

ASEAN CATALYST

P 10

LOCAL TALENT DEVELOPMENT

We pride ourselves on being 100% staffed by Cambodian nationals who are all contributing to the continued growth of the Bank.

P 12

CAMBODIA'S BEST INTERNATIONAL BANK

2018 was a rewarding year when the bank was awarded as "Cambodia's Best International Bank" and producing better-than-expected financial and business performance results.

P 28

PRODUCT INNOVATION

We introduced new KHR loan and deposit products, offering our clients an option to manage their working capital and long-term investment in local currency.



Exceed





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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 13 branches with 10 cash deposit machines, 10 cheque deposit machines and 32 ATMs across five major cities: Phnom Penh, Siem Reap, Preah Sihanouk, Battambang and Kampong Cham.

We currently serve more than 28,000 corporate and individual customers. In response to growing demand from our customers across Cambodia, the Bank offers a wide range of banking products and services including consumer, commercial and corporate & transaction banking.

As of December 2018, the Bank employed over 360 employees with diverse experience and expertise in the banking and financial industry, amongst others. CIMB Bank PLC is committed to building a strong and sustainable financial future for our customers. We have constantly striven, from the very beginning, to create opportunities and value through our innovative products and services. We pride ourselves on being not only a financial services provider, but also a true business partner to assist customers in making the right financial and investment decisions. CIMB Bank PLC is a Cambodian subsidiary of CIMB Group.

► About CIMB Group

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

The Group is headquartered in Kuala Lumpur, Malaysia, and offers consumer banking, commercial banking, investment banking, Islamic banking and asset management products and services. It is the fifth largest banking group by assets in ASEAN and, as at the end of 2018, had around 36,000 staff and over 14 million customers.

CIMB Group Holdings Berhad has been listed on the Main Market of Bursa Malaysia since 1987 and has market capitalisation of RM54.6 billion as at 31 December 2018. Total assets at the end of 2018 were RM534.1 billion, with total shareholders' funds of RM51.4 billion and total Islamic assets of RM121.1 billion. At the end of 2018, the substantial shareholders were Khazanah Nasional with 26.80%, Employees Provident Fund (EPF) with 14.16% and Kumpulan Wang Persaraan (Diperbadankan) with 6.84%.

COMMITMENT TO SERVICE QUALITY & EXCELLENCE

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

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

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

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



➤ Greet you with a
SAMPEAH



➤ Serve you
with a **SMILE**



➤ **SERVE**
you within five
minutes at our
branches



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

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

OUR VALUES

➤ CUSTOMER-CENTRIC

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

➤ HIGH PERFORMANCE

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

➤ ENABLING PEOPLE

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

➤ STRENGTH IN DIVERSITY

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

➤ INTEGRITY

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

MESSAGE FROM CHAIRMAN



In recent years, our highly-interconnected world has faced many challenges posed by increasing global economic and geopolitical changes and uncertainties, including trade disputes among major economies. Despite this, Cambodia, with its current population of 16.1 million, thrives. Today, Cambodia is the 69th largest exporter in the world. The country's development coincides with the impressive growth of its working age population, rising wages, a booming tourism industry and the inflow of foreign direct investment (FDI) thanks to its liberal trade and investment policies, as well as its strategic location in the heart of ASEAN. The number of foreigners coming to conduct business in Cambodia rose from just 4.4% in 2013 to 9% in 2018, a clear case of forward momentum for this Southeast Asian frontier market.

According to the latest estimate by the National Bank of Cambodia (NBC), the kingdom's economy is expected to grow at 7% in 2019. Likewise, banking is one of Cambodia's fastest-growing sectors. Confidence in the banking system has remained extremely strong as bank credit-to-GDP increased from 31.4% in 2010 to an impressive 73% at the end of June 2018. Private sector deposits grew at 22.4% over the same period. As Cambodia strives to become an 'upper middle-income economy' by 2030 and a 'high-income country' by 2050, CIMB Cambodia is lending its full support to all Cambodians and the Royal Government of Cambodia.

With this commitment in mind, CIMB Cambodia has been working hard to position itself as an important financial institution, accelerating Cambodia's economic development in the financial sector and beyond. At CIMB, we believe in building a strong foundation to fuel our long-term growth as a reliable financial partner in both Cambodia and the region. Over the past several years, we have worked tirelessly to ensure that our customers, be they businesses or individuals, find CIMB to be a home where they can always receive the right advice, get precisely what they need, and secure the financial future they design. To meet the growing demand of consumers, we expanded Saturday banking to three of our branches in 2018 and worked hard on expanding our digital banking offering. We prides itself on being

100% staffed by Cambodian nationals who are all contributing to the continued growth of the bank.

As evidence of this, the bank's profit-before-tax over the past five years has increased seven-fold, from over \$2 million in 2014 to \$14.21 million in 2018, with a 45% year-on-year (YoY) improvement. Its assets have more than doubled to \$865 million over the same period. Loans and deposits have grown annually by 32% and 30%, respectively, to \$545 million and \$700 million in 2018.

For their steadfast support, trust and contribution, all of which paved the way for CIMB to be named "Cambodia's Best International Bank" in 2018, this leading ASEAN universal bank would like to say 'thank you' to its loyal customers and hard-working management team and employees. For individuals, business owners and investors who are seeking personalized banking services second-to-none, we invite you to CIMB Cambodia.

Giving back to the community is one of CIMB's core values. On the education and technology front, CIMB Cambodia launched the inaugural CIMB 3D Conquest in 2018. This innovative regional event is a competition in the hackathon-style with three tracks – Data Science, FinTech and Coding, that aims to identify and attract ASEAN's top creative, young, digital talent with an entrepreneurial mindset. Apart from cash prizes totalling more than \$120,000, the regional winners also gain invaluable exposure to the technology industry through a trip to Silicon Valley, as well as the opportunity to join CIMB upon their graduation.

"The Closest Cause to the Heart of CIMB – Health of Mother and Children" is our latest Corporate Social Responsibility (CSR) program that aims to promote maternity healthcare for disadvantaged Cambodians in rural areas. During our community event at Bati Referral Hospital in Takeo Province, we donated much-needed facilities, including Cardiotocography equipment, the hospital's first such hi-tech medical instrument. Other highlights from our CSR program in 2018 included CIMB Women's Day, CIMB Bank's Customer Day, the CIMB Bank Staff Retreat & Team Building and CIMB Customer Appreciation Night, along with our sponsorship and participation of events such as the Scholarship Conference, National Career and Productivity Fair, the 2018 Angkor Wat International Half Marathon and so on.

On behalf of the Board of Directors of CIMB Bank PLC, the management team and all our staff, I would like to humbly extend my deepest gratitude and appreciation to the Royal Government of Cambodia, the National Bank of Cambodia and all our clients who have supported and trusted CIMB Bank PLC since its inception in 2010. In this important and exciting period that lies ahead for the development of Cambodia's financial sector, CIMB Bank PLC and the Cambodian people, I look forward to another highly productive and rewarding year in 2019.

Dato' Wira Zainal Abidin Mahamad Zain
Chairman

LETTER FROM GROUP CHIEF EXECUTIVE OFFICER, CIMB GROUP

What a rollercoaster year 2018 was! Just as CIMB Group entered the final stretch of our T18 transformation, escalating US-China trade tensions threatened to throw us off-track. At various ASEAN-level fora, the main concerns revolved around further negative impact on ASEAN's trade and role in the global supply chains should there be a prolonged impasse between the two trading superpowers.

Despite adverse external developments, the Cambodian economy grew 7.3% in 2018, slightly higher than the previous year (6.8%), maintaining its position as one of the fastest-growing economies in ASEAN. In 2018, tourism and the garment industry were the backbone of the economy; there was an 11% YoY increase of international tourists, while the garment industry expanded owing to relocation of companies from China and Bangladesh to the more competitive Cambodian production market. In the second quarter of 2018, the FDI inflow increased for the fifth consecutive time in the last two years to USD832 million. Constant growth over the last decade has sustained the economy despite being somewhat overshadowed by the more advanced economies of neighbouring Thailand and Vietnam.

In 2018, CIMB Cambodia had its most successful year yet, a record profit before tax (PBT) of USD14.21 million, a 45% year-on-year (YoY) improvement. This is largely due to the bank's loan book growing by 34% YoY, or USD137 million, continuing an eight-year trend of growth. The Commercial segment, continuing the trajectory from 2017, delivered 58% of the bank's net loan growth for 2018. Meanwhile, customer deposits also increased by 26% YoY, mostly from the Consumer business. Our Corporate division maintained its momentum, capturing market share of both local and regional corporates, achieving a PBT growth of 14% YoY. With such a strong result, as well as our commitment to delivering unparalleled customer experience, it is no surprise that CIMB Cambodia was able to take home the Best International Bank in Cambodia at the Asiamoney Best Bank Awards 2018.

2018 was also the end of CIMB Group's T18 strategy, which strengthened our foundations across the dimensions of Customer, Capital, Cost, Culture and Compliance. The bank invested heavily into building new foundations and strengthening existing ones, e.g. through expanding our workforce as well as digital and IT infrastructure. In 2019, CIMB Group will kick-start its next mid-term strategy called "Forward23", to propel the Group towards transformative growth. It will be centred on five strategic pivots, i.e. Customer Centricity, Sustainability, Ventures & Partnerships, Technology & Data and our People. From a geographical standpoint, we look towards building on the momentum created from the T18 transformation and accelerating CIMB Cambodia to greater heights.



In 2019, the construction of a new international airport will commence in Cambodia, which should further spur tourism going forward. Moreover, the government recently signed a law to suspend the profit tax on certain agricultural businesses, which should boost their income. However, clouds are forming over the economy; in mid-February the EU started the official 12-month process of suspending Cambodia's preferential market access due to international pressure. Losing preferential market access to the EU – and the UK post-Brexit – as well as a slowdown in China threaten the important garment sector, for which China and the UK are key export markets. Nevertheless, we expect the Cambodian economy to grow at around 7.0% in 2019 as in the preceding years.

On behalf of CIMB Group, I would like to extend my deepest gratitude to the Royal Government of Cambodia and the National Bank of Cambodia for their continued support. I would also like to thank the Chairman and the Board, our customers, shareholders and all stakeholders for their continued confidence and support. Finally, a big thank you to #teamCIMB for your valuable contributions towards the success of CIMB Bank PLC in Cambodia. With your support, I am confident that we will be able to make Forward23 a phenomenal success.

Thank you.

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

PERFORMANCE REVIEW BY CHIEF EXECUTIVE OFFICER



► 2018 OPERATING ENVIRONMENT

Having experienced more than two decades of robust economic growth, Cambodia remains among the best performing countries in Southeast Asia, with a record of double-digit revenue growth year-on-year in 2018. This tenth member of the ASEAN group of nations also graduated to 'lower middle-income status' in 2017, with its economy sustaining an average growth rate of 7.7% between 1995 and 2018. We are delighted that Cambodia's per capita GDP has increased more than four-fold, from USD 417 in 2004 to around USD 1,563 in 2018. The country's poverty rate also declined from 53% in 2004 to around 13.4% in 2014. It is estimated to have fallen even further in 2018, to approximately 10%.

As at year-end 2018, Cambodia's overall economic activity remains strong. Its economic activity has been largely driven by domestic consumption and exports, with textiles, apparel and footwear products accounting for 74% of Cambodia's total merchandise exports, recording double-digit growth of 16.1% during just the first six months of 2018. The number of international visitors conducting business in the Kingdom rose to almost 9% in 2018, compared to just 4.4% in 2013. Likewise, tourist arrivals topped 6.2 million in 2018, a 11% increase year-on-year.

Bank and microfinance credit-to-GDP rose from 31.4% and 3.8% in 2010 to all-time highs of 73% and 20%, respectively, at the end of June 2018. Confidence in the banking system has also remained strong, with private sector deposits standing at 22.4% year-on-year in June 2018. Inflation, however, also rose, from 2.2% in December 2017 to 2.9% in June 2018, mainly driven by rising food and utility prices.

► OUR PERFORMANCE IN 2018

2018 was a rewarding year, the bank was awarded as "Cambodia's Best International Bank" and produced better-than-expected financial and business performance results. It is worth special mention that the bank boasted an impressive 39.5% PBT growth year-on-year in 2018, due to improved gross loans (+36.7% year-on-year) and customer deposits (+28.0% year-on-year). Our profit-before-tax and assets have increased to \$14.21 million and \$865 million, respectively.

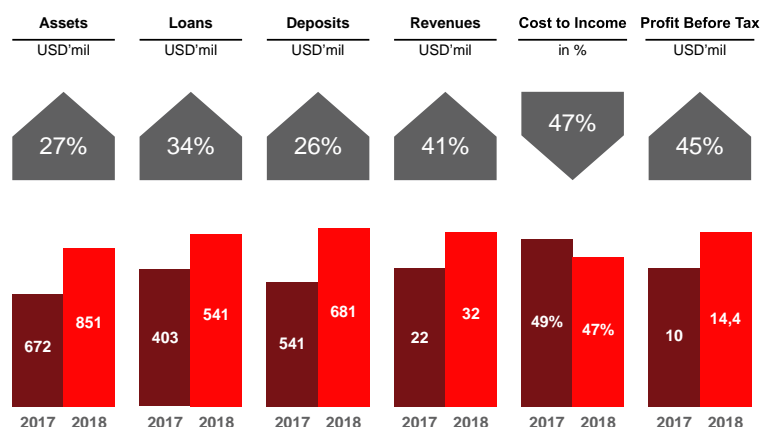
Our loans and deposits also demonstrated healthy growth. Our Commercial Banking's total loan portfolio stood at USD 287 million, with USD 200 million in business customer deposits. For this Commercial Banking, CIMB Cambodia managed to maintain its track record of a very low impaired loans ratio, which was just 0.24%. Similarly, our Consumer Banking's performance was ahead of industry growth in both deposits and loans in 2018. Its growth in deposits stood at 40% year-on-year compared to 2017, mortgages at 33% year-on-year and growth in Consumer Banking PBT at 24% year-on-year.

In addition to our strong growth momentum throughout 2018, we pride ourselves in handling several key CIMB Group-led regional projects, such as the CIMB 3D Conquest, deserved special mention. This, among many others, reflects our corporate social responsibility and our strong desire for Cambodia's national development. At CIMB Cambodia, we remain fully committed to the National Bank of Cambodia's promotion of the Khmer Riel among banking and financial institutions. Thus, since early 2018, we have been implementing Khmer Riel Fund Transfer Pricing (KHR-FTP), as well as launching and promoting new banking products in Khmer Riel, in both loans and deposits.

At CIMB Cambodia, our customers' level of convenience in banking has been a top priority in 2018. We delivered four major technology projects to enhance this, namely: Fast Payment System; Data Backup Encryption; KHR Products and Cheque Inward Clearing Automation. 2018 also saw the launch of CIMB Cambodia's first-ever Facebook page and introduced our fully-digitalized Customer Feedback platform, deploying customer-facing touch screens to collect real-time feedback from our customers. To further enhance convenience for our customers, we installed a host of new ATMs, many of which can be found at Cambodia's major shopping malls.

Throughout 2018, we have worked tirelessly to ensure that our employees find CIMB Cambodia their second home: a home full of cooperation; learning and development. In 2018 alone, we conducted about 10,000 training hours for our staff. The training covered both soft and hard skills. In addition to the training, we organised many activities, including Tuesday Chat, CEO Greeting, CEO Futsal Cup, Team Building, Manager of the Year, Employee of The Quarter

and the Staff Gala Dinner. The Customer Experience (CX) Star Award Program was also introduced to employees to showcase their excellence in customer-centric behavior and to applaud their outstanding contribution to the bank.



➤ OUTLOOK FOR 2019

The Cambodian economic outlook for 2019 is promising. This country's GDP is expected to grow by 7.0% this financial year and its per capita GDP growth is expected at 4.4% as the country aspires to attain 'upper middle-income status' by 2030. This current 'lower middle-income' country is, in fact, known as a frontier market with high potential for investment, high growth, low labour costs and growing consumer markets. With the country having upheld liberal trade and investment policies and occupying a favourable strategic location in ASEAN, the country is expected to continuously attract rising inflows of foreign investment. It is estimated that Cambodia has a window of opportunity for rapid economic growth during not just 2019, but for the next 30 years, as Cambodia benefits from its working-age population, which is growing faster than its population at 2.3%, compared to just 1.56% during 2007-2015.

At CIMB Cambodia, we anticipate 2019 to be another highly successful year. Despite external challenges that we may face, we stand committed to going the extra mile for our stakeholders and our customers. Ending 2018 on a high, we now look towards delivering the Group's next mid-term growth strategy, "Forward23". This strategic plan aims to further strengthen the Group's competitive position and deliver sustainable value to all our stakeholders. CIMB Cambodia's dominant role in this strategic framework provides a steady source of vigorous encouragement. We commit to the Group's aspirations of repositioning and growing CIMB Cambodia to become a consistent contributor to Group profits. With our outstanding banking performance over the past year, together with our experience in conducting business and our extensive network across ASEAN, we are confident of continuous growth in 2019.

In line with our corporate theme for 2019, we will make every effort to:

- **Going the extra mile in sustainable growth and profitability:** We will put our heart and soul into providing a greater and more flexible variety of banking services and product choices, while supporting the National Bank of Cambodia's priority in using the Khmer Riel. We will also continue to perform on-site compliance reviews and off-site AML/CFT reviews for all branches and complete a gap analysis on the existing regulations for all departments. We will make sure that our banking choices are deserving of the trust and loyalty of our customers and that our bank is a true and reliable partner in Cambodia's development.
- **Going the extra mile in positive customer experiences:** At CIMB, our customers are the pulse of our business's growth and we strongly uphold our commitment to delivering on our three core customer promises: that banking with CIMB will be Efficient and Easy and that we will always go the Extra Mile. Our Customer Experience (CX) unit ensures we deliver best-in-class customer satisfaction by employing customer-centered methodologies. In 2019, we will perform more process re-engineering and enhancement to improve the experience of internal and external customers.
- **Going the extra mile in employee development:** Our employees are the key to securing our customer's satisfaction with their banking and unlocking our bank's success. We retain our laser-like focus on talent growth and value each and every member of our team, guided by our core values and culture that promote: "Going the extra mile to delight customers, engage openly and work together, respect each other and always back each other up." Thus, we will continue to put our energies into innovation to ensure that CIMB Cambodia and its staff are future-ready for the new technological revolution in the banking sector, especially our '3D Awareness Series' - Digital, Data and Disruption - to emerge as the 'employer of choice' in the financial services sector.

For their unwavering support, contribution and trust, paving the way for CIMB Cambodia to be named "Cambodia's Best International Bank" in 2018, I would like to offer my sincere thanks to all our loyal customers, our Board of Directors, our hardworking Cambodian management team and all our committed staff. Above all, my profound thanks, sincerest appreciation and tremendous gratitude must go to the Royal Government of Cambodia and, in particular, the National Bank of Cambodia, for their kind, continuous support and guidance. CIMB Cambodia relishes the prospect of another highly successful year in 2019, not simply for the bank itself, but for its customers and Cambodia.

Bun Yin
Chief Executive Officer





BUSINESS REVIEW



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COMMERCIAL BANKING

CIMB Bank PLC's Commercial Banking Division caters for the Bank's business customers while offering loan and deposit products, together with transactional services to small & medium enterprises (SMEs) and medium size corporates. Our Commercial Banking portfolio is a key component of the Bank's overall business, accounting for 53% of its total loans, 29% of its total deposits and 43% of its total profit before tax (PBT).

FINANCIAL PERFORMANCE AND KEY INITIATIVES IN 2018



Balance Sheet items of Commercial Banking's Division demonstrated robust growth with loan's and deposit's YoY growth of **38%** and **11%** respectively.



The division's strong current account /savings account (CASA) ratio of **72%** is testament to strong balance sheet management which results in lowering overall cost of funding.



Commercial Banking asset quality continues to remain robust with nil additional non-performing loan in 2018, ending 2018 with an impaired loans ratio of only **0.24%**.

In 2018, Commercial Banking had a total of **45** personnel, comprising sales, credit review and credit administration. With the focus on improving knowledge and experience transfer and creating a clear path for career progression, various programs were put in place for the development of our staff. These have raised staff competency as seen by strong improvements in efficiency and productivity and through the promotion of key staff who have taken up positions of higher responsibility within the team.

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



PLANS FOR 2019

We expect Cambodia to maintain strong economic growth in 2019 and this will in turn generate more business opportunities for SMEs and corporate entities in the nation. With strong foundations and improving staff competencies, we are well-positioned to facilitate our customers' needs as they grow and expand their businesses.

In 2019 we will further improve our team structure to better serve our rapidly growing customer base as well as to improve overall productivity. We will continue to invest in developing our employees with more targeted training programmes and skill-enhancement initiatives.

Products in Commercial Banking

Term Loan	Overdraft	Revolving Credit	Bank Guarantee	Letter of Credit	Other Trade Finance Products and Services	Current Account	Fixed Deposit	Foreign Currency Account	Escrow Account	Foreign Exchange	Transactional Services



CONSUMER BANKING

The Consumer Banking Division forms the backbone of CIMB Bank PLC's operations in Cambodia, encompassing about **53%** of total employees in the Bank. It serves a wide range of customers via a growing suite of products and services, focusing on the affluent and emerging affluent segments. Consumer Banking shares its network of 13 branches with Commercial Banking and Corporate & Transaction Banking.



