,560</u>

Total Tier 1 (Core Capital) (A) - (B)

Tier (Complementary Capital) 38,276,845

III. Sub-Total C

Revaluation reserves approved by the Central Bank	-
Provisions for general banking risks	
1% General provision (Prakas on Asset Class.)	2,084,848
Subordinated debts approved by the Central Bank	-
Other items approved by the Central Bank	-
Total (C)	<u>2,084,848</u>

Limit check on Subordinated Debt (max. 50 % of Tier 1 Capital) 5%

IV. Sub-Total D (Tier 2, Deductions)

Equity participation banking & Fin. Institution	-
Other items to be deducted (def. charge...)	-
Total (D)	-

Total Tier 2 (Complementary Capital) (C) - (D) 2,084,848

Limit check on Tier 2 capital (Tier 2 = max. 100 % of Tier 1) 5%

Regulatory Net Worth (A)- (B) + (C) - (D) 40,361,693

SOLVENCY RATIO

Numerator

Net Worth as computed above (N) 40,361,693

	Assets	Weighting	
Denominator			
Total gross assets			
- Cash, gold and claims on the Central Bank	119,241,651	0%	-
- Assets collateralised by deposits	795,880	0%	-
- Claims on sovereign rated AAA to AA-	-	0%	-
- Claims on sovereign rated A+ to A-	-	20%	-
- Claims on banks rated AAA to AA-	-	20%	-
- Claims on sovereign rated BBB+ to BBB-	-	50%	-
- Claims on banks rated A+ to A-	16,578,779	50%	8,289,390
- Other assets	216,684,545	100%	216,684,545
Total assets as reported in the balance sheet	<u>353,300,855</u>		<u>224,973,935</u>
Off-balance sheet items			
- Full risk	20,854,971	100%	20,854,971
- Medium risk	17,393,050	50%	8,696,525
- Moderate risk	-	20%	-
- Low risk	51,638,428	0%	-
	<u>89,886,449</u>		<u>29,551,496</u>
Denominator (D1)			<u>254,525,431</u>

SOLVENCY RATIO: (S = N / D1)

15.86%

N°	Currency	Elements after deduction of affected provision				Net open position	Net open position/ Net worth (%)	Limit (%)	Excess
		Assets	Liabilities and Capital	Currency receivables	Currency Payables				
				Off-balance sheet	Off-balance sheet				
		1	2	3	4	5 = 1-2+3-4			
1	USD	350,167,356	349,643,061	85,022,737	85,315,504	231,528	0.57%	20%	No
2	KHR	256,787	304,663	-	-	(47,876)	-0.12%	20%	No
3	EUR	2,954,071	2,933,876	92,568	92,568	20,195	0.05%	20%	No
4	SGD	62,811	230,600	39,672	-	(128,117)	-0.32%	20%	No
5	THB	55,139	61,409	4,472,941	4,478,376	(11,705)	-0.03%	20%	No
6	JPY	309,905	309,915	58,455	-	58,445	0.14%	20%	No
7	AUD	242,575	301,769	67,854	-	8,660	0.02%	20%	No
8	GBP	17,393	145,381	132,221	-	4,233	0.01%	20%	No
9	OTHERS	654,669	790,032	-	-	(135,363)	-0.16%	20%	No
Total	354,720,706	354,720,706	89,886,448	89,886,448	-				

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

The Central Bank required

	Loan Amount US\$	Classification	Rate %	Provision US\$	Provision recorded by the Bank US\$	Estimated collateral value US\$	Over/(Under) provision amount US\$
Loans and advances	208,484,811	General provision	1%	2,084,848	2,084,848	-	-
Loans and advances	-	Special mention	3%	-	-	-	-
Loans and advances	-	Substandard	20%	-	-	-	-
Loans and advances	-	Doubtful	50%	-	-	-	-
Loans and advances	61,772	Loss	100%	61,772	61,772	-	-
Grand Total	208,546,583			2,146,620	2,146,620	-	-