2018 Key Achievements

We are pleased that Consumer Banking's performance in 2018 was ahead of industry growth in both deposits and loans, and we continue to maintain our market share in the Mortgage sector despite increasing competition. We achieved our profit targets, and at the same time, we maintained our track record of very low impaired loans.

Highlights of key achievements:

	Growth in Deposits by 40% y-o-y from 2017
	Growth in Mortgage by 33% y-o-y from 2017
	Growth in Consumer Banking PBT by 24% y-o-y from 2017
	Roll out attractive offering to Home Loans, Auto Loans and the Preferred customers.
	Enhance our deposit and loan products to stay ahead of fast-evolving customer needs
	Provide more value-added offerings to all customer segments
	Initiate digitalized customer service feedback at our branch network to better engage with our customers
	Centralised branch-based compliance-related activities to build better competencies and to improve consistency



To further strengthen skills and competencies at our frontline, we invested further in employee development programmes with our staff collectively clocking-in approximately **400** training hours in 2018. This covered a broad range of hard and soft skills which included sales and service excellence, credit assessment, risk management, compliance-related requirements, and system & process related awareness.

PLANS FOR 2019

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

In summary, our plans for 2019 will focus on the following areas:

- Continue to roll out innovative offerings.
- Set up Personal Loan as a part of our consumer loan products to fulfill fast-evolving customer needs
- Work with key developers on our Home Loan Scheme and improve Customer Experiences and Engagement via better turnaround time
- Continuously improve and develop staff skillsets
- Work on acquisition and retention programmes for all consumer banking segments, such as consumer loan, credit card and Preferred etc.



CORPORATE & TRANSACTION BANKING

The Corporate & Transaction Banking (CTB) Division is responsible for CIMB Bank PLC's corporate relationship which include local corporates, multinational companies, and CIMB Group's regional corporates who are operating in Cambodia. The scope of Transaction Banking entails product innovation and transactional services.



2018 IN REVIEW

Cambodia held successful general elections in 2018, which ensured continued stability and a foundation for further economic growth. The financial service industry also continues its remarkable momentum. The sector also saw additional regulatory measures being introduced under the leadership of the National Bank of Cambodia, all designed to strengthen the safety and soundness of the banking system.

At CIMB Cambodia, the CTB unit managed to deliver another successful year. Interest income and non-interest income increased by 25% and 51% respectively, cost-to-income ratio at 8%, zero NPL and CASA ratio at 77%. This was achieved through a combination of improving and innovating service quality and coverage as well as diversification of our corporate client base into new sectors.

Our CTB team takes pride in going the extra mile to build in-depth understandings of our clients' business evolution and their growth strategies, beyond the traditional offerings of products and services. We also strive to capitalize on CIMB Group's regional strengths in such a way that our clients have access to the best possible services wherever they choose to do business in ASEAN.



2019 OUTLOOK

Despite some potential headwinds as a result of global and regional trade disputes, the outlook for Cambodia remains solid. The economy is evolving up the value chain, diversifying its base, and in-flows of foreign investment will continue. Low inflation, a stable currency, rising domestic consumption and infrastructure investments, are all indicating that the nation's economic growth trajectory will continue.

Capitalizing on foundations built over the past years, the CTB unit, and CIMB Cambodia as a whole, are looking forward to play our role to support clients' needs and hence the economy in general. As the same time, our main commitments will continue to be adherence to prudential banking practices in compliance with all directives by the National Bank of Cambodia and international standards.



CORPORATE RESOURCES

Corporate Resources oversees Human Resources and Administration & Property Management and Strategic Procurement. The key functions of Human Resources include talent acquisition, organisational development and workforce planning, rewards and performance management, learning and talent development, employer branding and engagement.

Administration & Property Management and Strategic Procurement covers general administrative work, property projects and maintenance, procurement & tenders and security.



Human Capital Growth and Talent Development

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



CIMB BANK PLC IS A PLACE WHERE TALENT GROWS

We strive to attract, retain and nurture our top talents in order to prepare them for the future. We immerse them with the opportunities within or across departments locally and regionally. We expose talented employees through various platforms and efficient mechanisms to ensure their knowledge is expanded, added value is created, and innovation is shared. Our talents can then build up their strengths to bring forth the utmost competitive advantage among our peers.



EMPLOYEE ENGAGEMENT

We work hard to ensure that our employee engagement and teamwork are at the highest level. We host a yearly town hall and run many programs such as Tuesday Chat with staff, CEO greeting, CEO Futsal Cup, Team Building, Manager of the Year, Employee of the Quarter and Staff Gala Dinner to name a few. Our bank-wide Internal Customer Satisfaction Survey has shown a splendid result exceeding our expectations. Staff across the organisation are able to share their voice to bring about improvements and better solutions in the workplace. We believe that engaged employees are more productive.



PERFORMANCE AND REWARDS

We have robust performance management practices driven by Key Performance Indicators (KPI). We ensure our KPIs are aligned with business goals and the Group's direction. Our KPI entails compliance and governance elements and linkages between performance and rewards.



WORKING CULTURE

We are guided by our core values and culture that promote “going the extra mile to delight customers, engage openly and work together, respect each other and always back each other up”. These guiding principles have enabled our staff to work effectively as a team with and across the region. To effectively drive our culture we have appointed business sponsor and informal leaders in various business units to encourage staff to display our 3 critical behaviours and share among staff the good exemplars.



MARKETING & COMMUNICATIONS

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



2018 KEY HIGHLIGHTS

We have consistently positioned CIMB Cambodia as a financial service provider and business partner that is simultaneously highly localised in Cambodia and well-connected across ASEAN. Aside from creating a narrative to cement CIMB Cambodia's local identity, Marcomm leverages on CIMB Group's ASEAN capabilities and communicates regional services which are highly relevant to Cambodian customers such as CIMB Group's

ATM Regional Link, Same Day Telegraphic Transfers across 5 ASEAN nations, and a host of regional rewards and privileges for shopping, dining and travelling. In addition, Marcomm has localised CIMB Group's new brand promise of "FORWARD", an expression adopted across all CIMB Group entities to communicate CIMB's commitment to facilitate the progression of our customers' goals and aspirations.

In 2018, Marcomm spearheaded respective corporate events and activities for both affluent and emerging affluent customers. We organised Customer Days at all branches nationwide as part of Customer Experience programme to engage customers more closely and demonstrate the Bank's appreciation of their continued support. Also, we celebrated Customer Appreciation Night with Preferred customers at the end of 2018 to enhance customer networking and demonstrate the Bank's deep care for these customers.

Beyond local project agenda, Marcomm handled several important CIMB Group-led regional projects such as CIMB 3D Conquest, the first-launched competition as the hackathon-style for all tertiary students in Cambodia to show their creative and young digital talent with an agile entrepreneurial mindset in both local and regional stages. Every year, Marcomm regularly supports the event activation and publicity for the CIMB ASEAN Scholarship to announce and encourage Cambodian undergraduates to apply for this fully-funded scholarship at any world-class university around the globe. We are proud to have a successful Cambodian scholar studying at McGill University, Canada.

For communications related to products and services, Marcomm plays a crucial role in launching and promoting new banking products in Khmer Riel, in both loan and deposit segments, as part of our strong

support and commitment to the National Bank of Cambodia in upholding the use of Khmer Riel among banking and financial institutions. Moreover, we strongly endeavoured to increase the Bank's media exposure with different media organisations, ranging from traditional to digital media such as newspapers, magazines, radio and television channels, and websites. Most importantly, we finally launched CIMB Cambodia's first-ever Facebook page since its operation in 2010 as part of our social media engagement agenda. This new two-way communication channel helps the Bank to access new customer segments and demographics as we expand our business lines.



2019 PRIORITIES

2019 promises to be a very exciting year Marcomms. CIMB Bank PLC was recently recognised as the Best International Bank in Cambodia, thanks to our strong ASEAN infrastructure and best ever business performance in 2018. Marcomm's extensive work is to re-introduce the CIMB Bank brand to the Cambodian market as an international bank that could forward customers' pursuit of personal and business-related aspirations toward success. We want to build a greater online presence, revamp our corporate website to a more user-friendly look with the aim of attracting new-to-bank customers for the business. And we will continue to enhance the Bank's public relations by engaging a broad range of media publications across conventional and digital platforms. In line with CIMB Group's regional project, Marcomms will take the lead to develop a new internal communication platform to improve domestic as well as regional collaboration.



FINANCE

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

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



ACHIEVEMENTS IN 2018

The comprehensive tax audit for the financial years of 2013, 2014, and 2015 has been completed with only one finding item on the fixed asset classification. The team has coordinated well with the General Department of Taxation's officials on-site and off-site for this assignment which involved providing supporting documents, reassessing the previous years' tax declarations, and providing further justification or rationales as required.

We leveraged on CIMB Group's expertise regarding accounting policies and procedures, database requirements and financial modeling for the adoption of the Cambodian Financial Reporting Standard (CIFRS) by 1st January 2019. The project working team was formed between the local finance team (with new hired staff dedicated for the project) and IFRS experts from CIMB Group Finance in June 2018 in order to formulate the scope and model for CIMB Cambodia's CIFRS implementation. Continuous testing was conducted to assess the impact on the Bank's financial performance and identify any gaps prior to adoption since July 2018.

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

To comply with the Transfer Pricing (TP) requirement, a Master Service Agreement (MSA) has been established and agreed upon for any intercompany charging. This was achieved with coordination from the legal team.



OUR PLANS FOR 2019

The first time adoption of CIFRS on the 1st January 2019 will require a continuing close monitor and review on the Bank's policy and procedure to ensure both regulatory compliance as well as best practice. The finance team will continue to work with the IT team to adopt the change of the chart of account in our accounting system and to enhance the Bank's management information system (MIS) to support the generation of additional regulatory reports after adoption CIFRS.

Regulatory capital management will be more and more critical for 2019 with the adoption of CIFRS and the introducing of the regulatory conservation capital buffer and countercyclical capital buffer. We are planning for both tier 1 and tier 2 additional capital to fulfill the Bank's regulatory capital minimum requirement as well as to support the banking core business growth in 2019 and beyond.

In regarding the regulatory requirement to increase utilization of local currency Khmer Riel (KHR), Finance will prioritize the work plan to support the rolling out of additional KHR products/services that the bank targets in 2019 as our first priority.

In line with CIMB Group's 5-year business plan, Forward23, we will work closely with CIMB Group experts for several initiatives under CIMB Bank PLC. The initiatives will be implemented across the business units as well as business enablers over the next 5 years (2019 – 2023) with an aspiration of uplift CIMB Bank PLC to be more sizable in the market, best in terms of service quality, and a preferred employer.

The implementation of Value-Added-Tax (VAT) will remain in our work plan for 2019. The implementation of Value-Added-Tax will require further system automation and the enhancement of the Bank's documentation processes, which will be done in collaboration with the Bank's IT Department and frontline departments.



RISK MANAGEMENT

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

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

The Risk Committee (RC) is a Board-delegated committee and reports to the Board of Directors on all risk-management matters. RC's meetings are conducted on a monthly basis to administer and supervise the implementation of the Bank's risk-management activities.

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



CREDIT RISK

Credit and counterparty risk is defined as the possibility of losses due to an obligor or market counterparty or issuer of securities or other instruments held failing to perform its contractual obligations to the Bank. Credit risk undertaken by the Bank is governed by Credit Risk Policies, Credit Policies Guide (CPG), Credit Procedure Manual (CPM) and the respective Credit Business Rules.

The Bank has an Early Warning Indicator (EWI) and Watchlist frameworks as a pro-active credit risk management tool that identified deteriorating credits at early stages, thereby minimizing any potential credit loss.

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

Credit Exposures are actively monitored, reviewed regularly and reported to the RC on a monthly basis. Deteriorating portfolios are identified, analyzed and discussed with the relevant business units for appropriate remedial actions, if required.



LIQUIDITY RISK

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

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

The Bank also performs semi-annual stress tests, including liquidity stress tests to identify vulnerable areas in its portfolio, gauge the financial impact and enable management to take pre-emptive actions.

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

Operational Risk is embedded as an important element in the assessment of risks within the Bank's products, services, process and systems.

Multiple initiatives are underway to strengthen existing infrastructure on system capabilities, data management and internal controls.

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

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



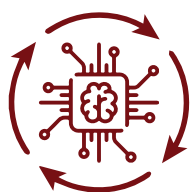
MARKET RISK

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

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

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



TECHNOLOGY & OPERATIONS

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



TECHNOLOGY

The Technology Department focused its efforts on improving existing IT infrastructure and IT Applications in 2018. As the Bank's business has expanded significantly over the past eight years, it is important for our operating systems, infrastructure, applications and information security to be upgraded to continuously stay one-step ahead of the increasing requirements of the Bank's customers, regulators and stakeholders. In 2018 we carried out four significant projects: (i). Fast Payment System, (ii). Data Backup Encryption, (iii). KHR Product and (iv). Cheque Inward Clearing Automation. In addition, SWIFT Straight-through Processing (STP) Integration and Cambodian Shared Switch (CSS) projects are being deployed to ensure that our infrastructure and banking operations are effective and efficient, and to fulfill regulatory requirements.

In addition, we prioritized and exercised the Tech-refresh of our core banking system whereby technological direction and strategic management goals were met and brought in line with our Group Technology Blueprint.



OPERATIONS

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

The Department's key focus in 2018 was to improve internal efficiencies and service delivery while eliminating any policy and process gaps. Restructuring the loan disbursement teams from two to one made a big improvement in loan disbursement turnaround time and productivities. A few reconciliation processes have also been automated instead of manually performed. In addition, development of Watch-list bulk screening has been done to help improve both Operations and branches productivity. Last but not least, bulk inward cheque clearing auto debiting has been implemented to be in line with the increase in transaction volume, business growth and regulatory cut-off time.



RISK GOVERNANCE

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

In 2018, there were four significant planned-projects and five ad-hoc projects independently conducted by RGT. We proposed a long-run mitigation plan, and a strategic plan to strengthen and uphold the division's compliance programs and for audit readiness in the aspect of risk and governance within T&O.

RGT took the lead and acted as a Single Point of Contact (SPOC) to facilitate and coordinate CIMB's Group-wide Data Governance and Data Management activities where all departments within the Bank were expected to take additional measures and ownership to improve data integrity and data security to be in line with increased regulatory requirements. There were two mega exercises carried out across the Bank, (i). Data Classification (DC) and Data Labelling (DL) and (ii). Business Glossary (BG) to fulfill the requirements of the Group Data Governance (GDG) and Management Information System (MIS) framework.

TREASURY & MARKETS



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



2018 IN REVIEW

In line with Cambodia's expected strong economic growth momentum and an increasing trend of foreign capital inflows in 2018, Treasury & Markets had achieved its financial year targets in both Money Market and FX sales business, these rising commensurately with the Bank's other businesses. We operated in an increasingly competitive environment, but we were able to differentiate CIMB Cambodia's Treasury & Markets services by leveraging on CIMB Group's support and regional network to provide more comprehensive and competitive services to our clients.

Under its Assets and Liabilities Management function, Treasury proactively engaged both foreign and local counterparties to build stronger relationships and to expand trading limits. This provided the Bank with more flexibility to seek better yield for its excess funds while simultaneously seeking a greater range of funding opportunities. As a result, the Bank continued to enjoy improved cost of funds which translated to superior net interest margins. Contingency Funding Plan (CFP) has been updated together with the Risk Management Division to anticipate and address any new potential funding issues.



2019 OUTLOOK AND STRATEGY

On the same row of 2018, we believe that significant Treasury-related opportunities will continue arising from the inflow of foreign investments and strong demand for Cambodia's principle exports – garments, footwear, rubber, rice and other commodities. More importantly, 2019 is the year which all commercial banks need to achieve 10% Khmer Riel (KHR) lending as required by the National Bank of Cambodia and this regulatory compliance will strongly push the increase in KHR utilization and FX volumes in Cambodia inter-bank space.

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



CORPORATE ASSURANCE

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

In 2018, Corporate Assurance with support from CIMB Group Corporate Assurance Division completed 17 audit assignments covering critical areas of the Bank including branch audits, departmental audits and thematic audits.

Our plan for 2019 is to continue to conduct audit assignments according to Corporate Assurance's internal risk assessment, and conduct ad-hoc investigations if required.



LEGAL & COMPANY SECRETARIAL

The Legal & Company Secretarial Division consists of the Legal and Company Secretarial. Legal oversees the legal aspects of activities undertaken by the Bank, and is responsible for facilitating, advising, and monitoring business and support units to ensure that they are acting in accordance with respective laws, regulations and guidelines.

Legal plays a major role in providing the legal advices to all employees in the Bank in performing their functions in order to ensure that the Bank's interests are well protected in doing all businesses. The Division also coordinates all litigation matters from in-house perspective and liaises with the external counsels to monitor all litigation cases.

In line with good governance, the Company Secretarial provides support to the Board and Management in carrying out its duties and responsibilities. Also, it serves in an advisory capacity on governance matters, including legal and regulatory requirements to all units within the Bank. The Company Secretarial also manages the day-to-day corporate secretarial matters and functions of the Bank, including processes with the relevant approving authorities and regulators.

The Division participates in various taskforces and project working team to ensure the Bank's responsibilities towards regulations.



CUSTOMER EXPERIENCE

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

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

In 2018, the CX unit implemented customer feedback channels and service quality through holistic improvements in operational efficiency and process innovations. We also concluded the development of our fully digitalized Customer Feedback platform by deploying customer-facing touch screens to collect real-time feedback from our customers at our branches. Moreover, the CX unit introduced the CX Star Award programme which identifies employees that demonstrate excellent customer-centric behavior and make them eligible for awards across Malaysia, Indonesia, Singapore, Thailand and Cambodia.

The 2019 plan for CX is to perform more process re-engineering to enhance both systems and processes to improve the experience of internal and external customers.



PRODUCT MANAGEMENT

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

CIMB Bank supports the National Bank of Cambodia in the provision of credit in our national currency. In 2018, we introduced new KHR loan and deposit products, offering our clients an option to manage their working capital and long-term investment in local currency.

Product Management is also in charge of Digital Banking which contributes to the Bank's overall competitiveness by introducing and improving digital banking services. This enables the Bank to meet our customers' needs in keeping pace with technological advances and ever-evolving customer requirements. Digital Banking Services include local self-service terminals and Regional ATM Services, which enable CIMB customers to withdraw cash in local currency in Malaysia, Singapore, Thailand and Indonesia respectively. The unit has deployed more ATMs to provide greater convenience to our customers. In 2018, we deployed ATMs at Exchange Square Mall, AEON Mall Sen Sok City, Eden Garden and the Park Community Mall. For 2019, we plan to place more ATMs in new malls in Phnom Penh and at Makro Mall in Siem Reap province.

In 2019, we aim to develop more innovative and competitive products in both lending and deposit segments, utilising best practices from CIMB Group. In addition, we plan to enhance the development of our digital banking services across different channels to reach more users, in line with our philosophy of going the extra mile to delight our customers.



COMPLIANCE

The Compliance Division is responsible for ensuring all departments as well as all employees in the Bank are made aware of their obligations and the impact of applicable regulations. Its main roles are related to monitoring and advising business and support units to ensure they are in compliance with the applicable regulations and internal guidelines. On the monitoring side, the Division performs on-site compliance reviews and regulation self-testing validations to ensure that the Bank's processes and procedures are in compliance with all relevant laws, regulations and guidelines. The Division drives active participation of various project working teams in meeting the Bank's responsibilities towards regulations such as the Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT), the US Foreign Account Tax Compliance Act (FATCA), and other regulations.

The Compliance Division acts independently and directly reports to the Board of Directors who oversee and approve the annual compliance work plan proposed by the Compliance Division. Based on our Compliance Framework, the Division is governed by CIMB Bank PLC Compliance Policies and Procedures, CIMB Bank PLC AML/CFT Policies and Procedures which are approved by the Board. The Division also cooperates with other departments to establish various guidelines and codes of conduct such as the Guidelines on Account Opening, Guidelines on Alert Monitoring, Sales Codes of Conduct, etc.



ACHIEVEMENTS IN 2018

In 2018, the Compliance Division performed on-site compliance reviews for 9 units. The Division also completed the gap analysis on the existing regulations for 8 units, and off-site AML/CFT reviews for all branches at least two times per year.

Our Training and Awareness Programme is also a key focus area for the Division. All new employees are required to attend an induction course within three months of joining the Bank and it is mandatory for existing employees to complete an AML/CFT e-learning course on an annual basis. In 2018, the Compliance Division conducted a total of 7 induction courses attended by 65 employees and another 7 courses attended by 153 employees.



PLANS FOR 2019

The initiatives on ML/FT Institutional Risk Assessment and AML Automated System are new priorities for the Compliance Division in 2019. The Division will also continue to perform the on-site compliance review and the off-site AML/CFT reviews for all branches. The Division will complete the gap analysis on the existing regulations for the remaining departments.





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 in maintaining investors’ confidence towards achieving the Bank’s corporate objectives and vision.

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

BOARD OF DIRECTORS

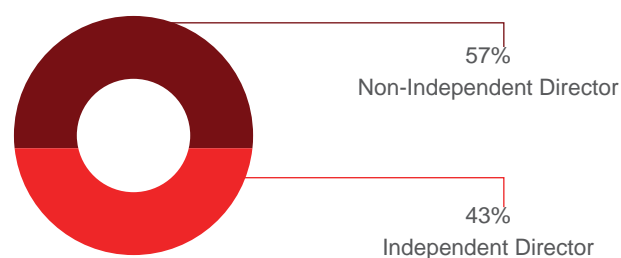
The Board and Board Balance

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

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

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

Board Composition



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

The Chairman

The Board is led by the Chairman, Dato’ Wira Zainal Abidin Mahamad Zain, who was appointed as the Chairman on 5 July 2018 succeeding Dato’ Shaarani Ibrahim. Dato’ Wira Zainal Abidin Mahamad Zain is responsible for the leadership

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

Executive Director

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

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

Size and Composition of Board of Directors

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

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

Brief backgrounds of each Director are presented on pages 60 to 68 of the Annual Report.

Directors’ Code of Ethics

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

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

Duties and Responsibilities of the Board

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

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

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

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

The overall principal responsibilities of the Board are as follows:

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

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

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

Appointments to the Board

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

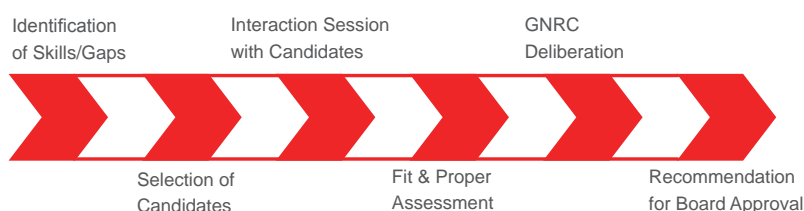
The appointment process is conducted in accordance with the Prakas and the Group's Policies and Procedures on Fit and Proper for Key Responsible Persons (Fit and Proper Policy). The Fit and Proper Policy set out a formal process for the appointment of Directors, Chairman and Chief Executive Officer.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

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

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

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

Nomination Framework



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

Re-appointment and Re-election of Directors

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

MEETINGS AND SUPPLY OF INFORMATION TO THE BOARD

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

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

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

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

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

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

A total of seven Board meetings were held in 2018 and the Directors' attendance at the meetings is as follows:

Directors	No. of Meetings	
	Attended	Held
Dato' Shaarani Ibrahim ^{*1} Chairman / Independent Non-Executive Director	4	4
Dato' Wira Zainal Abidin Mahamad Zain ^{*2} Chairman / Independent Non-Executive Director	7	7
Mey Kalyan Independent Non-Executive Director	7	7
Aisyah Lam Binti Abdullah ^{*3} Independent Non-Executive Director	3	3
Bun Yin Non-Independent Executive Director & Chief Executive Officer	7	7
Dato' Shahrul Nazri Bin Abdul Rahim Non-Independent Non-Executive Director	6	7
Yong Jiunn Run Non-Independent Non-Executive Director	6	7
Renzo Christopher Viegas Non-Independent Non-Executive Director	6	7

^{*1} Resigned as Chairman on 5 July 2018

^{*2} Appointed as Chairman on 5 July 2018

^{*3} Appointed on 5 July 2018

Training and Development of Directors

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

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

Titles/Topics	Mode of Training	No. of Hours/ Days	Attended by
Preparation for Corporate Liability on Corruption	Seminar	1 Day	Dato' Wira Zainal Abidin Mahamad Zain
Malaysian Code On Corporate Governance 2017, Regulatory Updates; & Financial Statement Fraud and Misstatement 2017	Seminar	1 day	
Audit, Internal Control and Fraud Detection Seminar 2018	Seminar	1 day	
Governance for the Audit Committee Member	Program	1 day	
Sustainable Engagement Series for Directors / Chief Executive Officers	Workshop	1 day	
Regulatory Updates Seminar for Director 2018	Seminar	1 day	Mr. Renzo Christopher Viegas
Mandatory Accreditation Programme	Program	1.5 day	
BNM Governor's Address on the Malaysian Economy & Panel Discussion		2 hours	
Digital Leadership Series - The Hybrid Reality: How Emerging Technologies and Their Interaction With Humans Will Impact Us		2.5 hours	
Digital Leadership Series 2018 (Session 2) Cultivating A Culture Of Innovations: Winning The New Talent War		2.5 hours	
ASEAN Disruptive Leadership Summit 2018	Summit	1 day	Mr. Renzo Christopher Viegas
Government of Malaysia's Investors' Conference	Conference	1 day	

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

Company Secretaries

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

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

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

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

COMMITTEES

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

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

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

Audit Committee

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

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

The Audit Committee met six times in 2018 and the attendance of the members of the Audit Committee is as follows:

Directors	No. of Meetings	
	Attended	Held
Dr. Mey Kalyan Chairman / Independent Non-Executive Director	6	6
Dato' Shaarani Ibrahim^{*1} Independent Non-Executive Director	3	3
Dato' Wira Zainal Abidin Mahamad Zain Independent Non-Executive Director	6	6
Aisyah Lam Binti Abdullah^{*2} Independent Non-Executive Director	3	3

^{*1} Resigned as member on 5 July 2018

^{*2} Appointed as member on 5 July 2018

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

Area	Responsibilities
Internal control / risk management / governance	To review the effectiveness of internal controls, risk management processes and governance within the Bank, taking into account the requirements in the Prakas on Governance in Banks and Financial Institutions.
Internal audit	<ol style="list-style-type: none"> 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 and approve the audit scope, procedures frequency and the annual internal audit plan. To oversee the effectiveness of the internal audit function, staff competency requirements and adequacy of audit resources, and that internal audit has the necessary authority to carry out its work. To review key reports and ensure that senior management is taking necessary corrective actions in a timely manner to address control weakness, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions. To note significant disagreements between the Internal Audit Head and the rest of the senior management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings. To ensure compliance with the Laws and Regulations applicable to Banks and Financial Institutions and that the reports of internal auditors should not be subject to clearance by management. To establish a mechanism to assess the performance and effectiveness of the internal audit function. To evaluate the performance and decide on the remuneration package of the Internal Audit Head. To approve the appointment, transfer and dismissal of the Internal Audit Head or senior staff members of the internal audit function, and to be informed of the resignation of any senior internal audit staff members and to provide the resigning staff member with an opportunity to submit his/her reasons for resigning.
External Audit	<ol style="list-style-type: none"> To make recommendations to the Board on the appointment, removal and remuneration of the external auditors. To discuss and review with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination 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 service by the external auditors, and to monitor and assess evaluating whether such non-audit 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. To ensure that the financial statements are prepared in a timely and accurate manner with the adequacy of allowances against contingencies and impaired assets. To maintain regular, timely, open and honest communication with the external auditors, and requiring the external auditors to report to the AC on significant matters (in the absence of management where necessary). To review the external auditors' Internal Control Report and ensure that senior management is taking necessary corrective actions in a timely manner to address external audit findings and recommendations. To monitor and assess the effectiveness of the external audit, including meeting the external auditors at least once a year without the presence of the management or executive directors to discuss any key concerns and obtain feedback.
Audit Findings, Internal Control and Compliance Issues	To review the findings of major investigations, routine audit findings, and internal control and compliance reported by the internal, external and regulatory auditors.
Financial Statements	<p>To review the quarterly results and year-end financial statements of the Bank, prior to approval by the Board, focusing particularly on:</p> <ul style="list-style-type: none"> • changes in or implementation of major accounting policy change; • significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed; • the going concern assumption; and • compliance with accounting standards and 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.
Review of Reports Related to Financial Statements	To review the accuracy and adequacy of the chairman's statement in the director's report, corporate governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements.
Monitoring of Compliance with Conflict of Interest Policy	To monitor compliance with the Board's conflict of interest policy
Review of Internal Control Framework	To review third party opinion on the design and effectiveness of the Bank's internal control framework.
Others	<ol style="list-style-type: none"> To engage on a continuous basis with senior management in order to keep informed of matters affecting the Bank. To convene meetings with internal auditors, external auditors, or both whenever deemed necessary. 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 are held in 2018 and the members' attendance at the meetings is as follows:

Directors	No. of Meetings	
	Attended	Held
Dato' Wira Zainal Abidin Mahamad Zain^{*1} Chairman / Independent Non-Executive Director	6	6
Aisyah Lam Binti Abdullah^{*1} Chairman / Independent Non-Executive Director	6	6
Bun Yin Chief Executive Officer / Executive Director	11	12
Neoh Sze Ming^{*2} Deputy Chief Executive Officer	10	11
Kien Vatana^{*3} Head, Risk Management	10	11
Hong Cheap Head, Commercial Banking	10	12
Heng Thida Head, Consumer Banking	9	12
Heng Viboth^{*4} Head, Technology & Operations	1	1
Heng Vuthy Head, Finance	12	12
Ky Sana Head, Corporate & Transaction Banking	11	12

^{*1} On 5 July 2018, Aisyah Lam Binti Abdullah was appointed as the new Chairman, succeeding Dato' Wira Zainal Abidin Mahamad Zain

^{*2} Resigned as a member on 15 September 2018

^{*3} Appointed as Head of Risk Management on 1 April 2019

^{*4} Appointed as a member on 28 November 2018

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

- Allocate capital-at-risk for different lines of businesses and different categories of risks to ensure adequate diversification of risk, complies with the regulatory limit requirements and the Bank has sufficient capital to cushion against stress scenarios.
- Enhance shareholder value through evaluation of the risk-return profiles of business activities and ensuring that they are within the parameters established by the Board of Directors.
- Review and make recommendations to the Board of Directors for approval of appropriate risk policies and limits so that the risk management framework is in line with the corporate plan, the Group's Enterprise Wide Risk Management Framework, and conforms to the legal and regulatory requirements.
- Evaluate and review proposals on new products, investments, businesses,

strategic alliances and product variations, and subsequently to grant approval-in-principle or recommend to the Board of Directors for approval.

- Review and approve changes to operational procedures and processes.
- Enforce compliance to all risk policies and limits.
- Deployment of proper methodologies to identify and measure risk for all positions.
- Set strategies to evaluate, monitor and control risks to maintain them within reasonable levels.
- Endorse the methodologies and tools for the measurement of the various types of quantifiable risk for Board approval.
- Review the Bank's balance sheet composition of loans and deposits.
- Ensure holistic approach is taken to manage the Bank's balance sheet through effective interest rate risk management, funding liquidity risk management, interest margins and capital management.
- To review that the Business Units and their respective credit committee(s) have clearly defined Asset Quality Review and Early Warning Indicators/ Credit Watchlist Process in identifying, classifying, reporting, monitoring any problem loan (in particular Impaired loans) in line with the Credit Risk Policy/ regulatory authorities/ approved credit policies and procedures/ accounting standards (where applicable).
- To ensure the Bank maintains its asset quality through close monitoring of the processing and approval of new loans and prompt recovery of Impaired Loans;
- To mediate issues relating to the transfer of accounts between business units and recovery team when accounts turned impaired and vice versa;
- To review asset quality so as to be in line with the overall Risk Appetite/ Risk Acceptance Criteria (RAC) of the Bank and Business Units, including but not limited to:
 - Early Alert Watchlist, delinquent or Impaired accounts;
 - Provisioning of accounts pursuant to the Prakas of National Bank of Cambodia and other relevant regulation; and
 - Any other issues relating asset quality.
 - To review and deliberate on portfolio and Impaired default trends/ reports for risk identification
- Review the Bank's contingency plan and overall business continuity management for implementation whenever necessary and propose to the Board of Directors for approval.
- Change in individual members within the same corporate function can be approved by the Committee itself with a notation to Board of Directors. Where changes in membership involve a change in corporate function of members or amendments are proposed to the Terms of Reference, approval must be sought from Board of Directors before implementation.
- Review and approve the terms of reference and composition of any Sub-Committees; including the appointment and removal of members and invitees to such Committees.

MANAGEMENT COMMITTEES

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

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

Management Committee

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

Members

Bun Yin Chief Executive Officer	Chairman
Neoh Sze Ming ^{*1} Deputy Chief Executive Officer	Alternative Chairman
Heng Thida Head, Consumer Banking	Member
Heng Torang Head, Treasury & Markets	Member
Hong Cheap ^{*2} Head, Commercial Banking	Member
Kien Vatana ^{*3} Head, Risk Management	Member
Heng Vuthy Head, Finance	Member
Oum Chendapheakdey Head, Corporate Resources	Member
Heng Viboth ^{*4} Head, Technology & Operations	Member
Ky Sana Head, Corporate & Transaction Banking	Member
Ouk Thanin ^{*5} Head, Product Management	Member

^{*1} Resigned as Alternative Chairman on 15 September 2018

^{*2} Appointed as Head of Commercial Banking on 1 January 2018 and subsequently as a member on 16 January 2018

^{*3} Appointed as Head of Risk Management on 01 April 2019

^{*4} Appointed as a member on 21 August 2018

^{*5} Appointed as a member on 01 April 2019

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

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

Cambodia Credit Committee

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

Members

Kien Vatana ^{*1} Head, Risk Management	Chairman
Bun Yin Chief Executive Officer	Alternate Chairman
Hong Cheap ^{*2} Head, Commercial Banking	Member
Heng Thida Head, Consumer Banking	Member
Chamnan Vanita ^{*2} Credit Management	Member
John Chuah Keat Kong Credit Advisor, Commercial Banking	Member
Ky Sana Head, Corporate and Transaction Banking	Member
Hong Bunroeut Commercial Banking	Member
Chong Kok Ping ^{*3} Head, Regional Credit Management	Member
Hiroshi Kawachi ^{*3} Head, Financial Institutions and Traded Credit Management	Member
Michael Ng Mun Seng ^{*3} Acting Head, Regional Credit Risk Analytics	Member
Leong Wai Chyi ^{*3} Team Head, NBFIL Regional GBIL/GCL	Member

^{*1} Appointed as Head of Risk Management on 01 April 2019

^{*2} Appointed as a member on 29 January 2018

^{*3} Appointed on 09 January 2019: Chong Kok Ping as a new and mandatory voting member for credit proposals of Commercial Banking and Corporate Banking which exceed the CCC's approving authority; Hiroshi Kawachi as a new and voting member for credit proposals of Financial Institutions, Non-Bank Financial Institutions and Trade Credit cases only; Michael Ng Mun Seng OR Leong Wai Chyi (alternate in absence of Michael Ng Mun Seng) from Group Analytics and Strategy as new voting member for credit proposals of Corporate Banking only

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

- To review and approve credit facilities originating from the Bank, which are within the approved limits delegated by the Board.
- To recommend for Board approval, all credit proposals, which exceed the CCC's approving authority.
- To ensure the Bank's overall loans portfolio meets the guidelines of regulatory authorities, approved credit policies and procedures, within the approved risk appetite.
- To review and approve restructuring and rescheduling and any recovery actions including compromised settlements and write offs related thereto, to be taken against cases within the committee's sanctions.
- To assess the risk-return trade-off when approving credit facilities to ensure that facilities granted are within the risk appetite of the Bank.
- To review and evaluate the various credit products engaged by the Bank to ensure that they are conducted within the standards and policies set by the Board.
- To review and approve the internal credit rating of each borrower, where applicable.
- To review and recommend the changes in the credit policies and guidelines to the relevant Committees for endorsement and approval.

- To approve professional panels i.e. lawyer, insurance companies, and valuer.
- To perform any other functions as and when directed by the Risk Committee (“RC”).

Assets and Liabilities Management Committee

The Assets and Liabilities Management Committee reports to the Risk Committee on liquidity risk and assets and liability matters of the Bank. The Assets and Liabilities Management Committee met 14 times in 2018.

Members

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

*1 Resigned as member on 15 September 2018

*2 Appointed as member on 29 January 2018

*3 Appointed as Head of Risk Management on 1 April 2019

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

- To review and analyse the Bank’s balance sheet plan by business, asset and liability mix, currency, growth, yield and margin;
- To review variations between actual and planned balance sheet and how this impact loan-deposit and other balance sheet ratios and funding plan and whether the Bank will remain within the established risk appetites;
- To review net interest income and margin trends including forecast position, and the variances from the planned net interest rate margin, and detail any required actions as appropriate;
- To review the impact on earnings (NII) under both a base case and under stressed economic scenarios;
- To review and ensure the Cost of Fund or FTP (If applicable) is appropriate and act as the arbitrator between business lines in designing and implementing FTP and promote consistency across the Bank;
- To review the Contingency Funding Plan (“CFP”) as an operational business plan and assess the capacity of the plan to ensure that any management action is realistic; and
- To ensure that early warning indicators are up-to-date and relevant based on available data.
- To review ALM framework and policies (if applicable) to ensure they are appropriate for the size and complexity of the current and future operations of the Bank;
- To promote consistent policies and practices across the Bank;
- To review and recommend Management Action Triggers (“MAT”)/ limits for liquidity risk and interest rate risk in the banking book to RC for approval;
- To set, monitor and review the hedging strategies of the Bank (if applicable);
- To review and ensure that the Bank’s risk profile is within established MAT/ limits for liquidity risk and interest rate risk in the banking book, including reviewing internal stress testing results across material currencies in the Bank;
- To review and recommend ALM risk model parameters and model validation results for approval by RC; and

- To identify and review Bank liquidity and funding requirements and appropriate actions to address these requirements.
- To review and recommend ALM risks framework and policies (if applicable) for RC approval;
- To review and approve ALM risks methodologies and standard (if applicable) to be met to comply with approved policies;
- To review and approve Cost of Fund or FTP framework (if applicable), policies and methodologies for the Bank;
- To approve pricing proposal based on its approved DA;
- To escalate to RC any MAT/ trigger/ limits breaches (non-regulatory) that are not viewed as material variance to the established threshold and to the capital/ liquidity/ reputation of the Bank.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Pursuant to the Law on Commercial Enterprises and the Law on Banking and Financial Institutions, financial statements for each financial year are prepared in accordance with the guidelines issued by the NBC and Cambodian accounting standards. The financial statements are prepared on a going concern basis and provide a true and fair view of the state of affairs of the Bank as at 31 December 2018.

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

The Board is satisfied that it has met its obligations to present a balanced and understandable assessment of the Bank’s position and prospects in preparing the financial statements, reflected in the directors’ report as set out on page 80 of the financial statements section of this annual report.

Audit Committee

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

Internal Control

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

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

The statement on internal control which provides an overview of the state of internal control of the Bank is set out on pages 42 to 44 of the annual report. The Statement on Corporate Governance is approved by the Board of Directors on 20 March 2019.

AUDIT COMMITTEE REPORT

OVERVIEW

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

1. ATTENDANCE OF MEETING

The details of the Audit Committee's membership and meetings held in 2018 are as follows:

Members	Status	No. of Committee's Meetings	
		Attended	Held
Dr. Mey Kalyan	Independent Non-Executive	6	6
Dato' Shaarani Ibrahim ^{*1}	Independent Non-Executive	3	3
Dato' Wira Zainal Abidin Mahamad Zain	Independent Non-Executive	6	6
Ms. Aisyah Lam Binti Abdullah ^{*2}	Independent Non-Executive	3	3

^{*1} Resigned as member on 5 July 2018;

^{*2} Appointed as member on 5 July 2018

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

2. COMPOSITION

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

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

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

3. AUTHORITY

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

4. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

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

Area	Responsibilities
Internal control / risk management / governance	To review the effectiveness of internal controls, risk management processes and governance within the Bank, taking into account the requirements in the Prakas on Governance in Banks and Financial Institutions.
Internal audit	<ul style="list-style-type: none"> a. To ensure the internal audit function is well placed to undertake review or investigation on behalf of the AC and be placed under the direct authority and supervision of the AC. b. To review and approve the audit scope, procedures frequency and the annual internal audit plan. c. To oversee the effectiveness of the internal audit function, staff competency requirements and adequacy of audit resources, and that internal audit has the necessary authority to carry out its work. d. To review key reports and ensure that senior management is taking necessary corrective actions in a timely manner to address control weakness, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions. e. To note significant disagreements between the Internal Audit Head and the rest of the senior management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings. f. To ensure compliance with the Laws and Regulations applicable to Banks and Financial Institutions and that the reports of internal auditors should not be subject to clearance by management. g. To establish a mechanism to assess the performance and effectiveness of the internal audit function. h. To evaluate the performance and decide on the remuneration package of the Internal Audit Head. i. To approve the appointment, transfer and dismissal of the Internal Audit Head or senior staff members of the internal audit function, and to be informed of the resignation of any senior internal audit staff members and to provide the resigning staff member with an opportunity to submit his/her reasons for resigning.
External Audit	<ul style="list-style-type: none"> j. To make recommendations to the Board on the appointment, removal and remuneration of the external auditors. k. To discuss and review with the external auditors before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved. l. 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). m. To approve the provision of non-audit service by the external auditors, and to monitor and assess evaluating whether such non-audit would impair their independence n. 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. o. To ensure that the financial statements are prepared in a timely and accurate manner with the adequacy of allowances against contingencies and impaired assets. p. To maintain regular, timely, open and honest communication with the external auditors, and requiring the external auditors to report to the AC on significant matters (in the absence of management where necessary). q. To review the external auditors' Internal Control Report and ensure that senior management is taking necessary corrective actions in a timely manner to address external audit findings and recommendations. r. To monitor and assess the effectiveness of the external audit, including meeting the external auditors at least once a year without the presence of the management or executive directors to discuss any key concerns and obtain feedback.

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 and year-end financial statements of the Bank, prior to approval by the Board, focusing particularly on: <ul style="list-style-type: none"> s. changes in or implementation of major accounting policy change; t. significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed; u. the going concern assumption; and v. compliance with accounting standards and 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.
Review of Reports Related to Financial Statements	To review the accuracy and adequacy of the chairman's statement in the director's report, corporate governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements.
Monitoring of Compliance with Conflict of Interest Policy	To monitor compliance with the Board's conflict of interest policy
Review of Internal Control Framework	To review third party opinion on the design and effectiveness of the Bank's internal control framework.
Others	<ul style="list-style-type: none"> a. To engage on a continuous basis with senior management 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.