COMPUTATION OF OTHER RATIOS AS AT 31 DECEMBER 2014

(Amounts in US\$)		B- Equity	39,696,697	B- Equity	39,696,697
CAPITAL					
1 Equity to total asset (A/B)	11.26%	9 Dividend to net profit (A/B)	0%	17 Loan to related parties to total loan (A/B)	0.56%
A- Equity	39,696,697	A- Dividend	-	A- Loan to related parties	1,165,568
B- Total assets	352,593,269	B- Net profit	-	B- Total loans (gross)	208,546,583
2 Capital Tier I to total asset (A/B)	10.86%	ASSET QUALITY		18 Large exposure to total loan (A/B)	9.47%
A- Capital Tier I	38,276,845	10 Banking reserve to total loans (A/B)	0%	A- Large exposure	19,750,125
B- Total assets	352,593,269	A- Banking reserves	-	B- Total loans (gross)	208,546,583
3 Capital Tier I to risk weighted asset (A/B)	15.04%	11 Banking reserve to total assets (A/B)	0%	19 Loan to related parties to net worth (A/B)	2.89%
A- Capital Tier I	38,276,845	A- Banking reserves	-	A- Loan to related parties	1,165,568
B- Risk Weighted Assets	254,525,431	B- Total assets	352,593,269	B- Net worth	40,361,693
4 Capital Tier I + Tier 2 to risk weighted asset (A/B)	15.86%	12 NPL to total loan (A/B)	0.03%	20 Large exposure to net worth (A/B)	48.93%
A- Capital Tier I + Tier 2	40,361,693	A- NPL	61,772	A- Large exposure	19,750,125
B- Risk Weighted Assets	254,525,431	B- Total loans (gross)	208,546,583	B- Net worth	40,361,693
5 Net Worth to total assets (A/B)	11.45%	13 NPL to total asset (A/B)	0.02%	21 General provision to total loan (A/B)	1.00%
A- Net worth	40,361,693	A- NPL	61,772	A- General provision	2,084,848
B- Total assets	352,593,269	B- Total assets	352,593,269	B- Total loans (gross)	208,546,583
6 Solvency Ratio (A/B)	15.86%	14 Classified asset to total loan (A/B)	0.03%	22 Specific provision to total loan (A/B)	0.03%
A- Net worth	40,361,693	A- Classified assets	61,772	A- Specific provision	61,772
B- Risk Weighted Assets	254,525,431	B- Total loans (gross)	208,546,583	B- Total loans (gross)	208,546,583
7 Debt to total asset (A/B)	88.74%	15 Classified asset to total asset (A/B)	0.02%	23 Specific provision to NPL (A/B)	100%
A- Total liabilities	312,896,572	A- Classified assets	61,772	A- Specific provision	61,772
B- Total assets	352,593,269	B- Total assets	352,593,269	B- NPL	61,772
8 Debt to equity (A/B)	788.22%	16 Classified asset to total equity (A/B)	0.16%	24 All allowances to total assets (A/B)	0.61%
A- Total liabilities	312,896,572	A- Classified assets	61,772	A- Total all allowances	2,146,620

B- Total assets	352,593,269	B- Total assets	352,593,269		
25 Loans to deposits (A/B)	78.79%	32 Overhead (OHEAD) = (A/B)	2.62%	38 Time interest earned ((A+B)/C)	130%
A- Total loans to non-bank customers (gross)	208,546,583	A- Non-interest expenses [Should exclude provision]	9,235,480	A- Income before tax	1,384,431
B- Customer's deposits	264,680,623	B- Total assets	352,593,269	B- Interest expense	4,569,489
				C- Interest expense	4,569,489
EARNINGS		33 Net income before tax (NIBT) = (A/B)	0.35%	LIQUIDITY	
26 ROA (A/B)	0.35%	A- Net income before tax	1,224,405	39 Liquid asset (A/B)	26.61%
A- Net profit	1,224,405	B- Total assets	352,593,269	A- Liquid asset (less than 3 months)	93,820,595
B- Total assets	352,593,269			B- Total assets	352,593,269
27 ROE (A/B)	3.08%	34 Tax to total assets (A/B)	0.05%	40 Short-term Liabilities (A/B)	59.73%
A- Net profit	1,224,405	A- Tax	160,026	A- Short-term liabilities (less than one year)	210,615,654
B- Equity	39,696,697	B- Total assets	352,593,269	B- Total assets	352,593,269
28 Gross Yield (A/B)	3.77%	35 Interest margin to gross income ((A-B)/C)	54.65%	41 Net Liquid asset ((A-B)/C)	-37.33%
A- Interest income	13,286,304	A- Interest income	13,286,304	A- Liquid asset (less than 3 months)	93,820,595
B- Total assets	352,593,269	B- Interest expense	4,569,489	B- Short-term liabilities	210,615,654
		C- Gross income	15,950,347	C- Total liabilities	312,896,572
29 Net Interest margin (NIM) to total asset ((A-B)/C)	2.47%	36 Non-interest income to gross income (A/B)	16.87%	42 Quick Ratio (A/B)	44.55%
A- Interest income	13,286,304	A- Non-interest income	2,696,405	A- Quick assets (including cheque waiting for clearance amounting)	93,820,595
B- Interest expense	4,569,489	B- Gross income	15,982,709	B- Current liabilities	210,615,654
C- Total assets	352,593,269			43 Deposit to total loans (A/B)	126.92%
30 Other Income (OTNC) = (A/B)	0.70%	37 Non-interest expense to Gross Income (A/B)	57.78%	A- Total customers' deposits	264,680,623
A- Other income	2,459,590	A- Non-interest expense [should exclude provision]	9,235,480	B- Total loans to non-bank customers (gross)	208,546,583
B- Total assets	352,593,269	B- Gross income	15,982,709		
31 Provision to total assets (A/B)	0.61%				
A- Provision	2,146,620				