5. SUMMARY OF ACTIVITIES IN 2018

5.1 Audit Committee

- a. Reviewed and approved the annual audit plan, the scope of work and resources requirements of Internal Audit.
- b. Reviewed Internal Audit's methodology in assessing the risk levels of the various auditable areas and ensured that audit emphasis was placed on areas of critical risk.
- c. Reviewed the adequacy and effectiveness of the system of controls, reporting and risk management to ensure there is a systematic methodology for identifying, assessing and mitigating risk areas.
- d. Reviewed the efficiency of operations and the economical use of resources throughout the Bank.
- e. Reviewed the appointment of external auditors and their independence and effectiveness.
- f. Reviewed the external auditors' audit plan, the scope of work and the results of the annual audit of the Bank.
- g. Met with the external auditors on 24 January 2019 without the presence of management and the executive director to discuss relevant issues and

obtain feedback.

- h. Reviewed the internal control issues identified by internal and external auditors as well as management's response to audit recommendations and the implementation of agreed action plans.
- i. Reviewed the quarterly financial statements of the Bank.
- j. Reviewed related party transactions and the adequacy of the Bank's procedures in identifying, monitoring, reporting and reviewing related party transactions.
- k. Ensured compliance with regulatory requirements and internal policies, and provided a status update on follow up by management on internal and external audit recommendations.

5.2 Internal Audit Function

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

5.3 Internal Audit Reports

- a. Internal Audit completed 17 audit assignments during the year, covering audits of all key operations.
- b. Audit reports that are rated as 'Unsatisfactory' and 'Unacceptable' require the respective management to be present at the Audit Committee meetings to respond to and provide feedback on audit issues identified by Internal Audit.
- c. All findings by Internal Audit are tracked and followed up until they are dealt with and reported on a bi-monthly basis to the Audit Committee by Internal Audit Department.
- d. The implementation status of audit recommendations is reported to the Audit Committee on a bi-monthly basis.

STATEMENT ON INTERNAL CONTROL

BOARD RESPONSIBILITY

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

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

RISK MANAGEMENT AND CONTROL FRAMEWORK

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

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

INFORMATION TECHNOLOGY SECURITY

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

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

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

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

KEY INTERNAL CONTROL PROCESSES

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

Audit Committee

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

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

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

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

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

Risk Committees

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

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

Management Committee

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

Internal Policies and Procedures

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

Internal Audit

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

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

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

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

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

Compliance Framework

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

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

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

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

New Product Approval Policy and Procedures

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

Exceptions Management and Escalation

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

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

Code of Ethics

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

Human Resources Policies and Procedures

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

Business Continuity Management

CIMB Group is committed to safeguarding the interests of all its key stakeholders, the reputation of the organisation and value-creating activities by ensuring an appropriate level of continuity on business processes and functions throughout the Group. The responsibilities for implementing and running the Business Continuity Management ("BCM") programme 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 in efforts to increase employee awareness on their roles, responsibilities and accountabilities with respect to BCM.

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

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

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

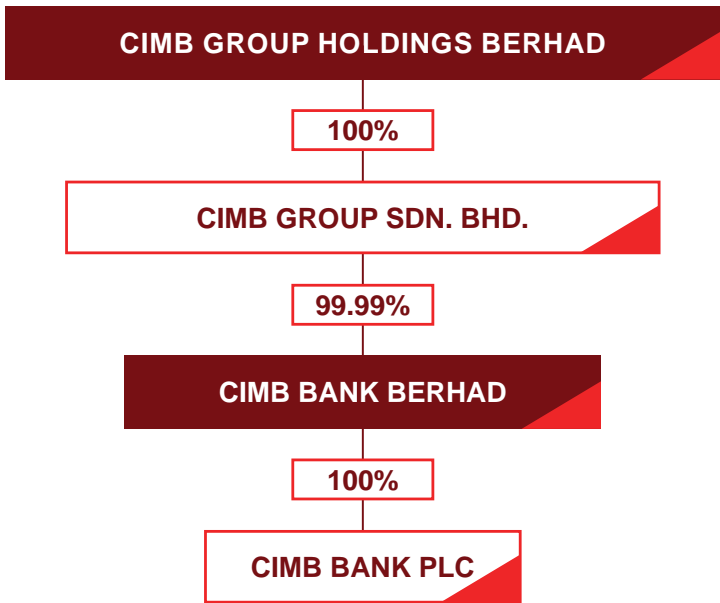
The Bank's AML/CFT systems and supporting systems facilitate AML risk, customer and transaction monitoring including Watchlist Management, CDD or "Know Your Customer" and AML/CFT Alert Monitoring.

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

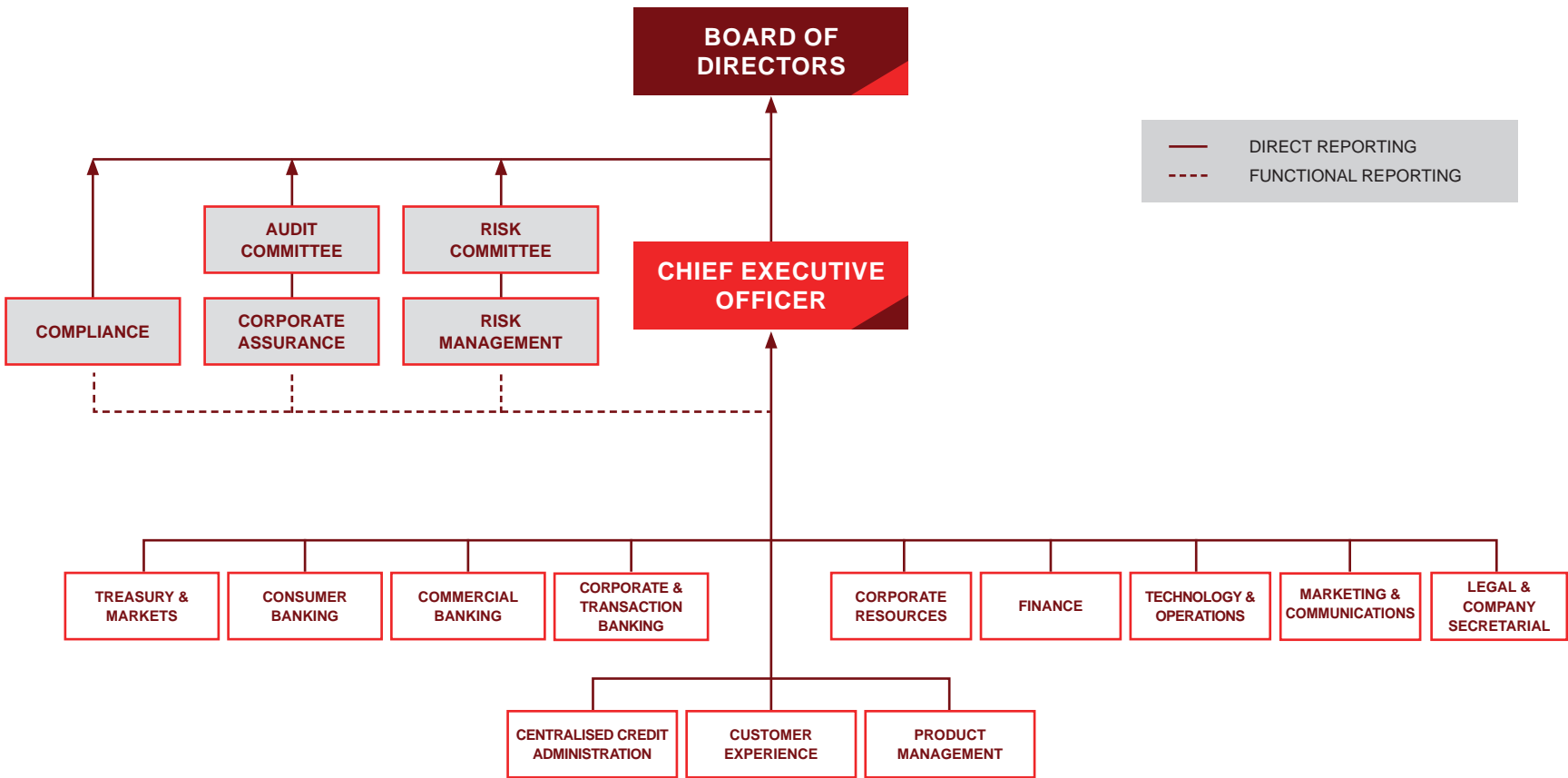
Conclusion

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

CORPORATE STRUCTURE



ORGANISATION CHART



CORPORATE INFORMATION

(As at 01 April 2019)

► BOARD OF DIRECTORS

Dato' Shaarani Ibrahim

Chairman/

Independent Non-Executive Director

(Resigned as Chairman on 5 July 2018)

Dato' Wira Zainal Abidin Mahamad Zain

Chairman/

Independent Non-Executive Director

(Appointed as Chairman on 5 July 2018)

Dr. Mey Kalyan

Independent Non-Executive Director

Aisyah Lam Binti Abdullah

Independent Non-Executive Director

(Appointed on 5 July 2018)

Bun Yin

Non-Independent Executive Director

Dato' Shahrul Nazri Abdul Rahim

Non-Independent Non-Executive Director

Yong Jiunn Run

Non-Independent Non-Executive Director

Renzo Christopher Viegas

Non-Independent Non-Executive Director

► AUDIT COMMITTEE

Dr. Mey Kalyan

Chairman/

Independent Non-Executive Director

Dato' Shaarani Ibrahim

Independent Non-Executive Director

(Resigned as member on 5 July 2018)

Dato' Wira Zainal Abidin Mahamad Zain

Independent Non-Executive Director

Aisyah Lam Binti Abdullah

Independent Non-Executive Director

(Appointed as member on 5 July 2018)

► RISK COMMITTEE

Dato' Wira Zainal Abidin Mahamad Zain

Chairman/

Independent Non-Executive Director

(Resigned as Chairman on 5 July 2018)

Aisyah Lam Binti Abdullah

Chairman/

Independent Non-Executive Director

(Appointed as Chairman on 5 July 2018)

Bun Yin

Chief Executive Officer

Neoh Sze Ming

Deputy Chief Executive Officer

(Resigned as member on 15 September 2018)

Kien Vatana

Head, Risk Management

Hong Cheap

Head, Commercial Banking

Heng Thida

Head, Consumer Banking

Heng Viboth

Head, Technology & Operations

(Appointed as member on 28 November 2018)

Heng Vuthy

Head, Finance

Ky Sana

Head, Corporate & Transaction Banking

► CAMBODIA CREDIT COMMITTEE

Kien Vatana

Chairman/

Head, Risk Management

Bun Yin

Alternative Chairman/

Chief Executive Officer

Hong Cheap

Head, Commercial Banking

(Appointed as member on 29 January 2018)

Heng Thida

Head, Consumer Banking

Chamnan Vanita

Credit Management

(Appointed as member on 29 January 2018)

John Chuah Keat Kong

Credit Advisor, Commercial Banking

Ky Sana

Head, Corporate & Transaction Banking

Hong Bunroeut

Commercial Banking

Chong Kok Ping

Head, Regional Credit Management

(Appointed as member on 9 January 2019)

Hiroshi Kawachi

Head, Financial Institutions and Traded

Credit Management

(Appointed as member on 9 January 2019)

Michael Ng Mun Seng

Acting Head, Regional Credit Risk Analytics

(Appointed as member on 9 January 2019)

Leong Wai Chyi

Team Head, NBF Regional GBIL/GCL

(Appointed as member on 9 January 2019)

► ASSETS AND LIABILITIES MANAGEMENT COMMITTEE

Bun Yin

Chairman/Chief Executive Officer

Neoh Sze Ming

Deputy Chief Executive Officer
(Resigned as member on 18 September 2018)

Heng Thida

Head, Consumer Banking

Hong Cheap

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

Heng Vuthy

Head, Finance

Heng Torang

Head, Treasury & Markets

Ky Sana

Head, Corporate & Transaction Banking

Kien Vatana

Head, Risk Management

► MANAGEMENT COMMITTEE

Bun Yin

Chairman/Chief Executive Officer

Neoh Sze Ming

Alternative Chairman/
Deputy Chief Executive Officer
(Resigned as member on 15 September 2018)

Heng Thida

Head, Consumer Banking

Heng Torang

Head, Treasury & Markets

Hong Cheap

Head, Commercial Banking
(Appointed as member on 16 January 2018)

Kien Vatana

Head, Risk Management

Heng Vuthy

Head, Finance

Oum Chendapheakdey

Head, Corporate Resources

Heng Viboth

Head, Technology & Operations
(Appointed as member on 21 August 2018)

Ky Sana

Head, Corporate & Transaction Banking

Ouk Thanin

Head, Product Management
(Appointed as member on April 2019)

► COMPANY SECRETARIES

Ly Sophea

Datin Rossaya Mohd Nashir

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00010524

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58C Sihanouk Blvd, Khan Chamkarmon
Phnom Penh 12210
P.O. Box 1147
Tel: +855 23 860 606
Fax: +855 23 211 594





HIGHLIGHTS & ACHIEVEMENTS 2018



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57 Media Highlights

CORPORATE EVENT HIGHLIGHTS

LAUNCH OF NEW PRODUCTS AND INFRASTRUCTURE



CIMB WOMEN DAY 2018
08 MARCH 2018 @ CIMB HEAD OFFICE, VTRUST TOWER, PHNOM PENH

Supported by Ministry of Women's Affair, CIMB Bank PLC organised International Women Day, graced by Lok Chumteav Nhem Morokot, Under-Secretary of State at the Ministry of Women's Affair and Chief Executive Officer of CIMB Bank PLC. Attended by more than 60 employees, the event was held to raise the awareness of importance of women in social development and to be part of the celebration of women in Cambodia and around the globe, and especially to express the appreciation of all female employees of CIMB Bank PLC.



CIMB BANK'S CUSTOMER DAY 2018
11 APRIL 2018 @ BAK TOUK BRANCH, PHNOM PENH

CIMB Bank PLC organised its Customer Day event on the occasion of Khmer New Year's celebration. The event pleasantly surprised all walk-in customers who came to the Bank's branches nationwide who were offered refreshments and corporate gifts. To demonstrate our appreciation for our customers' constant support, senior management of the Bank including the CEO, Deputy CEO and Head of Consumer Banking were present at the main branch to lead customer service for the day.



CLIENT SEMINAR 2018
31 MAY 2018 @ HIMAWARI HOTEL, PHNOM PENH

CIMB Bank PLC, in collaboration with Manulife (Cambodia) PLC organised a gala dinner for the Bank's Preferred customers to celebrate and appreciate their ongoing support to CIMB Bank and Manulife. The event also allowed the participants to create business relationships and opportunities together.



CIMB BANK STAFF RETREAT & TEAM BUILDING - 28-30 APRIL 2018 @ MONDULKIRI

CIMB Bank PLC organised the CIMB Bank Staff Retreat & Team Building event to create fun and memorable moments and foster team spirit among the CIMB Bank family. To reflect and learn leadership skills through challenges, we arranged the event as a camping experience with some teamwork activities including city discovery, photo competition, bonfire, group performance and so on. This celebration served as the team's inspiration for the Bank's target achievement.



CIMB Bank PLC organised a Management Committee (MC) Challenge & Team Building event which was attended by over 60 employees in management level including our Chief Executive Officer and Deputy Chief Executive Officer. The event created a platform to build and enhance team spirit and to update and reflect on the business' performance and set new strategic plans to achieve the Bank's targets.



CIMB Bank PLC organised the event to officially launch the 3D Awareness Series among the Bank's staff in Cambodia. In line with CIMB Group's strategy and goals, the participants were trained with practical exercises by regional specialists about 3D awareness including Digital, Data and Disruption. The course aimed to prepare all staff of CIMB Bank to be future-ready in this new revolution of technology in the banking sector.



CIMB Bank PLC organised its Staff Annual Dinner to celebrate 8 amazing years of the Bank's operations in Cambodia, graced by the Group Chairman and Group CEO of CIMB Group. During the ceremony, Management and Staff of CIMB Bank in Cambodia also arranged a birthday and farewell celebration for the Group Chairman. In appreciation of the staff for their ongoing support and hard work, the Bank also announced different awards including 5 Years Long Service, Sale of Year, Branch of the Year and Business Support of the Year.



CIMB Bank PLC organised its Customer Appreciation Night with about 100 CIMB Preferred customers, graced by the Bank's Chief Executive Officer and senior management. The Bank celebrated this Gala Dinner to appreciate customers for their ongoing trust and support. The event created both good memories and intimate moments between the Bank's management and customers to learn and understand each other well. Served with a luxurious Western dinner and romantic live band, the participants enjoyed personal and business networking with one another.

EVENTS AND SPONSORSHIP



SCHOLARSHIP CONFERENCE

21 JANUARY 2018 @ INSTITUTE OF TECHNOLOGY OF CAMBODIA, PHNOM PENH



SCHOLARSHIP CONFERENCE

15 DECEMBER 2018 @ CAMBODIA-KOREA COOPERATION CENTRE, PHNOM PENH

Following the regional project of CIMB Group, CIMB Bank PLC sponsored the event to promote and advertise CIMB ASEAN Scholarship 2018 in Cambodia. The conference was organised to build Cambodian students' competencies to succeed in applying for scholarships abroad, with insights shared by important key players in the scholarship field from embassies, selection committees, and alumni associations. During the event, the Bank set up a booth to provide around 2,000 undergraduates the details of its fully-funded scholarship programme to all well-known universities around the globe.



5TH KIDS FAIR AND FAMILY EXPO

24 MARCH 2018 @ KOH PICH EXHIBITION HALL, PHNOM PENH

5th Kids Fair and Family Expo was the year's biggest kid's festival and family expo in Cambodia. Held annually, it is a family day for parents and kids to enjoy a variety of free activities and to be exposed to new things. Over 170 companies participated in the Fair that attracted more than 30,000 visitors. CIMB tailored its offerings to highlight relevant products and services for parents and parents-to-be.



AUTO SHOW 2018

06-08 APRIL 2018 @ THE EXCHANGE SQUARE, PHNOM PENH

As the exclusive sponsor from the banking sector, CIMB Bank PLC participated in the event with top branded-new cars in Cambodia. Attended by around 10,000 visitors, the Bank set up a booth to promote its Auto Loan as well as relevant products and services amongst participants.



INTERNATIONAL CHILDREN'S DAY

26 MAY 2018 @ CIA FIRST INTERNATIONAL SCHOOL, PHNOM PENH

Education is one of CIMB Bank PLC's pillars of Corporate Responsibility and we regularly engage schools across the nation to organise awareness-building events. CIMB Bank PLC was delighted to join CIA First International School in celebrating International Children's Day and to raise awareness on children's rights in Cambodia. We also organised fun activities for the children and all participants.



WEDDING FAIR 2018

02-03 JUNE 2018 @ KOH PICH EXHIBITION HALL, PHNOM PENH

Wedding Fair 2018 was one of 2018's biggest exhibitions in Cambodia, and was supported by the Ministry of Commerce and the Ministry of Culture and Fine Arts. The primary focus of the event was on wedding packages and services and it was very well-received with over 30,000 visitors. CIMB tailored its offerings to highlight relevant products and services for young couples and parents-to-be.



EMPLOYMENT FORUM
13 SEPTEMBER 2018 @ MINISTRY OF LABOUR & VOCATIONAL TRAINING, PHNOM PENH

The Ministry of Labour and Vocational Training organised the Employment Forum to create career opportunities between employers and employees through face-to-face interviews. Private companies and institutions from various sectors including banking and finance participated in the Forum. CIMB Bank PLC joint the event to share the Bank's career information and recruit more employees.



CONFERENCE ON CAREERS IN BANKING & INSURANCE
29 SEPTEMBER 2018 @ SOFTEL HOTEL, PHNOM PENH

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



DISSEMINATION WORKSHOP ON ACCOUNTING AND AUDITING OBLIGATIONS AND UPDATE ON TAX LAW - 22 OCTOBER 2018 @ PHNOM PENH HOTEL, PHNOM PENH

Supported by Ministry of Finance and Economy, the National Accounting Council conducted this dissemination workshop with a purpose of setting up a session for entities to promote a better understanding of the laws on accounting and auditing as well as awareness of the recent tax law. As a good and lawful corporate citizen, CIMB Bank PLC sponsored this workshop to showcase the Bank's commitment to joining hands with the Royal Government of Cambodia to support and contribute to the sustained development of the accounting and auditing professions in the country.



UCMAS ABACUS & MENTAL ARITHMETIC NATIONAL COMPETITION 2018
23 SEPTEMBER 2018 @ KOH PICH EXHIBITION HALL, PHNOM PENH

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



NATIONAL CAREER AND PRODUCTIVITY FAIR 2018
27-28 OCTOBER 2018 @ KOH PICH EXHIBITION HALL, PHNOM PENH

The National Career and Productivity Fair 2018 was the biggest career fair of the year, strongly initiated and organised by the National Training Board (NTB) and the Ministry of Labour and Vocational Training (MLVT). CIMB Bank PLC participated in the fair to demonstrate its support for creating more employment opportunities and youth development. During the event, we set up an activation booth and shared career prospects in CIMB Cambodia with over 30,000 visitors.



DISSEMINATION WORKSHOP ON ACCOUNTING AND AUDITING OBLIGATIONS AND UPDATE ON TAX LAW-17 DECEMBER 2018@SOKHA PHNOM PENH HOTEL, PHNOM PENH



CENTURY 21 CAMBODIA FAMILY YEAR END CONVENTION
01 DECEMBER 2018 @ SOKHA HOTEL, PHNOM PENH

Century 21 Cambodia organised its Family Year End Convention and Gala Dinner to celebrate the annual performance outcomes and financial result among its management and staff, participated by both local and international business owners, entrepreneurs and companies. There was also the award ceremony, officially announced to the most successful realtors as the Best Performing Agency and Agents. CIMB Bank PLC sponsored the event to build and enhance business relationship with Century 21 and set up an activation booth to share the Bank's services and products among over 300 visitors.

CIMB 3D CONQUEST

The CIMB 3D Conquest is a competition in the hackathon-style with three tracks – Data Science, FinTech and Coding, that aims to identify and attract ASEAN's top creative, young digital talent with an agile and entrepreneurial mind-set and is open to all tertiary students. '3D' stands for Data, Digital and Disruption. Apart from cash prizes totaling more than USD120,000 for the ASEAN-wide competition, the regional winners will also gain invaluable technology industry exposure through a trip to Silicon Valley, as well as the opportunity to join CIMB upon their graduation.

CIMB Bank in Cambodia participated in this regional competition for the first time, and we strongly promoted it to our university students in Cambodia. In collaboration with respective universities in Phnom Penh, we conducted orientation for the students to raise awareness about the competition and to encourage them to participate. As the result, we received an overwhelming response – in total 49 teams from almost 10 universities registered for the competition. We organised orientation events at following locations in Phnom Penh:



CIMB 3D CONQUEST ORIENTATION
29 SEPTEMBER 2018 @ PASSERELLES NUMERIQUES CAMBODIA



ANNUAL FAMILY DAY
15 DECEMBER 2018 @ CIA FIRST INTERNATIONAL SCHOOL, PHNOM PENH

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



CIMB 3D CONQUEST ORIENTATION
20 SEPTEMBER 2018 @ UNIVERSITY OF CAMBODIA



CIMB 3D CONQUEST ORIENTATION
03 OCTOBER 2018 @ NATIONAL INSTITUTE OF POSTS, TELECOMMUNICATIONS AND ICT



Based on the assessment, 7 teams from Cambodia were shortlisted as the finalists to participate in the in-country competition for two days at Indonesia and Singapore. CIMB Bank PLC coordinated and attended those 7 finalist teams to compete with other xxx finalist teams from the region including Malaysia, Indonesia, Singapore, Thailand, Brunei, Vietnam, Laos & Philippines. Unfortunately, no teams from Cambodia, in their first participation, continued to the Grand Final.

CORPORATE RESPONSIBILITY PROGRAMMES

CIMB Bank PLC organised a community event for Bati Referral Hospital in Takeo Province. As part of the Bank's Corporate Responsibility (CR) agenda of giving back to the communities we serve, we themed the event "The Closest Cause to the Heart of CIMB – Health of Mother and Children" to promote maternity healthcare among disadvantaged people in the countryside.

We donated in-need facilities to the hospital including wheelchairs, Gynaecology beds, manual emergency beds, single crank hospital beds, pulse oximeters and especially Cardiotocography equipment, the first such hi-tech medical instrument in the hospital. The Bank believes that this charity activity contributes to improve safety and healthcare of both mothers and babies in Cambodia, particularly in Bati Referral Hospital.



SPORTS



CIMB CEO'S FUTSAL CUP 2018 - 10 JUNE 2018 @ PHNOM PENH

CIMB Bank PLC organised the CEO's Futsal Cup which aimed to promote a healthy lifestyle and to build greater team spirit and bonding amongst our employees. A total of 4 teams comprising 80 players participated in a series of 8 matches in pursuit of the Championship.



ANGKOR WAT INTERNATIONAL HALF MARATHON 2018 - 02 DECEMBER 2018 @ ANGKOR WAT, SIEM REAP PROVINCE

CIMB Bank PLC participated in the Angkor Wat International Half Marathon 2018, the 23rd edition of the charity event. The event supports the banning of manufacturing and inhumane use of antipersonnel mines, bringing the nation closer together for a good cause. It also helped to encourage employees to take part in more sports-related activities and to promote a healthy lifestyle.





BOARD OF DIRECTORS



- 62 Board of Directors
- 69 Joint Company Secretary
- 72 Management Team



DATO' WIRA ZAINAL ABIDIN MAHAMAD ZAIN
CHAIRMAN / INDEPENDENT NON-EXECUTIVE DIRECTOR

► **Malaysian**

- **Joined the Board on 20 September 2010 (Appointment as Chairman on 5 July 2018)**
- **Attended all 7 Board meetings held in 2018**
- **Member of the Audit Committee**

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

As of 5 July 2018, Dato' Wira Zainal has been appointed as the Chairman of the Bank. Currently, he is also the Chairman of CIMB Bank Vietnam and an Independent Non-Executive Director of Malayan Flour Mills Berhad (MFM).

From 24 January 2017 to 5 July 2018, Dato' Wira Zainal had sat as the Chairman of the Risk Committee of the Bank.

Dato' Wira Zainal has served at the Ministry of Foreign Affairs since 1973, having held various responsibilities over a span of 44 years of public service. He also served as Special Envoy of the Prime Minister of Malaysia to the Islamic Republic of Afghanistan, a responsibility which he assumed from June 2010 till December 2014.

His career during these 44 years to date in serving the Government of Malaysia saw him appointed as Ambassador of Malaysia to Brazil, Vietnam and Indonesia. He also served as Malaysia's first Director-General of the South-East-Asian Centre for Counter-Terrorism based in Kuala Lumpur. He was also Malaysia's First ASEAN Permanent Representative ad-interim in the Republic of Indonesia from March 2009 to July 2009. His other appointments were as Chargé d' Affaires of Malaysia in Tehran, the Islamic Republic of Iran; Consul-General of Malaysia in Abu Dhabi, UAE; Consul-General of Malaysia in Jeddah, Saudi Arabia and Consul General of Malaysia in Vancouver, Canada.



DR. MEY KALYAN
INDEPENDENT NON-EXECUTIVE DIRECTOR

► **CAMBODIAN**

- **Joined the Board on 28 June 2012**
- **Attended all 7 Board meetings held in 2018**
- **Chairman of the Audit Committee**

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

He is currently having three official positions in the Royal Government of Cambodia such as: (1) Senior Advisor (Minister rank) to the Supreme National Economic Council (SNEC), an economic think tank to the Prime Minister; (2) Chairman of the Board of the Royal University of Phnom Penh (RUPP); and (3) Chairman of the Board of Cambodia Development Resource Institute (CDRI). Prior to these positions, 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. Besides the governmental positions, Dr. Mey has also sat as one member of the Board of Directors of Prudential (Cambodia) Life Assurance PLC as of December 2013. 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.



AISYAH LAM BINTI ABDULLAH
INDEPENDENT NON-EXECUTIVE DIRECTOR

► MALAYSIAN

- **Joined the Board on 5 July 2018**
- **Attended all 3 Board meetings held in 2018**
- **Chairwoman of the Risk Committee**
- **Member of the Audit Committee**

Ms. Aisyah Lam has been appointed as an Independent Director and Chairwoman of the Risk Committee of the Bank from 5 July 2018. She is also an Independent Director of CIMB Bank Vietnam and COO of The American Chiropractic Clinic group in Vietnam.

Starting her banking career in Standard Chartered Bank, she went on to Deutsche Bank (Malaysia) in 1994 where she became the Head of Global Corporate Cash Management, pioneering the set-up of online corporate trade and transactional business for Deutsche Bank in Malaysia and then joining the regional sales team in Singapore. In

2001, she moved on to IslamicQ.com Asia (Dubai) where she was the Country Manager responsible for the management, development and implementation of business strategies in Asia.

In 2003, Ms. Aisyah returned to Malaysia to become the General Manager of Wealth Management for Hong Leong Bank Berhad. Her responsibilities include expansion of the business, growing the portfolio of assets under management, developing and managing the bank's priority as well as private banking sales channels in addition to the branch network. Ms Aisyah went on to Citibank in 2006 to head and to develop their Wealth Management portfolio in Malaysia.

Ms Aisyah decided to leave for Hanoi in Vietnam in May 2010 to take up a new challenge in starting up a retail business for Ngan Hang TMCP Bac A Bank. The mission was to put up the infrastructure in the bank to support the key retail banking products and services in line with its strategic plan in building and growing this segment as a major business for the bank. Upon completion of the project, she moved on to Hong Leong Bank Ltd Vietnam where from 2012 to 2015, she developed and built the businesses of personal financial services for the bank in Vietnam.

From banking, Ms Aisyah moved into the health care industry in 2016 and is currently managing a group of chiropractic clinics in Vietnam in all aspects of operations as well as business development.

Ms. Aisyah Lam graduated from the Chartered Institute of Banking UK with a post graduate advance diploma in Chartered Marketing.



DATO' SHAHRUL NAZRI ABDUL RAHIM
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

► MALAYSIAN

- Malaysian
- Joined the Board on 23 November 2017
- Attended 6 Board meetings out of 7 meetings in 2018

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

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

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

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

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

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



RENZO CHRISTOPHER VIEGAS
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

► **INDIAN**

- **Joined the Board on
23 November 2017**
- **Attended 6 Board meetings
out of 7 meetings in 2018**

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

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

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

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



YONG JIUNN RUN
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

► **Singaporean**

- **Joined the Board on
23 November 2017**
- **Attended 6 Board meetings
out of 7 meetings in 2018**

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

Yong Jiunn Run joined CIMB Bank Singapore in 2011 as Head of Department, Commercial Banking, where he strategized and lead the Singapore Commercial Banking business comprising Emerging SME and Mid-Corporate companies; he played a critical role in the rapid expansion of the Singapore Commercial Banking franchise.

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



BUN YIN

CHIEF EXECUTIVE OFFICER/NON-INDEPENDENT EXECUTIVE DIRECTOR

► CAMBODIAN

- Joined the Board on 29 January 2015
- Attended all 7 Board meetings held in 2018
- Member of the Risk Committee

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

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

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

Bun Yin has been working in the banking industry for more than 38 years. With his extensive experience in banking and deep relationships with local and regional customers, Bun Yin has played a central role in driving the Bank's business agenda. He has been recognised as one of the pioneers in the Cambodia's banking industry.



DATIN ROSSAYA MOHD NASHIR
JOINT COMPANY SECRETARY

► MALAYSIAN

Datin Rossaya Mohd Nashir is currently the Group Company Secretary for CIMB and has worked at the bank since joining the Corporate Legal Services Unit in 2002. She was instrumental in setting up the Company Secretarial Department in 2004 and was appointed as Group Company Secretary in 2006.

In her role, Datin Rossaya is responsible for providing proper counsel and advice on Board duties, responsibilities and logistics to ensure that CIMB complies with relevant laws and regulatory requirements. Her position has since been expanded to cover the Group's regional operations where she plays a liaison role between the Board and its key stakeholders both in Malaysia and in the Group's regional operations, ensuring that a corporate governance framework is deployed in a manner that supports the Group's vision and aspirations. Beyond traditional governance, she also serves as a confidant and resource to the board and senior management.

She has extensive industry knowledge, with over two decades of experience in corporate secretarial practice. Previously, she was with Permodalan Nasional Berhad where she assumed the position of Joint Company Secretary for several of its subsidiaries. She began her career with the Time Engineering Group.

Datin Rossaya serves as a member of the Companies Commission of Malaysia's Corporate Practice Consultative Forum and is a Director of several subsidiaries in the CIMB group. She is a CIMB Sustainability Champion and has initiated several projects to encourage sustainability in the workplace for #teamcimb. She actively advocates greater participation of women in the boardroom and has been involved in various networking initiatives to promote this agenda.



LY SOPHEA
JOINT COMPANY SECRETARY

► CAMBODIAN

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

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

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



MANAGEMENT TEAM





HENG THIDA
HEAD, CONSUMER BANKING

► CAMBODIAN

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

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

Before joining CIMB Bank PLC, Thida worked for a major Bank in Cambodia for eight 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.



HONG CHEAP
HEAD, COMMERCIAL BANKING

► CAMBODIAN

With a large body of experience in commercial banking sector, frontline customer facing and risk management, Hong Cheap has equipped himself with strong customer and industry knowledge to provide valuable insight to the Bank on business and risk management matters. Hong Cheap also has experience in risk management in Laos in the position of Chief Risk Officer for an international Bank. Before taking up the responsibility as Head of Commercial Banking starting 1 January 2018, Hong Cheap has served role as Head of Risk for CIMB Bank PLC, who holds responsibility for overall risk management and chaired Credit Committee and worked closely with other business units to embed a strong risk culture and have risks strongly controlled within the Bank.

As Head of Commercial Banking, he holds responsibility for maintaining and growing quality loan book, mobilizing deposit aiming to achieve self-funding target, improvement of efficiency of the team and team spirit, and increasing non-interest income under Commercial Banking's purview. On top of that, Hong Cheap also enforces the collaboration between Commercial Banking and other teams within the Bank to improve referral and cross-sales aiming to provide better customer experience.

He holds a Bachelor's and a Master's degree in Business Administration and has also completed CIMB-INSEAD Leadership Programme.



HENG TORANG

HEAD, TREASURY & MARKETS

► CAMBODIAN

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

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

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



KY SANA

HEAD, CORPORATE & TRANSACTION BANKING

► CAMBODIAN

Sana spends her entire career for over 17 years in banking services. Starting with an international bank, she served in various disciplines, from front offices to back office operations, credit, trade finance to senior management. She joined CIMB Bank PLC in 2010 as a Branch Manager of its first main branch. She was taking care of Preferred and Commercial Banking portfolios before promoted as Head of Corporate and Transaction Banking. In her current role, Sana is responsible for relationship management with large corporate clients and overall performance of Corporate Banking unit in Cambodia. Beyond the traditional corporate funding services, she is also in charge of providing solutions and added values in respect to their transactional banking requirements such as Cash Management, Trade Finance and Internet banking.

During the tenure with CIMB, Sana was recipient of the following awards:

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

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



OUM CHENDA PHEAKDEY
HEAD CORPORATE RESOURCES
(HR and Administration & Property Management)

► CAMBODIAN

As the pioneer of CIMB Bank PLC., Pheakdey stands behind the success of our people strategy including talent acquisition, performance & rewards, employee engagement, culture building, talent management and development.

Progressively, Pheakdey brings splendid productivity to our bank through the building of top talents within competitiveness and the utilization of our human resources to their utmost. Her main focuses are on talent attraction and retention for a driven and sustainable business with the short, mid and long-term strategy. Her futuristic insights and strategies keep our bank stay up-to-date in the era of digitalization and technology (Industry 4.0). For instance, she immerses our employees with acquiring new skills, knowledge and ability through experiential learning and diverse development programs within/across the region.

Pheakdey has a surprisingly good communication and engagement skills that allow her to collaborate smoothly with our leadership team in having succession planning in place and be fully supported by regional development and/or attachment program.

Beyond Human Resources specialty, Pheakdey goes the extra mile in directing and managing the Administration, Property Management and Strategic Procurement. She oversees key property projects to ensure they are effectively managed in terms of cost-efficiency and deliverables.

Prior to joining CIMB Bank PLC., Pheakdey has been thriving as one of the most participated leaders in HR role for over 14 years within various industries. She holds a Bachelor Degree of Business Administration from the National Institute of Management, Cambodia.



HENG VUTHY
HEAD, FINANCE

► CAMBODIAN

Heng Vuthy was one of the pioneers in the management team of CIMB Bank PLC, joining the Bank in 2010. 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 from Pannasastra University of Cambodia and an Association of Chartered Certified Accountants (ACCA) degree from CamEd Business School, Official ACCA Platinum Tuition Provider.



OUK THANIN

HEAD, PRODUCT MANAGEMENT

► CAMBODIAN

Ouk Thanin joined CIMB Bank PLC in March 2017 to oversee the Product Management unit. Thanin's responsibility include managing, coordinating and delivering projects, policies and guidelines related to new and existing product offerings to align with market needs. Throughout the years, he has been instrumental in managing the Product Management unit and successfully introduced new products such as mortgage bundled with life insurance, personal loan, KHR loans and deposits, which have differentiated CIMB from an increasingly competitive market. He also serves as the lead coordinator for a number of bank-wide initiatives including FAST, Digital Banking, Self-Service Terminals, and several projects with the Bank's external partners.

Prior to joining CIMB, he had 9 years of experience in the financial service industry covering diverse fields that include general insurance, credit management and institutional banking.

Thanin was a recipient of Singapore Government Scholarship, graduating with a BBA Honor from the National University of Singapore in 2006. He was also a recipient of Fulbright Scholarship, graduating with an MBA from Vanderbilt University in the United States in 2012, and was selected for membership in Beta Gamma Sigma, the international honor society for collegiate schools of business.



HENG VIBOTH

HEAD, TECHNOLOGY & OPERATIONS

► CAMBODIAN

Heng Viboth joined CIMB Bank PLC as Head of Technology & Operations in August 2018. He oversees Information Technology, operations, business process improvement and operational governance and assurance functions, In order to ensure well-performed day-to-day tasks base on policy, procedure and compliance. He is also responsible to direct the Bank and execute strategies for Technology & Operations, in line with business growth and group's blueprint.

Viboth has over 16 years of working experience in banking industry, and he started his career in core banking system development as Software Engineer in 2003. Prior to join CIMB Bank, he was the Head of Information Technology Services with a leading local bank in Cambodia.

Viboth holds a Bachelor degree in Computer Science from Royal University of Phnom Penh.



LY SOPHEA

HEAD, LEGAL & COMPANY SECRETARIAL

► CAMBODIAN

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

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

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



KIEN VATANA

HEAD, RISK MANAGEMENT

► CAMBODIAN

Kien Vatana is the Head of Risk Management of CIMB Bank PLC, to hold responsibility for overall risk management and work closely with other business units and Group Risk to embed a strong risk culture and control within the Bank.

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

Kien Vatana has been recently appointed as Chairman of the Credit Committee based on his lengthy experience in credit management for over 13 years in banking industry. He provides direction and guidance from a lending point of view to maintain and attract creditworthy customers while maintaining quality books. He also oversees other risk matters, including but not limited to operational risk, market risk, and liquidity risk. He holds two Bachelor's degrees in (i) Banking and Finance and (ii) Science Mathematics and has also completed Omega's Core Credit Assessment Skills Programme.



CHHUN PUTHKOMPHEAKVATTEY
HEAD, COMPLIANCE

► CAMBODIAN

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

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

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



KHIEU LANIN
HEAD, INTERNAL AUDIT

► CAMBODIAN

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

Lanin has 16 years of working experience in banking industry, especially in internal audit, which enables him to effectively execute his roles along with assisting Audit Committee and management in establishing cost-effective controls, assessing risks, recommending measures to mitigate risks, and assuring proper governance process.

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





AUDITED FINANCIAL STATEMENTS



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DIRECTORS' REPORT

The Board of Directors ("the Directors") hereby submits their report together with the audited financial statements of CIMB Bank PLC ("the Bank") for the year ended 31 December 2018.

THE BANK

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

PRINCIPAL ACTIVITIES

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

RESULTS OF OPERATIONS AND DIVIDEND

The results of operations for the year ended 31 December 2018 are set out in the income statement on page 83.

No dividends were declared or paid during the year ended 31 December 2018.

CAPITAL

During the year, the Bank increased its issued and paid-up capital from US\$62,500,000 to US\$75,000,000 through the cash injection from parent company of US\$6,200,000 and conversion of retained earnings of US\$6,300,000.

BAD AND DOUBTFUL LOANS

Before the financial statements of the Bank were drawn up, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and advances or making of provisions for doubtful loans and advances. The Directors satisfied themselves that all known bad loans and advances had been written off and that adequate provisions have been made for bad and doubtful loans and advances.

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

CURRENT AND NON-CURRENT ASSETS

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

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances which would render the values attributed to the assets in the financial statements of the Bank misleading in any material respect.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

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

No contingent or other liability of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Directors, will or may have a material effect on the ability of the Bank to meet its obligations as and when they become due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Bank, which would render any amount stated in the financial statements misleading in any material respect.

ITEMS OF AN UNUSUAL NATURE

The result of the operations of the Bank for the year was not, in the opinion of the Directors, materially affected by any item, transaction or event of a material and unusual nature. There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to substantially affect the results of the operations of the Bank for the year in which this report is made.

THE BOARD OF DIRECTORS

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

Dato' Wira Zainal Abidin Bin Mahamad Zain	Chairman (Independent Non-Executive Director)
Dr. Mey Kalyan	Member (Independent Non-Executive Director)
Ms. Aisyah Lam Binti Abdullah	Member (Independent Non-Executive Director)
Mr. Bun Yin	Member (Non-Independent Executive Director)
Dato' Shahrul Nazri Abdul Rahim	Member (Non-Independent Non-Executive Director)
Mr. Yong Jiunn Run	Member (Non-Independent Non-Executive Director)
Mr. Renzo Christopher Viegas	Member (Non-Independent Non-Executive Director)

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 2018 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, together with the notes thereto, which present fairly, in all material respects, the financial position of the Bank as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards, were approved by the Board of Directors.