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BRANCH NETWORK

Norodom North Branch

20, Norodom Boulevard, Sangkat Phsar Chas, Khan Daun Penh, Phnom Penh

Norodom South Branch

216, Norodom Boulevard, Sangkat Tonle Bassac, Khan Chamkar Morn, Phnom Penh

Sihanouk Branch

57F, Preah Sihanouk Boulevard, Village 6, Sangkat Chaktomok, Khan Daun Penh, Phnom Penh 12207

Mao Tse Toung Branch

187, Mao Tse Toung Blvd, Sangkat Tuol Svay Prey I, Khan Chamkarmorn, Phnom Penh

Olympic Branch

201, Jawaharlal Nehru Street, Village 10, Sangkat Phsa Dem Kor, Khan Toul Kork, Phnom Penh

Toul Kork Branch

No. 150F2DE0E1, Street 289, Village 13, Sangkat Boeung Kok I, Khan Toul Kork, Phnom Penh

Phsar Heng Ly Branch

127, Street 271, Village 11, Sangkat Teuk Thla, Khan Teuk Laark III, Khan Toul Kork, Phnom Penh

Krong Sihanouk Branch

90, Ekareach Street, Village 2, Sangkat 4, Khan Mittapheap, Preah Sihanouk Province

Siem Reap Branch

38, Sivatha Street, Village 2, Sangkat Svay Dangkom, Khan Siem Reap, Siem Reap Province

Krong Kampong Cham Branch

Village 4, Veal Vong Commune, Kampong Cham, Kampong Cham province

Krong Battambang Branch

98-99, village Prek Mohatep, Sangkat Svay Por, Battambang Province

CIMB PREFERRED CENTRE

Norodom North

20, Norodom Boulevard, Sangkat Phsar Chas, Khan Daun Penh, Phnom Penh

Norodom South

216, Norodom Boulevard, Sangkat Tonle Bassac, Khan Chamkar Morn, Phnom Penh

Olympic

201, Jawaharlal Nehru Street, Village 10, Sangkat Phsa Dem Kor, Khan Toul Kork, Phnom Penh

Siem Reap

38, Sivatha Street, Village 2, Sangkat Svay Dangkom, Khan Siem Reap, Siem Reap Province

Mao Tse Toung

No.187, Mao Tse Toung Boulevard, Phnom Penh

OFFSITE ATMS

Naga World

Samdech Techo, Hun Sen Park, Phnom Penh

T&C Samdech Pan

35-37, Samdech Pan (St. 214), Phnom Penh

U-Card Reverside

Blvd Samdach Sothearos, Phnom Penh

HSC (Linex)

No.37 ABCD, St.110 Russian Boulevard, Sangkat Monorom, Khan 7 Markara, Phnom Penh

Bona Bussiness Center

Preah Norodom Boulevard, Phnom Penh

Royal Inn

No.128D6, 7 Sothearos Blvd, Phnom Penh

Brown Coffee

No. 1, Street 98 corner of street sisowath, Phnom Penh

U-Care Kampuchea Krom

No.844 Eo, street 128, Sangkat Toeuk Laork 1

ELT

No. 22 A, Street 273, Sangkat Boeung Kak I, Khan Tuol Kok, Phnom Penh

The Place

No. 123, Stree 93, Sangkat Boeung Kang Kang I, Khan Chancarmorn, Phnom Penh

Angkor Mini Mart (Siem Reap)

Along Sivatha Street, Mondul 1 village, Sangkat Svaydankum, Siem Reap City, Siem Reap Province

Toy Center

#30, Monivong Blvd, Sras Chock, Duan Penh, Phnom Penh

TK Avenue

#30, Sangkat Boeung Kak I, Khan Toul Kork, Phnom Penh (St. 315 Corner St. 516)