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



Bun Yin
Executive Director/Chief Executive Officer
Date: 22 March 2019

INDEPENDENT AUDITOR'S REPORT

To the shareholders of CIMB Bank PLC

OUR OPINION

In our opinion, the financial statements of CIMB Bank PLC ("the Bank") present fairly, in all material respects, the financial position of the Bank as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the guidelines issued by the National Bank of Cambodia ("the Central Bank") and Cambodian Accounting Standards.

WHAT WE HAVE AUDITED

The Bank's financial statements comprise:

- Balance sheet as at 31 December 2018;
- Income statement for the year then ended;
- Statement of changes in equity for the year then ended;
- Cash flow statement for the year then ended; and
- The notes to the financial statements, which include a summary of significant accounting policies

BASIS FOR OPINION

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

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

INDEPENDENCE

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

OTHER INFORMATION

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

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

For PricewaterhouseCoopers (Cambodia) Ltd.



By Kuy Lim

Partner

Phnom Penh, Kingdom of Cambodia

Date: 22 March 2019

BALANCE SHEET

AS AT 31 DECEMBER 2018

		2018		2017	
	Note	US\$	KHR' 000	US\$	KHR' 000
ASSETS					
Cash on hand	4	78,718,236	316,289,872	17,904,402	72,280,071
Balances with the Central Bank	5	219,771,912	883,043,542	190,777,180	770,167,476
Deposits and placements with banks	6	8,449,715	33,950,955	56,377,957	227,597,812
Loans and advances to customers	7	534,449,576	2,147,418,396	398,588,197	1,609,100,551
Amounts due from immediate parent	8	91,217	366,510	57,695	232,915
Other assets	9	4,452,913	17,891,804	3,627,237	14,643,156
Property and equipment	10	2,782,957	11,181,921	2,968,651	11,984,444
Intangible assets	11	616,976	2,479,010	420,591	1,697,926
Deferred tax assets	12	1,880,000	7,553,840	1,354,499	5,468,112
Total assets		851,213,502	3,420,175,850	672,076,409	2,713,172,463
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks	13	28,913,496	116,174,427	18,386,044	74,224,460
Deposits from customers	14	680,865,738	2,735,718,535	541,748,977	2,187,040,620
Subordinated debt	15	7,000,000	28,126,000	7,000,000	28,259,000
Borrowings	16	10,159,283	40,819,999	-	-
Amounts due to suppliers	17	927,710	3,727,539	856,187	3,456,427
Current income tax liabilities		3,192,761	12,828,514	1,821,167	7,352,051
Provision for off balance sheet commitments		889,467	3,573,878	-	-
Other liabilities	18	25,091,974	100,819,551	25,556,131	103,170,101
Total liabilities		757,040,429	3,041,788,443	595,368,506	2,403,502,659
SHAREHOLDERS' EQUITY					
Share capital	19	75,000,000	301,350,000	62,500,000	252,312,500
Retained earnings		19,173,073	77,037,407	14,207,903	57,357,304
Total shareholders' equity		94,173,073	378,387,407	76,707,903	309,669,804
Total liabilities and shareholders' equity		851,213,502	3,420,175,850	672,076,409	2,713,172,463

The accompanying notes on pages 86 to 109 form an integral part of these financial statements.

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018		2017	
		US\$	KHR' 000	US\$	KHR' 000
Interest income	20	36,280,263	145,774,097	27,384,222	110,550,104
Interest expense	20	(11,882,105)	(47,742,298)	(9,383,453)	(37,881,000)
Net interest income		24,398,158	98,031,799	18,000,769	72,669,104
Fee and commission income	21	6,372,870	25,606,192	4,540,911	18,331,658
Other operating income/(expenses)		997,639	4,008,514	(25,682)	(103,678)
Personnel expenses	22	(7,335,597)	(29,474,429)	(5,627,028)	(22,716,312)
Depreciation and amortisation charges	23	(1,044,755)	(4,197,826)	(1,165,398)	(4,704,712)
General and administrative expenses	24	(6,490,188)	(26,077,575)	(4,235,112)	(17,097,147)
Profit before provision		16,898,127	67,896,675	11,488,460	46,378,913
Provision for impairment losses on loans, advances and financing	25	(2,476,312)	(9,949,822)	(1,544,998)	(6,237,157)
Profit before income tax		14,421,815	57,946,853	9,943,462	40,141,756
Income tax expense	26	(3,156,645)	(12,683,400)	(2,113,082)	(8,530,512)
Profit for the year		11,265,170	45,263,453	7,830,380	31,611,244
Profit attributable to:					
Equity holders of the Bank		11,265,170	45,263,453	7,830,380	31,611,244

The accompanying notes on pages 86 to 109 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Attributable to equity holders of the parent		
	Share capital	Retained earnings	Total
	US\$	US\$	US\$
For the year ended 31 December 2017			
As at 1 January 2017	50,000,000	6,377,523	56,377,523
Additional paid-up capital	12,500,000	-	12,500,000
Profit for the year	-	7,830,380	7,830,380
As at 31 December 2017	62,500,000	14,207,903	76,707,903
In KHR' 000 equivalent	252,312,500	57,357,304	309,669,804
For the year ended 31 December 2018			
As at 1 January 2018	62,500,000	14,207,903	76,707,903
Additional paid-up capital	6,200,000	-	6,200,000
Conversion of retained earnings to share capital	6,300,000	(6,300,000)	-
Profit for the year	-	11,265,170	11,265,170
As at 31 December 2018	75,000,000	19,173,073	94,173,073
In KHR' 000 equivalent	301,350,000	77,037,407	378,387,407

The accompanying notes on pages 86 to 109 form an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018		2017	
	Note	US\$	KHR' 000	US\$	KHR' 000
Cash flows from operating activities					
Net cash (used in)/generated from operations	27	(26,283,429)	(105,606,817)	56,484,834	228,029,274
Interest received		35,634,991	143,181,394	26,570,869	107,266,598
Interest paid		(11,108,827)	(44,635,267)	(8,977,375)	(36,241,663)
Income tax paid		(2,310,552)	(9,283,798)	(2,481,565)	(10,018,078)
Net cash (used in)/generated from operating activities		(4,067,817)	(16,344,488)	71,596,763	289,036,131
Cash flows from investing activities					
Additional statutory deposit		(1,250,000)	(5,022,500)	(1,250,000)	(5,046,250)
Proceed from disposal of property and equipment		34,838	139,979	-	-
Purchases of property and equipment		(804,974)	(3,234,386)	(1,640,350)	(6,622,093)
Purchases of intangible assets		(402,592)	(1,617,615)	(308,668)	(1,246,093)
Net cash used in investing activities		(2,422,728)	(9,734,522)	(3,199,018)	(12,914,436)
Cash flows from financing activities					
Proceeds from borrowings		10,159,283	40,819,999	-	-
Additional paid-up capital		6,200,000	24,911,600	12,500,000	50,462,502
Net cash generated from financing activities		16,359,283	65,731,599	12,500,000	50,462,502
Net increase in cash and cash equivalents		9,868,738	39,652,589	80,897,745	326,584,197
Cash and cash equivalents at beginning of the year		189,035,929	763,138,045	108,138,184	436,553,848
Currency translation differences		-	(3,591,682)	-	-
Cash and cash equivalents at end of the year	28	198,904,667	799,198,952	189,035,929	763,138,045

The accompanying notes on pages 86 to 109 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1. BACKGROUND INFORMATION

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

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

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

The financial statements were authorised for issue by the Board of Directors on 22 March 2019.

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 of the Bank have been prepared in accordance with the guidelines issued by the National Bank of Cambodia 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 Cambodian accounting principles, procedures and practices.

The financial statements are prepared using the historical cost convention.

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

2.2 New financial reporting framework

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

Circular No. 058 MoEF.NAC dated 24 March 2016 issued by the National Accounting Council of the Ministry of Economy and Finance allowed banks and financial institutions to delay adoption of CIFRS until years beginning on or after 1 January 2019.

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

2.3 Foreign currencies translation

(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 United States dollars ("US\$") reflects the economic substance of underlying events and circumstances of the Bank. The financial statements are therefore presented in US\$, which is the Bank's functional and presentation currency.

(ii) Transactions and balances

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

(iii) Presentation in Khmer Riel

For the sole regulatory purpose of complying with the Prakas No. B7-07-164 dated 13 December 2007 of the Central Bank, a translation to Khmer Riel ("KHR") is provided for the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes to the financial statements as of and for the year ended 31 December 2018 using the official rates of exchange published by the Central Bank as at the reporting date, which was US\$1 to KHR4,018 (31 December 2017: US\$1 to KHR4,037). Such translation amounts are unaudited and should not be construed as representations that the US\$ amounts represent, or have been or could be, converted into Khmer Riel at that or any other rate.

2.4 Cash and cash equivalents

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

2.5 Loans and advances to customers

All loans and advances to customers are stated in the balance sheet at outstanding principal, 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 financial facilities

The Bank follows the mandatory financial facilities classification and provisioning as required by the Central Bank's Prakas No. B7-09-074, dated 25 February 2009, on assets classification and provisioning for banks and financial institutions. The Central Bank issued Prakas No.B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions. Loans and advances to customers, other financial products and off balance sheet financial commitments are classified into five classifications and the minimum regulatory provision is made depending on the classification concerned, regardless of the assets (except cash) pledged as collateral, unless other information is available to indicate worsening.

Provision for loans and advances are presented as reduction from loans and advances to customers.

Provision for deposits and placements with banks are presented as reduction from deposits and placements with banks.

The table below shows the classifications and the minimum regulatory provision requirements:

New Prakas No. B7-017-344 and Circular No. B7-018-001 Sor Ror Chor Nor

Facility classification	Number of days past due	Provision
Short term		
General provision:		
Normal	Less than 15 days	1%
Specific provision:		
Special mention	15 days – 30 days	3%
Substandard	31 days – 60 days	20%
Doubtful	61 days – 90 days	50%
Loss	91 days or more	100%
Long term		
General provision:		
Normal	Less than 30 days	1%
Specific provision:		
Special mention	30 days – 89 days	3%
Substandard	90 days – 179 days	20%
Doubtful	180 days – 359 days	50%
Loss	360 days or more	100%

Old Prakas No. B7-09-074

Asset classification	Number of days past due	Provision
Short term		
General provision:		
Normal	Less than 30 days	1%
Specific provision:		
Special mention	30 days – 89 days	3%
Substandard	90 days – 179 days	20%
Doubtful	180 days – 359 days	50%
Loss	360 days or more	100%

The change in provision during the year followed the requirement of the National Bank of Cambodia's Prakas so the impact of the change applies prospectively.

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 minimum regulatory provision followed the Central Bank's Prakas No. B7-017-344 and Circular No. B7-018-001 Sor Ror Chor Nor in Note 2.6 above when they become impaired.

Provision for off balance sheet commitments are presented as a separate liability line item.

2.8 Staff pension fund

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

2.9 Seniority payments

The amended labour law dated 26 June 2018 and the ministerial Prakas No. 443 MLVT/Br.k dated 21 September 2018 introduced seniority payment obligations from 1 January 2019 and the payments are to be made every six months on 30 June and 31 December for unspecified duration employment contract (UDC). It also requires to back pay seniority payment up to 31 December 2018 for staff who had worked for the Bank before 31 December 2018 and still continue working with the Bank. The past seniority payment depends on each staff past services and shall not exceed six months of average gross salaries.

The past seniority liability was recognised at the present value of defined obligation at the reporting period using the projected unit credit method to better estimate the ultimate cost to the Bank that employees have earned in return for their service in the current and prior period. That obligations arises as employees render the services that the Bank expected to pay in the future reporting periods. The present value of the past seniority payment is determined by discounting the estimate future payments.

2.10 Property and equipment

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

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

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

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

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

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

2.11 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, except for license of core banking system which has useful lives of ten years.

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

2.12 Impairment of non-financial assets

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

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

2.13 Subordinated debts

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

Subordinated debts are stated at the amount of the principal outstanding.

2.14 Interest income and expense

Interest earned on loans and advances to customers, balances with the Central Bank and deposits and placements with 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, other financial institutions and customers is recognised on an accrual basis.

2.15 Fee and commission income

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

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

2.16 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.

2.17 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 the passage of time is recognised as interest expense.

2.18 Income taxes

The current income tax expense is calculated based on the tax laws enacted or substantively enacted at the reporting date in Cambodia where the Bank operates and generates taxable income.

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 is measured at the tax rates expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

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. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.19 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, assumptions and judgements that affect the reported amounts of assets and liabilities. Estimates, assumptions 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 financial facilities

The Bank follows the mandatory financial facilities classification and provisioning as required by the Central Bank's Prakas No.B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions. Loans and advances to customers, other financial products and off balance sheet financial commitments are classified into five classifications and the minimum regulatory provision is made depending on the classification concerned, regardless of the assets (except cash) pledged as collateral. The Directors believe that the loan aging (by past due days) as a basis to determine the loan classification is appropriate to determine the adequacy of its impairment losses on financial liabilities so as to follow this Prakas.

b) Taxes

Taxes are calculated on the basis of current interpretation of the tax regulations enacted as at reporting date. The management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

c) Seniority payments

The present value of the seniority payment obligations depends on a number of factors that are determined on a basis using a number of assumptions. The assumptions used in determining the ultimate cost for seniority payment obligations include the staff turnover and discount rate. Any changes in these assumptions will impact the carrying amount of seniority payment obligations.

4. CASH ON HAND

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Cash on hand:				
Khmer Riel	1,171,070	4,705,359	430,002	1,735,918
US Dollar	77,547,166	311,584,513	17,474,400	70,544,153
	<u>78,718,236</u>	<u>316,289,872</u>	<u>17,904,402</u>	<u>72,280,071</u>

5. BALANCES WITH THE CENTRAL BANK

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Current accounts	81,651,365	328,075,185	74,753,570	301,780,162
Reserve requirement (a)	84,666,547	340,190,186	66,053,610	266,658,424
Negotiable Certificate of Deposits (b)	45,954,000	184,643,172	43,720,000	176,497,640
Statutory deposit (c)	7,500,000	30,134,999	6,250,000	25,231,250
	<u>219,771,912</u>	<u>883,043,542</u>	<u>190,777,180</u>	<u>770,167,476</u>

a) Reserve requirement

Reserve deposit represents the minimum reserve requirement which is calculated at 8% and 12.5% of customers' deposits and borrowings in KHR and other currencies respectively.

b) Negotiable certificate of deposits

Negotiable certificate of deposits (NCDs) are tradable instruments between the banks and financial institutions. NCDs denominated in KHR and US\$ can have maturity between seven days to one year. NCDs can be used for Repurchase Agreement in inter-bank markets and pledged as collateral with the Central Bank.

The Bank has pledged NCDs amounting to US\$5,600,000 (31 December 2017: US\$3,720,000) with the National Bank of Cambodia as collateral for settlement clearing facility. As at 31 December 2018, the Bank had yet utilised the overdraft on settlement clearing facility.

The Bank has pledged NCDs amounting to US\$10,354,000 (31 December 2017: nil) with the National Bank of Cambodia as collateral for liquidity providing collateralised operation (LPCO). The other NCDs amounting to US\$30,000,000 (31 December 2017: US\$40,000,000) with the National Bank of Cambodia are for the purpose of earning interest.

The maturity of NCDs are within one year.

c) Statutory deposit

Pursuant to Prakas No. B7-01-136 on Bank's Capital Guarantee dated 15 October 2001 issued by the National Bank of Cambodia, 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 National Bank of Cambodia are summarised as follows:

	2018	2017
Reserve requirement	0.00% - 0.38%	0.21% - 0.38%
Negotiable certificate of deposits	0.28% - 1.13%	0.24% - 1.00%
Statutory deposit	0.62% - 3.00%	0.20% - 0.22%

6. DEPOSITS AND PLACEMENTS WITH BANKS

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Placements	4,127,724	16,585,195	50,906,821	205,510,836
Current accounts	2,892,900	11,623,672	4,382,090	17,690,497
Savings Accounts	1,514,442	6,085,028	1,089,046	4,396,479
	8,535,066	34,293,895	56,377,957	227,597,812
Less: Provision	(85,351)	(342,940)	-	-
Total deposits and placements with banks - current	8,449,715	33,950,955	56,377,957	227,597,812

Current accounts earn no interest. Saving accounts and placements are short term and earn interest from 1.25% to 2.45% per annum.

The Bank has made provision of US\$85,351 as at 31 December 2018 which impact income statement (the provision was nil as at 31 December 2017) for deposits and placements with banks following the National Bank of Cambodia's Prakas No. B7-017-344 and Circular No. B7-018-001 Sor Ror Chor Nor on credit risk classification and provision on impairment for banks and financial institutions as stated in Note 2.6.

7. LOANS AND ADVANCES TO CUSTOMERS

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Long-term loans	244,543,264	982,574,835	159,742,248	644,879,455
Mortgage loans	180,960,251	727,098,290	137,272,405	554,168,699
Overdrafts	57,967,521	232,913,499	58,066,306	234,413,677
Trust receipts	54,283,847	218,112,497	46,794,338	188,908,742
Credit revolving loans	2,512,355	10,094,642	852,403	3,441,151
Credit cards	528,184	2,122,243	705,386	2,847,644
Total loans and advances to customers - gross	540,795,422	2,172,916,006	403,433,086	1,628,659,368
Provision for loan losses:				
General provision	(5,398,478)	(21,691,085)	(4,025,351)	(16,250,342)
Specific provision	(947,368)	(3,806,525)	(819,538)	(3,308,475)
	(6,345,846)	(25,497,610)	(4,844,889)	(19,558,817)
	534,449,576	2,147,418,396	398,588,197	1,609,100,551

a) Provision for loan losses

Movements of provision for loan losses are as follows:

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
At beginning of the year	4,844,889	19,558,817	3,299,891	13,321,660
Provision for loan losses for the year	1,501,494	6,033,003	1,544,998	6,237,157
Written off during the year	(537)	(2,158)	-	-
Currency translation difference	-	(92,052)	-	-
At end of the year	<u>6,345,846</u>	<u>25,497,610</u>	<u>4,844,889</u>	<u>19,558,817</u>

The National Bank of Cambodia issued Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions as stated in Note 2.6.

The change in provision during the year followed the new requirement of the National Bank of Cambodia's Prakas so the impact of the change applies prospectively. The impact of such change is immaterial to the Bank.

b) By classification

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Standard loans				
Secured	538,758,876	2,164,733,163	401,418,312	1,620,525,726
Unsecured	1,088,981	4,375,526	1,116,760	4,508,359
Special mention loans				
Secured	203	816	-	-
Substandard loans				
Secured	-	-	98,095	396,010
Doubtful loans				
Secured	-	-	-	-
Loss loans				
Secured	947,362	3,806,501	799,919	3,229,273
	<u>540,795,422</u>	<u>2,172,916,006</u>	<u>403,433,086</u>	<u>1,628,659,368</u>

c) By industry

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Individuals	209,241,780	840,733,472	158,099,548	638,247,875
Wholesales and retails	177,670,400	713,879,667	154,127,588	622,213,073
Services	32,803,215	131,803,318	21,993,455	88,787,578
Real estate business	27,506,739	110,522,077	15,487,962	62,524,903
Constructions	23,696,763	95,213,594	15,815,560	63,847,416
Financial institutions	19,527,928	78,463,215	367,252	1,482,596
Others	50,348,597	202,300,663	37,541,721	151,555,927
	<u>540,795,422</u>	<u>2,172,916,006</u>	<u>403,433,086</u>	<u>1,628,659,368</u>

d) By exposure

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Large exposure	26,672,516	107,170,169	27,923,773	112,728,272
Non-large exposure	514,122,906	2,065,745,837	375,509,313	1,515,931,096
	<u>540,795,422</u>	<u>2,172,916,006</u>	<u>403,433,086</u>	<u>1,628,659,368</u>

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

e) By maturity

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Not later than 1 year	119,773,345	481,249,300	106,768,433	431,024,164
Later than 1 year but not later than 3 years	51,791,259	208,097,279	11,869,325	47,916,465
Later than 3 years but not later than 5 years	114,836,769	461,414,138	78,191,035	315,657,208
Later than 5 years	254,394,049	1,022,155,289	206,604,293	834,061,531
	<u>540,795,422</u>	<u>2,172,916,006</u>	<u>403,433,086</u>	<u>1,628,659,368</u>

f) By relationship

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Related parties	1,160,313	4,662,138	1,088,609	4,394,715
Non-related parties	539,635,109	2,168,253,868	402,344,477	1,624,264,653
	540,795,422	2,172,916,006	403,433,086	1,628,659,368

g) Interest rate

These loans and advances to customers earn interest at annual rates ranging from 3.5% to 18% (2017: 3.5% to 18%).

8. AMOUNTS DUE FROM IMMEDIATE PARENT

The amounts due from immediate parent are mainly related to the payments (airport lounge service of immediate parent's customers in Cambodia) made by the Bank on behalf of immediate parent.

9. OTHER ASSETS

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Accrued interest receivables	3,233,660	12,992,846	2,588,388	10,449,322
Deposits (*)	545,988	2,193,780	540,018	2,180,053
Outstanding inward transactions	600,608	2,413,243	171,579	692,664
Office supplies	42,929	172,489	41,549	167,733
Others	29,728	119,446	285,703	1,153,384
	4,452,913	17,891,804	3,627,237	14,643,156

(*) 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.