AEON Mall

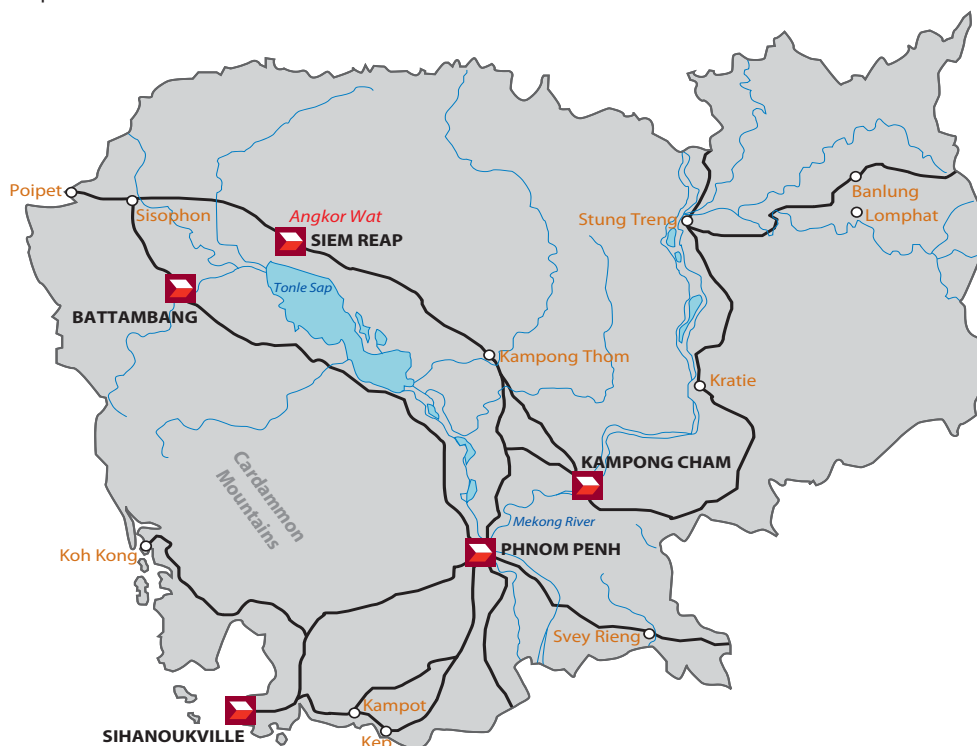
2nd floor of AEON Mall (Entrance door of MAJOR CINEPLEX)

Steung Mean Chey Mall

Steung Mean Chey Mall along Veng Sreng Street

Pochentong

#7, Russian Blvd ,Sangkat Kakab, Khan Dang Kor, Phnom Penh, Cambodia



GROUP CORPORATE DIRECTORY

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

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Fax : 6221 250 5202
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Fax : 852 2556 3863
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UPCOMING PRODUCTS

INTRODUCING BIZCHANNEL@CIMB

At CIMB Bank, we understand the unique needs of different businesses. That is why we have developed a solution for our corporate clients and extended it to individuals as well, introducing BizChannel@CIMB, an e-banking platform that allows you to perform seamless transactions and collections while helping you manage your accounts in a simpler, quicker and more secure manner.

The BizChannel@CIMB comes with two options: Inquiry and Transaction

Inquiry enables its users to view and monitor accounts while transactions allows its users to make transactions in addition to viewing and monitoring accounts. Find out more about the packages in the table below:

Services Available	Inquiry	Transaction
Account Balance	✓	✓
Account Statement	✓	✓
Schedule Statement	✓	✓
Statement Report Download	✓	✓
Advice Printing	✓	✓
In House Transfers	-	✓
Domestic Transfers	-	✓
Telegraphic Transfers	-	✓
Favourite Account	-	✓
Bank Payments	-	✓
Payroll	-	✓
Letter of Credit	-	✓
Cheque Book Request	-	✓
Cheque Status Inquiry	✓	✓
Foreign Rate Inquiry	✓	✓
Interest Rate Inquiry	✓	✓
Transaction Status	-	✓

For other features, please contact our Customer Care Centre or e-mail customercare@cimb.com.kh

Requirements

BizChannel@CIMB users must have a valid CIMB Bank current or savings account.

Terms and conditions apply.

BizChannel@CIMB comes with these key features To help you manage your business better.

Ease
Signing in and checking your account is made simpler as there will be no need to purchase a hardware token. Instead, you will be provided with a unique One-Time Password via SMS for each transaction.

Efficiency
Use our Templates feature to input your payees' information. This feature simplifies the process of data entry, as there is no need for manual data upload, thus minimizing changes and the need for repetitive data entry.

Convenience
No matter where you are in the world, you will be able to access your accounts. Transactions can be performed faster over the e-banking platform.

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Sign up for BizChannel@CIMB NOW.

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- Fill in the required fields and print out your completed application form.
- Submit your application to the branch where you opened your current or savings account.

For more information, log on to www.bizchannel.cimb.com.kh, call +855 23 988 388 or visit any CIMB Bank branches.

BIZCHANNEL@CIMB

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