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Current	3,906,925	15,698,024	3,087,219	12,463,103
Non-current	545,988	2,193,780	540,018	2,180,053
	4,452,913	17,891,804	3,627,237	14,643,156

10. PROPERTY AND EQUIPMENT

Non-current	Leasehold improvements	Office equipment	Computer equipment	Motor vehicles	Assets under construction	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Cost						
As at 1 January 2017	4,770,012	1,043,852	2,493,715	778,646	211,623	9,297,848
Additions	-	-	128,525	208,310	1,339,256	1,676,091
Reclassifications	927,807	97,296	-	-	(1,025,103)	-
Adjustments	-	-	130	-	-	130
As at 31 December 2017	5,697,819	1,141,148	2,622,370	986,956	525,776	10,974,069
Less: Accumulated depreciation						
As at 1 January 2017	3,559,448	811,269	2,242,534	508,565	-	7,121,816
Charge for the year	511,965	111,003	148,286	112,218	-	883,472
Adjustments	-	-	130	-	-	130
As at 31 December 2017	4,071,413	922,272	2,390,950	620,783	-	8,005,418
Net book value	1,626,406	218,876	231,420	366,173	525,776	2,968,651
Net book value in KHR' 000 equivalent	6,565,801	883,602	934,243	1,478,240	2,122,558	11,984,444
Cost						
As at 1 January 2018	5,697,819	1,141,148	2,622,370	986,956	525,776	10,974,069
Additions	12,892	90,922	25,706	253,300	367,646	750,466
Reclassifications	19,321	71,372	215,206	-	(305,899)	-
Disposals/written off	(6,083)	-	(2,757)	(143,736)	-	(152,576)
Adjustments	-	-	-	-	(97,612)	(97,612)
As at 31 December 2018	5,723,949	1,303,442	2,860,525	1,096,520	489,911	11,474,347
Less: Accumulated depreciation						
As at 1 January 2018	4,071,413	922,272	2,390,950	620,783	-	8,005,418
Charge for the year	437,605	82,301	177,858	139,560	-	837,324
Disposals/written off	(6,081)	-	(2,480)	(143,732)	-	(152,293)
Adjustments	(2,458)	1,626	1,778	(5)	-	941
As at 31 December 2018	4,500,479	1,006,199	2,568,106	616,606	-	8,691,390
Net book value	1,223,470	297,243	292,419	479,914	489,911	2,782,957
Net book value in KHR' 000 equivalent	4,915,902	1,194,322	1,174,940	1,928,294	1,968,463	11,181,921

11. INTANGIBLE ASSETS

Non-current	Computer software	Assets under construction	Total
	US\$	US\$	US\$
Cost			
As at 1 January 2017	3,139,516	-	3,139,516
Additions	308,668	-	308,668
Adjustments	(128)	-	(128)
As at 31 December 2017	3,448,056	-	3,448,056
Less: Accumulated depreciation			
As at 1 January 2017	2,745,667	-	2,745,667
Charge for the year	281,926	-	281,926
Adjustments	(128)	-	(128)
As at 31 December 2017	3,027,465	-	3,027,465
Net book value	420,591	-	420,591
Net book value in KHR' 000 equivalent	1,697,926	-	1,697,926
Cost			
As at 1 January 2018	3,448,056	-	3,448,056
Additions	94,670	307,922	402,592
Reclassifications	80,053	(80,053)	-
As at 31 December 2018	3,622,779	227,869	3,850,648
Less: Accumulated depreciation			
As at 1 January 2018	3,027,465	-	3,027,465
Charge for the year	207,432	-	207,432
Adjustments	(1,225)	-	(1,225)
As at 31 December 2018	3,233,672	-	3,233,672
Net book value	389,107	227,869	616,976
Net book value in KHR' 000 equivalent	1,563,432	915,578	2,479,010

12. DEFERRED TAX ASSETS

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Deferred tax assets	1,880,000	7,553,840	1,354,499	5,468,112
	<u>1,880,000</u>	<u>7,553,840</u>	<u>1,354,499</u>	<u>5,468,112</u>
The gross movement in the deferred tax account:				
	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
As at 1 January	1,354,499	5,468,112	1,274,922	5,146,860
Adjustment in respect of prior years	124,023	498,324	-	-
Credit to the income statement	401,478	1,613,139	79,577	321,252
Exchange differences	-	(25,735)	-	-
	<u>1,880,000</u>	<u>7,553,840</u>	<u>1,354,499</u>	<u>5,468,112</u>

The movement of deferred tax assets:

	Accelerated depreciation	Pension fund	Net unrealised exchange different	Accrued Bonus to be paid in more than 60 days	Provision for seniority payment obligations	General provision 1%	Specific provision 3%	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 1 January 2017	478,103	78,507	90,303	19,460	-	608,246	303	1,274,922
Credit to income statement	40,277	27,109	(198,119)	13,789	-	196,521	-	79,577
As at 31 December 2017	518,380	105,616	(107,816)	33,249	-	804,767	303	1,354,499
<i>In KHR'000 equivalent</i>	2,092,700	426,372	(435,254)	134,226	-	3,248,844	1,224	5,468,112
As at 1 January 2018	518,380	105,616	(107,816)	33,249	-	804,767	303	1,354,499
Adjustment in respect of prior years	124,023	-	-	-	-	-	-	124,023
Credit to income statement	(362,869)	57,483	187,992	21,315	27,968	469,886	(297)	401,478
As at 31 December 2018	279,534	163,099	80,176	54,564	27,968	1,274,653	6	1,880,000
<i>In KHR'000 equivalent</i>	1,123,168	655,332	322,147	219,238	112,375	5,121,556	24	7,553,840

13. DEPOSITS FROM BANKS

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Fixed deposits	21,703,001	87,202,658	10,764,309	43,455,515
Current accounts	7,210,495	28,971,769	7,621,735	30,768,945
	28,913,496	116,174,427	18,386,044	74,224,460

a) By relationship

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Related parties	109,978	441,892	9,983	40,301
Non-related parties	28,803,518	115,732,535	18,376,061	74,184,159
	28,913,496	116,174,427	18,386,044	74,224,460

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

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

Fixed deposits and current accounts bear the following interest rates per annum:

	2018	2017
Fixed deposits	2.05% to 4.25%	1.40% to 4.25%
Current accounts	0.00% to 0.75%	0.00% to 0.75%

14. DEPOSITS FROM CUSTOMERS

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Current accounts	340,299,274	1,367,322,483	214,627,342	866,450,580
Fixed deposits	281,631,495	1,131,595,347	281,169,169	1,135,079,935
Savings accounts	58,934,969	236,800,705	45,952,466	185,510,105
	<u>680,865,738</u>	<u>2,735,718,535</u>	<u>541,748,977</u>	<u>2,187,040,620</u>

a) By relationship

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Related parties	472,311	1,897,746	383,871	1,549,687
Non-related parties	680,393,427	2,733,820,789	541,365,106	2,185,490,933
	<u>680,865,738</u>	<u>2,735,718,535</u>	<u>541,748,977</u>	<u>2,187,040,620</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 twelve months or less.

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

	2018	2017
Fixed deposits	1.50% to 7.00%	1.50% to 4.00%
Savings deposits	0.00% to 1.68%	0.50% to 1.50%
Current accounts	0.00% to 1.75%	1.00% to 1.75%

15. SUBORDINATED DEBT

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
CIMB BANK BERHAD	7,000,000	28,126,000	7,000,000	28,259,000
	<u>7,000,000</u>	<u>28,126,000</u>	<u>7,000,000</u>	<u>28,259,000</u>

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

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

16. BORROWINGS

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
National Bank of Cambodia	10,159,283	40,819,999	-	-
	<u>10,159,283</u>	<u>40,819,999</u>	<u>-</u>	<u>-</u>

On 27 September 2018, the Bank obtained borrowings under a form of liquidity providing collateralised operation (LPCO) from the National Bank of Cambodia with a maturity of six months and one year. The borrowings will be payable at the maturity date and bear interest rates from 2.87% to 3.06% per annum.

The borrowings are secured by the Bank's negotiable certificate of deposits.

17. AMOUNTS DUE TO SUPPLIERS

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

18. OTHER LIABILITIES

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Banker's cheque and other collection accounts (*)	13,528,549	54,357,710	3,445,098	13,907,861
Outstanding outward transactions (**)	3,367,216	13,529,474	9,332,907	37,676,946
Balance for capital injection	-	-	6,200,000	25,029,400
Accrual interest payable	3,968,237	15,944,376	3,194,959	12,898,049
Accrual bonus payable	1,668,000	6,702,024	1,166,000	4,707,142
Accrued tax payable	149,662	601,342	107,036	432,104
Staff pension fund payable	1,630,989	6,553,314	1,056,155	4,263,698
Provision for seniority payment obligations	139,838	561,869	-	-
Other liabilities	639,483	2,569,442	1,053,976	4,254,901
	<u>25,091,974</u>	<u>100,819,551</u>	<u>25,556,131</u>	<u>103,170,101</u>

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

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

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

19. SHARE CAPITAL

The registered capital of the Bank as at 31 December 2018 is 75 million shares (31 December 2017: 62.5 million shares) at a par value of US\$1 per share. All authorised shares are fully paid.

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Opening balance	62,500,000	252,312,500	50,000,000	201,850,000
Additional paid up capital	6,200,000	24,911,600	12,500,000	50,462,500
Conversion of retained earnings to share capital	6,300,000	25,313,400	-	-
Currency translation differences	-	(1,187,500)	-	-
Closing balance	<u>75,000,000</u>	<u>301,350,000</u>	<u>62,500,000</u>	<u>252,312,500</u>

On 19 January 2018, the Central Bank approved the additional capital of US\$12,500,000 which US\$6,300,000 was converted from retained earnings and US\$6,200,000 was injected in cash from the parent company. Ministry of Commerce approved the revised Memorandum of Article and Association on 1 March 2018.

20. NET INTEREST INCOME

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Interest income:				
Loans and advances to customers	34,399,419	138,216,866	26,574,052	107,279,448
Balances with the Central Bank	407,442	1,637,102	300,259	1,212,146
Deposits and placements with banks	1,473,402	5,920,129	509,911	2,058,510
	<u>36,280,263</u>	<u>145,774,097</u>	<u>27,384,222</u>	<u>110,550,104</u>
Interest expense:				
Fixed deposits	8,723,470	35,050,902	7,448,706	30,070,426
Current accounts (*)	2,486,272	9,989,841	1,425,669	5,755,426
Subordinated debt	239,400	961,909	239,400	966,458
Savings deposits	303,037	1,217,603	232,833	939,947
Borrowings	79,175	318,125	-	-
Staff pension fund	50,751	203,918	36,845	148,743
	<u>11,882,105</u>	<u>47,742,298</u>	<u>9,383,453</u>	<u>37,881,000</u>
Net interest income	<u>24,398,158</u>	<u>98,031,799</u>	<u>18,000,769</u>	<u>72,669,104</u>

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

21. FEE AND COMMISSION INCOME

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Remittance fees	2,176,688	8,745,932	1,215,700	4,907,781
Trade finance fee	954,158	3,833,807	755,665	3,050,620
Loan processing fees	1,114,269	4,477,133	848,865	3,426,868
Loan commitment fees	399,820	1,606,477	323,937	1,307,734
Other commissions and service charges	1,727,935	6,942,843	1,396,744	5,638,655
	<u>6,372,870</u>	<u>25,606,192</u>	<u>4,540,911</u>	<u>18,331,658</u>

22. PERSONNEL EXPENSES

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Salaries and wages	4,890,645	19,650,612	3,995,819	16,131,121
Bonuses and incentives	1,750,866	7,034,980	1,185,608	4,786,299
Staff pension fund expense	225,842	907,433	180,383	728,206
Staff seniority expenses	139,838	561,869	-	-
Other benefits	328,406	1,319,535	265,218	1,070,686
	<u>7,335,597</u>	<u>29,474,429</u>	<u>5,627,028</u>	<u>22,716,312</u>

23. DEPRECIATION AND AMORTISATION CHARGES

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Depreciation charge (Note 10)	837,323	3,364,364	883,472	3,566,577
Amortisation charge (Note 11)	207,432	833,462	281,926	1,138,135
	<u>1,044,755</u>	<u>4,197,826</u>	<u>1,165,398</u>	<u>4,704,712</u>

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Rental expenses	1,540,410	6,189,367	1,135,443	4,583,783
Bank charges	1,094,919	4,399,385	445,293	1,797,648
Advertising and public relations	638,099	2,563,882	358,669	1,447,947
Repairs and maintenance	606,165	2,435,571	523,411	2,113,010
Security expenses	330,925	1,329,657	290,214	1,171,594
Communication expenses	284,976	1,145,034	270,846	1,093,405
License fee expenses	263,967	1,060,619	276,823	1,117,534
Utilities	250,856	1,007,939	255,142	1,030,008
Office supplies	244,684	983,140	191,310	772,318
Travelling and accommodation	225,405	905,677	176,617	713,003
Legal and professional fees	138,685	557,236	104,108	420,284
Directors' fees	117,078	470,419	129,624	523,292
Trade finance expenses	-	-	3,719	15,014
Others expenses (*)	754,019	3,029,649	73,893	298,307
	<u>6,490,188</u>	<u>26,077,575</u>	<u>4,235,112</u>	<u>17,097,147</u>

25. PROVISION FOR IMPAIRMENT LOSS ON LOANS, ADVANCES AND FINANCING

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Provision for loan losses (Note 7 (a))	1,501,494	6,033,004	1,544,998	6,237,157
Provision for deposits and placements with banks (Note 6)	85,351	342,940	-	-
Provision for off balance sheet commitments	889,467	3,573,878	-	-
	<u>2,476,312</u>	<u>9,949,822</u>	<u>1,544,998</u>	<u>6,237,157</u>

26. INCOME TAX EXPENSE

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Current tax	3,530,405	14,185,167	2,111,214	8,522,971
Adjustment in respect of prior years	151,741	609,696	81,445	328,793
Increase in deferred tax assets	(525,501)	(2,111,463)	(79,577)	(321,252)
	<u>3,156,645</u>	<u>12,683,400</u>	<u>2,113,082</u>	<u>8,530,512</u>

a) Reconciliation of income tax

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

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Profit before income tax	14,421,815	57,946,853	9,943,462	40,141,756
Tax calculated at 20%	2,884,363	11,589,371	1,988,692	8,028,350
Tax effects in respect of:				
Expenses not deductible for tax purposes	120,541	484,333	42,945	173,369
Adjustment in respect of prior years	151,741	609,696	81,445	328,793
Tax on profit at 20%	<u>3,156,645</u>	<u>12,683,400</u>	<u>2,113,082</u>	<u>8,530,512</u>
Income tax expense	<u>3,156,645</u>	<u>12,683,400</u>	<u>2,113,082</u>	<u>8,530,512</u>

27. CASH GENERATED FROM/(USED IN) OPERATIONS

	2018		2017	
	US\$	KHR '000	US\$	KHR '000
Profit before income tax	14,421,815	57,946,853	9,943,462	40,141,756
<i>Adjustments for:</i>				
Provision for impairment losses on loans, advances and financing	2,476,312	9,949,822	1,544,998	6,237,157
Depreciation charge (Note 10)	837,323	3,364,364	883,472	3,566,577
Amortisation charge (Note 11)	207,432	833,462	281,926	1,138,135
Adjustments of property and equipment	98,553	395,986	-	-
Adjustments of intangible assets	(1,225)	(4,922)	-	-
Gain on disposal of property and equipment	(34,555)	(138,842)	-	-
Seniority expenses	139,838	561,869		
Net interest income	(24,398,158)	(98,031,799)	(17,593,494)	(71,024,935)
Operating loss before changes in operating assets and liabilities	(6,252,665)	(25,123,207)	(4,939,636)	(19,941,310)
<i>Changes in operating assets and liabilities</i>				
Reserve deposits with the Central Bank	(18,612,937)	(74,786,781)	(21,943,698)	(88,586,709)
Negotiable certificate of deposits	(12,234,000)	(49,156,212)	(720,000)	(2,906,640)
Loans and advances to customers	(137,362,873)	(551,924,024)	(98,720,234)	(398,533,585)
Other assets	(180,402)	(724,855)	(225,912)	(912,007)
Deposits from banks	10,527,452	42,299,302	(18,304,508)	(73,895,299)
Deposits from customers	139,116,761	558,971,146	189,285,595	764,145,947
Amounts due from immediate parent	(33,522)	(134,691)	21,333	86,121
Amounts due to suppliers	71,523	287,379	193,576	781,466
Other liabilities	(1,322,766)	(5,314,874)	11,838,318	47,791,290
Net cash (used in)/ generated from operations	(26,283,429)	(105,606,817)	56,484,834	228,029,274

28. CASH AND CASH EQUIVALENTS

	2018		2017	
	US\$	KHR '000	US\$	KHR '000
Cash on hand (Note 4)	78,718,236	316,289,872	17,904,402	72,280,071
Balances with the Central Bank (Note 5)				
Current account	81,651,365	328,075,185	74,753,570	301,780,162
NCDs (unpledged and original maturity of three months or less)	30,000,000	120,540,000	40,000,000	161,480,000
Deposits and placements with banks (Note 6)				
Placements	4,127,724	16,585,195	50,906,821	205,510,836
Current accounts	2,892,900	11,623,672	4,382,090	17,690,497
Savings accounts	1,514,442	6,085,028	1,089,046	4,396,479
	<u>198,904,667</u>	<u>799,198,952</u>	<u>189,035,929</u>	<u>763,138,045</u>

29. COMMITMENTS

a) Commitments to extend credit

At 31 December 2018, 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:

	2018		2017	
	US\$	KHR '000	US\$	KHR '000
Bank guarantees and letters of credits	99,046,572	397,969,126	98,776,528	398,760,844
Unused portion of overdrafts and credit cards	57,169,432	229,706,778	33,678,444	135,959,878
Loan commitments	20,054,877	80,580,496	12,322,453	49,745,743
	<u>176,270,881</u>	<u>708,256,400</u>	<u>144,777,425</u>	<u>584,466,465</u>

The Bank has made provision of US\$889,467 for 31 December 2018 which impact income statement (the provision was nil as at 31 December 2017), for off balance sheet financial commitments following the National Bank of Cambodia's Prakas No. B7-017-344 and Circular No. B7-018-001 Sor Ror Chor Nor on credit risk classification and provision on impairment for banks and financial institutions as stated in Note 2.6.

b) Operating lease commitments

As at 31 December 2018, 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:

	2018		2017	
	US\$	KHR '000	US\$	KHR '000
Not later than one year	1,122,232	4,509,128	2,441,213	9,855,177
Later than one year but not later than five years	3,458,156	13,894,871	3,909,740	15,783,620
Later than five years	1,812,532	7,282,754	2,891,998	11,674,996
	<u>6,392,920</u>	<u>25,686,753</u>	<u>9,242,951</u>	<u>37,313,793</u>

30. RELATED-PARTY TRANSACTIONS AND BALANCES

a) Related-parties and relationship

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

Related parties	Relationship
CIMB Group Holdings Berhad	Ultimate parent company
CIMB Bank Berhad	Immediate parent company
Related companies	All entities under the same ultimate parent company
Key management personnel	All directors of the Bank who make critical decisions in relation to the strategic direction of the Bank and senior management staff (including their close family members)

b) Related-party balances

	2018		2017	
	US\$	Riel'000	US\$	Riel'000
Due from:				
<i>Immediate parent company</i>				
Deposits and placements with banks	1,807,300	7,261,731	15,311,306	61,811,742
Accrued interest receivable	399	1,603	1,205	4,865
Amounts due from immediate parent (Note 8)	<u>91,217</u>	<u>366,510</u>	<u>57,695</u>	<u>232,915</u>
	<u>1,898,916</u>	<u>7,629,844</u>	<u>15,370,206</u>	<u>62,049,522</u>
<i>Fellow subsidiaries</i>				
Deposits and placements with banks	861,710	3,462,351	1,376,016	5,554,977
	<u>861,710</u>	<u>3,462,351</u>	<u>1,376,016</u>	<u>5,554,977</u>

	2018		2017	
	US\$	Riel'000	US\$	Riel'000
<i>Key management personnel</i>				
Loans and advances to key management personnel (Note 7 (f))	1,160,313	4,662,138	1,088,609	4,394,715
Accrued interest receivable	<u>672</u>	<u>2,700</u>	<u>1,163</u>	<u>4,695</u>
	<u>1,160,985</u>	<u>4,664,838</u>	<u>1,089,772</u>	<u>4,399,410</u>
Due to:				
<i>Immediate parent company</i>				
Subordinate debt (Note 15)	7,000,000	28,126,000	7,000,000	28,259,000
Accrued interest payable	<u>68,466</u>	<u>275,096</u>	<u>68,466</u>	<u>276,396</u>
	<u>7,068,466</u>	<u>28,401,096</u>	<u>7,068,466</u>	<u>28,535,396</u>
<i>Fellow subsidiaries</i>				
Deposits from banks (Note 13 (a))	109,978	441,892	9,983	40,301
	<u>109,978</u>	<u>441,892</u>	<u>9,983</u>	<u>40,301</u>
<i>Key management personnel</i>				
Deposits from key management (Note 14 (a))	472,311	1,897,746	383,871	1,549,687
Accrued interest payable	<u>1,627</u>	<u>6,537</u>	<u>1,180</u>	<u>4,764</u>
	<u>473,938</u>	<u>1,904,283</u>	<u>385,051</u>	<u>1,554,451</u>

c) Related-party transactions

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Interest incomes:				
Interest income received from deposits and placements with immediate parent company and fellow subsidiaries	73,452	295,130	35,501	143,318
Interest income received from loans and advances to key management personnel	38,360	154,130	31,850	128,578
	<u>111,812</u>	<u>449,260</u>	<u>67,351</u>	<u>271,896</u>
Interest expenses:				
Interest expense paid/ payable on deposits from key management personnel	5,924	23,803	5,086	20,532
Interest expense paid/ payable on deposits from fellow subsidiaries	-	-	36,845	148,744
Interest expense paid/ payable on subordinate debt from immediate parent company	239,400	961,909	239,400	966,458
	<u>245,324</u>	<u>985,712</u>	<u>281,331</u>	<u>1,135,734</u>
Key management personnel remuneration:				
Directors' fees	117,078	470,419	129,624	523,292
Defined contribution benefits and seniority payment	15,680	63,002	9,864	39,821
Salaries and short-term benefits	395,700	1,589,923	313,816	1,266,875
	<u>528,458</u>	<u>2,123,344</u>	<u>453,304</u>	<u>1,829,988</u>

31. 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:

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Financial assets				
(Loan and receivables)				
Cash on hand	78,718,236	316,289,872	17,904,402	72,280,071
Balances with the Central Bank (*)	127,605,365	512,718,357	118,473,570	478,277,802
Deposits and placements with banks	8,449,715	33,950,955	56,377,957	227,597,812
Loans and advances to customers	534,449,576	2,147,418,396	398,588,197	1,609,100,551
Amounts due from immediate parent	91,217	366,510	57,695	232,915
Other assets	4,449,362	17,877,537	3,299,985	13,322,039
	<u>753,763,471</u>	<u>3,028,621,627</u>	<u>594,701,806</u>	<u>2,400,811,190</u>
Financial liabilities				
(Other liabilities at amortised costs)				
Deposits from banks	28,913,496	116,174,427	18,386,044	74,224,460
Deposits from customers	680,865,738	2,735,718,535	541,748,977	2,187,040,620
Subordinated debt	7,000,000	28,126,000	7,000,000	28,259,000
Borrowings	10,159,283	40,819,999	-	-
Amounts due to suppliers	927,710	3,727,539	856,187	3,456,427
Other liabilities	21,517,521	86,457,399	17,026,940	68,737,757
	<u>749,383,748</u>	<u>3,011,023,899</u>	<u>585,018,148</u>	<u>2,361,718,264</u>
Net financial assets	<u>4,379,723</u>	<u>17,597,728</u>	<u>9,683,658</u>	<u>39,092,926</u>

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

31.1 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 risk 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 markets, 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 levels 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

	2018		2017	
	US\$	KHR '000	US\$	KHR '000
<i>Credit risks exposures relating to on-balance sheet assets:</i>				
Deposits and placements with banks	8,449,715	33,950,955	56,377,957	227,597,812
Loans and advances to customers	534,449,576	2,147,418,396	398,588,197	1,609,100,551
Amounts due from immediate parent	91,217	366,510	57,695	232,915
Other assets	4,449,362	17,877,537	3,299,985	13,322,039
	<u>547,439,870</u>	<u>2,199,613,398</u>	<u>458,323,834</u>	<u>1,850,253,317</u>
<i>Credit risk exposures relating to off-balance sheet items:</i>				
Bank guarantees and letters of credits	99,046,572	397,969,126	98,776,528	398,760,844
Unused portion of overdrafts and credit cards	57,169,432	229,706,778	33,678,444	135,959,878
Loan commitments	20,054,877	80,580,496	12,322,453	49,745,743
	<u>176,270,881</u>	<u>708,256,400</u>	<u>144,777,425</u>	<u>584,466,465</u>
	<u>723,710,751</u>	<u>2,907,869,798</u>	<u>603,101,259</u>	<u>2,434,719,782</u>

The above table represents a worst case scenario of credit risk exposure to the Bank at 31 December 2018 and 31 December 2017, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts less provision.

As shown above, 74% (2017: 66%) of total maximum exposure is derived from loans and advances to customers.

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

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

e) Credit quality of financial assets

Loans and advances to customers

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

	2018		2017	
	US\$	KHR '000	US\$	KHR '000
Loans and advances:				
Loans and advances neither past due nor impaired (i)	539,847,857	2,169,108,689	402,535,072	1,625,034,085
Loans and advances past due but not impaired (ii)	203	816	-	-
Loans and advances individually impaired (iii)	947,362	3,806,501	898,014	3,625,283
	540,795,422	2,172,916,006	403,433,086	1,628,659,368

Less:

Provision for loan losses:

General provision	(5,398,478)	(21,691,085)	(4,025,351)	(16,250,342)
Specific provision	(947,368)	(3,806,525)	(819,538)	(3,308,475)
	(6,345,846)	(25,497,610)	(4,844,889)	(19,558,817)

Net loans and advances

534,449,576	2,147,418,396	398,588,197	1,609,100,551
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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 losses represents 1% general provision, 3%, 20%, 50% and 100% specific provisions for all outstanding loans and advances and specific provision rates follow NBC's Prakas.

(i) Loans and advances neither past due nor impaired
Loans and advances not past due are not considered impaired, unless other information is available to indicate the contrary.

(ii) Loans and advances past due but not impaired

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

(iii) Loans and advances individually impaired

In accordance with Prakas No. B7-017-344 dated 1 December 2017 on credit risk classification and provision on impairment, loans and advances past due 90 days and more are considered impaired and a minimum level of specific provision for impairment is made depending on the classification concerned, unless other information is available to indicate the contrary.

	2018		2017	
	US\$	KHR '000	US\$	KHR '000
Substandard	-	-	98,095	396,010
Doubtful	-	-	-	-
Loss	947,362	3,806,501	799,919	3,229,273
	947,362	3,806,501	898,014	3,625,283
Less:				
Specific provision	(947,362)	(3,806,501)	(819,538)	(3,308,475)
	-	-	78,476	316,808

(iv) Loans and advances renegotiated

As at 31 December 2018, the Bank restructured loans and advances amounting to US\$890,268

Deposits and placements with banks

Analysis of the deposits and placements with banks of the Bank as at the balance sheet date by counterparty is as follows:

	2018		2017	
	US\$	KHR '000	US\$	KHR '000
In Cambodia:				
Deposits and placements with local banks	1,794,552	7,210,510	36,309,337	146,580,793
Outside Cambodia:				
Deposits and placements with overseas banks	6,740,514	27,083,385	20,068,620	81,017,019
	8,535,066	34,293,895	56,377,957	227,597,812
Less: Provision	(85,351)	(342,940)	-	-
	8,449,715	33,950,955	56,377,957	227,597,812

Other financial assets

Other financial assets of the Bank mainly comprise interest receivable on deposits and placements with banks, due from immediate parent, and deposits placed by the Bank in respect of rental of premises.

f) Repossessed collateral

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

During the year ended 31 December 2018, 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 net carrying amount as categorised by geographical region as at 31 December 2018. For this table, the Bank has allocated exposure to countries based on the country of domicile of the counterparties.

	Cambodia	Malaysia	Thailand	America	Singapore	Indonesia	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 31 December 2018							
Deposits and placements with banks	1,776,606	1,790,673	491,799	4,029,343	350,418	10,876	8,449,715
Loans and advances to customers	534,449,576	-	-	-	-	-	534,449,576
Amounts due from immediate parent	-	91,217	-	-	-	-	91,217
Other assets	4,448,963	399	-	-	-	-	4,449,362
As at 31 December 2018	540,675,145	1,882,289	491,799	4,029,343	350,418	10,876	547,439,870
<i>In KHR' 000 equivalent</i>	2,172,432,733	7,563,037	1,976,048	16,189,900	1,407,980	43,700	2,199,613,398
As at 31 December 2017							
Deposits and placements with banks	36,309,337	15,312,844	1,345,037	3,356,051	30,980	23,708	56,377,957
Loans and advances to customers	398,588,197	-	-	-	-	-	398,588,197
Amounts due from immediate parent	-	57,695	-	-	-	-	57,695
Other assets	3,299,985	-	-	-	-	-	3,299,985
As at 31 December 2017	438,197,519	15,370,539	1,345,037	3,356,051	30,980	23,708	458,323,834
<i>In KHR' 000 equivalent</i>	1,769,003,384	62,050,866	5,429,914	13,548,378	125,066	95,709	1,850,253,317

(ii) Industry sector

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

	Financial institution	Services	Real estate business	Wholesales and retails	Constructions	Other industries	Individuals	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 31 December 2018								
Deposits and placements with banks	8,449,715	-	-	-	-	-	-	8,449,715
Loans and advances to customers	19,332,649	32,475,182	27,231,671	175,164,068	23,459,795	49,845,116	206,941,095	534,449,576
Amounts due from immediate parent	91,217	-	-	-	-	-	-	91,217
Other assets	355,802	175,084	153,825	765,479	92,634	1,561,615	1,344,923	4,449,362
As at 31 December 2018	28,229,383	32,650,266	27,385,496	175,929,547	23,552,429	51,406,731	208,286,018	547,439,870
<i>In KHR' 000 equivalents</i>	<i>113,425,661</i>	<i>131,188,769</i>	<i>110,034,923</i>	<i>706,884,920</i>	<i>94,633,660</i>	<i>206,552,245</i>	<i>836,893,220</i>	<i>2,199,613,398</i>
As at 31 December 2017								
Deposits and placements with banks	56,377,957	-	-	-	-	-	-	56,377,957
Loans and advances to customers	363,579	21,773,521	15,333,082	151,833,466	15,657,404	37,166,304	156,460,841	398,588,197
Amounts due from immediate parent	57,695	-	-	-	-	-	-	57,695
Other assets	752,821	115,344	78,871	963,491	46,849	309,772	1,032,837	3,299,985
As at 31 December 2017	57,552,052	21,888,865	15,411,953	152,796,957	15,704,253	37,476,076	157,493,678	458,323,834
<i>In KHR' 000 equivalents</i>	<i>232,337,634</i>	<i>88,365,348</i>	<i>62,218,054</i>	<i>616,841,315</i>	<i>63,398,069</i>	<i>151,290,919</i>	<i>635,801,978</i>	<i>1,850,253,317</i>

31.2 Market risk

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

a) Price risk

The Bank is not exposed to securities price risk because it does not hold any investment that is classified in the balance sheet either as available-for-sale or at fair value through profit or loss.

b) Foreign exchange risk

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

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

The table below summarises the financial assets and financial liabilities of the Bank by currency as at 31 December 2018.

	In US\$ equivalent							Total
	KHR	US\$	EUR	THB	MYR	SGD	Others	US\$
As at 31 December 2018								
Financial assets								
Cash on hand	1,171,070	77,547,166	-	-	-	-	-	78,718,236
Balances with Central Bank	25,233,069	102,372,296	-	-	-	-	-	127,605,365
Deposits and placements with banks	246,825	6,545,484	365,779	491,836	114,523	350,553	334,715	8,449,715
Loans and advances to customers	10,909,418	523,540,158	-	-	-	-	-	534,449,576
Amounts due from immediate parent	-	91,217	-	-	-	-	-	91,217
Other assets	215,573	3,924,546	201,444	35,695	63,185	3,113	5,806	4,449,362
	<u>37,775,955</u>	<u>714,020,867</u>	<u>567,223</u>	<u>527,531</u>	<u>177,708</u>	<u>353,666</u>	<u>340,521</u>	<u>753,763,471</u>
Financial liabilities								
Deposits from banks	760,875	28,134,717	15,404	2,500	-	-	-	28,913,496
Deposits from customers	8,889,736	671,087,524	335,009	67,881	-	187,073	298,515	680,865,738
Subordinated debt	-	7,000,000	-	-	-	-	-	7,000,000
Borrowings	10,159,283	-	-	-	-	-	-	10,159,283
Amounts due to suppliers	9,480	754,264	-	-	147,550	8,089	8,327	927,710
Other liabilities	312,998	20,438,026	15,254	335,786	118,542	199,542	97,373	21,517,521
	<u>20,132,372</u>	<u>727,414,531</u>	<u>365,667</u>	<u>406,167</u>	<u>266,092</u>	<u>394,704</u>	<u>404,215</u>	<u>749,383,748</u>
Net on-balance sheet position	<u>17,643,583</u>	<u>(13,393,664)</u>	<u>201,556</u>	<u>121,364</u>	<u>(88,384)</u>	<u>(41,038)</u>	<u>(63,694)</u>	<u>4,379,723</u>
<i>In KHR' 000 equivalent</i>	<u>70,891,916</u>	<u>(53,815,742)</u>	<u>809,852</u>	<u>487,641</u>	<u>(355,127)</u>	<u>(164,891)</u>	<u>(255,921)</u>	<u>17,597,728</u>
Credit commitments	310,106	175,341,389	385,554	-	-	97,262	136,570	176,270,881
<i>In KHR' 000 equivalent</i>	<u>1,246,006</u>	<u>704,521,701</u>	<u>1,549,156</u>	<u>-</u>	<u>-</u>	<u>390,799</u>	<u>548,738</u>	<u>708,256,400</u>
As at 31 December 2017								
Financial assets								
Cash on hand	430,002	17,474,400	-	-	-	-	-	17,904,402
Balances with Central Bank	8,280,932	110,192,638	-	-	-	-	-	118,473,570
Deposits and placements with banks	189,312	53,162,209	871,632	1,345,073	135,929	31,119	642,683	56,377,957
Loans and advances to customers	-	398,588,197	-	-	-	-	-	398,588,197
Amounts due from immediate parent	-	57,695	-	-	-	-	-	57,695
Other assets	-	3,299,429	-	-	-	-	556	3,299,985
	<u>8,900,246</u>	<u>582,774,568</u>	<u>871,632</u>	<u>1,345,073</u>	<u>135,929</u>	<u>31,119</u>	<u>643,239</u>	<u>594,701,806</u>
Financial liabilities								
Deposits from banks	67,665	18,008,945	306,915	2,519	-	-	-	18,386,044
Deposits from customers	2,260,397	538,791,389	395,840	69,004	-	24,121	208,226	541,748,977
Subordinated debt	-	7,000,000	-	-	-	-	-	7,000,000
Amounts due to suppliers	-	856,187	-	-	-	-	-	856,187
Other liabilities	-	17,026,552	-	-	-	-	388	17,026,940
	<u>2,328,062</u>	<u>581,683,073</u>	<u>702,755</u>	<u>71,523</u>	<u>-</u>	<u>24,121</u>	<u>208,614</u>	<u>585,018,148</u>
Net on-balance sheet position	<u>6,572,184</u>	<u>1,091,495</u>	<u>168,877</u>	<u>1,273,550</u>	<u>135,929</u>	<u>6,998</u>	<u>434,625</u>	<u>9,683,658</u>
<i>In KHR' 000 equivalent</i>	<u>26,531,907</u>	<u>4,406,365</u>	<u>681,756</u>	<u>5,141,321</u>	<u>548,745</u>	<u>28,251</u>	<u>1,754,581</u>	<u>39,092,926</u>
Credit commitments	46,772	138,252,755	778,858	2,822,499	-	-	2,876,541	144,777,425
<i>In KHR' 000 equivalent</i>	<u>188,819</u>	<u>558,126,372</u>	<u>3,144,250</u>	<u>11,394,428</u>	<u>-</u>	<u>-</u>	<u>11,612,596</u>	<u>584,466,465</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 net carrying amount are categorised by the earlier of contractual re-pricing or maturity dates.

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 Years	Over 5 years	Non- interest bearing	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 31 December 2018							
Financial assets							
Cash on hand	-	-	-	-	-	78,718,236	78,718,236
Balances with the Central Bank	35,600,000	5,254,000	5,100,000	-	-	81,651,365	127,605,365
Deposits and placements with banks	4,017,379	-	69,067	-	-	4,363,269	8,449,715
Loans and advances to customers	7,775,144	32,820,091	77,938,825	164,273,669	251,641,847	-	534,449,576
Amounts due from immediate parent	-	-	-	-	-	91,217	91,217
Other assets	-	-	-	-	-	4,449,362	4,449,362
	<u>47,392,523</u>	<u>38,074,091</u>	<u>83,107,892</u>	<u>164,273,669</u>	<u>251,641,847</u>	<u>169,273,449</u>	<u>753,763,471</u>
Financial liabilities							
Deposits from banks	8,350,292	9,037,133	6,608,889	-	-	4,917,182	28,913,496
Deposits from customers	353,407,753	103,021,031	131,243,310	-	-	93,193,644	680,865,738
Subordinated debt	-	-	-	-	7,000,000	-	7,000,000
Borrowings	-	5,181,682	4,977,601	-	-	-	10,159,283
Amounts due to suppliers	-	-	-	-	-	927,710	927,710
Other liabilities	-	-	-	-	-	21,517,521	21,517,521
	<u>361,758,045</u>	<u>117,239,846</u>	<u>142,829,800</u>	<u>-</u>	<u>7,000,000</u>	<u>120,556,057</u>	<u>749,383,748</u>
Total interest rate re-pricing gap	<u>(314,365,522)</u>	<u>(79,165,755)</u>	<u>(59,721,908)</u>	<u>164,273,669</u>	<u>244,641,847</u>	<u>48,717,392</u>	<u>4,379,723</u>
<i>In KHR' 000 equivalent</i>	<u>(1,263,120,667)</u>	<u>(318,088,004)</u>	<u>(239,962,626)</u>	<u>660,051,602</u>	<u>982,970,941</u>	<u>195,746,482</u>	<u>17,597,728</u>
At 31 December 2017							
Financial assets							
Cash on hand	-	-	-	-	-	17,904,402	17,904,402
Balances with the Central Bank	43,720,000	-	6,250,000	-	-	68,503,570	118,473,570
Deposits and placements with other banks	15,906,821	35,000,000	-	-	-	5,471,136	56,377,957
Loans and advances to customers	12,035,389	28,275,316	70,806,826	108,404,011	179,066,655	-	398,588,197
Amounts due from related company	-	-	-	-	-	57,695	57,695
Other assets	-	-	-	-	-	3,299,985	3,299,985
	<u>71,662,210</u>	<u>63,275,316</u>	<u>77,056,826</u>	<u>108,404,011</u>	<u>179,066,655</u>	<u>95,236,788</u>	<u>594,701,806</u>
Financial liabilities							
Deposits from banks	58,152	6,012,765	4,693,392	-	-	7,621,735	18,386,044
Deposits from customers	71,222,565	60,443,167	128,063,280	852,797	-	281,167,168	541,748,977
Borrowings	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	7,000,000	-	7,000,000
Amounts due to suppliers	-	-	-	-	-	856,187	856,187
Other liabilities	-	-	-	-	-	17,026,940	17,026,940
	<u>71,280,717</u>	<u>66,455,932</u>	<u>132,756,672</u>	<u>852,797</u>	<u>7,000,000</u>	<u>306,672,030</u>	<u>585,018,148</u>
Total interest rate re-pricing gap	<u>381,493</u>	<u>(3,180,616)</u>	<u>(55,699,846)</u>	<u>107,551,214</u>	<u>172,066,655</u>	<u>(211,435,242)</u>	<u>9,683,658</u>
<i>In KHR' 000 equivalent</i>	<u>1,540,087</u>	<u>(12,840,147)</u>	<u>(224,860,278)</u>	<u>434,184,251</u>	<u>694,633,086</u>	<u>(853,564,073)</u>	<u>39,092,926</u>

31.3 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	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
As at 31 December 2018						
Financial liabilities						
Deposits from banks	13,297,247	9,115,997	6,876,389	-	-	29,289,633
Deposits from customers	446,993,881	105,322,636	135,944,981	-	-	688,261,498
Subordinated debt	-	105,000	105,000	840,000	7,420,000	8,470,000
Borrowings	-	5,256,243	5,129,916	-	-	10,386,159
Amounts due to suppliers	927,710	-	-	-	-	927,710
Other liabilities	17,549,273	-	-	-	-	17,549,273
Total financial liabilities (contractual maturity dates)	478,768,111	119,799,876	148,056,286	840,000	7,420,000	754,884,273
Total financial assets (contractual maturity dates)	229,004,771	77,467,336	189,202,471	455,976,694	425,988,124	1,377,639,396
Net liquidity gap	(249,763,340)	(42,332,540)	41,146,185	455,136,694	418,568,124	622,755,123
<i>In KHR' 000 equivalent</i>	(1,003,549,100)	(170,092,146)	165,325,371	1,828,739,236	1,681,806,722	2,502,230,083
As at 31 December 2017						
Financial liabilities						
Deposits from banks	10,881,464	14,100,000	11,719,132	-	-	36,700,596
Deposits from customers	206,599,905	48,217,160	99,146,349	1,671,626	-	355,635,040
Subordinated debt	-	105,000	105,000	840,000	7,840,000	8,890,000
Amounts due to suppliers	856,187	-	-	-	-	856,187
Other liabilities	17,026,940	-	-	-	-	17,026,940
Total financial liabilities (contractual maturity dates)	235,364,496	62,422,160	110,970,481	2,551,626	7,840,000	419,108,763
Total financial assets (contractual maturity dates)	174,125,673	78,277,374	128,742,677	195,667,372	130,040,326	706,853,422
Net liquidity gap	(61,238,823)	15,855,214	17,772,196	193,155,746	122,200,326	287,744,659
<i>In KHR' 000 equivalent</i>	(247,221,128)	64,007,499	71,746,355	779,769,747	493,322,716	1,161,625,189

d) Off-balance sheet items

(i) Loan commitments

The dates of the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 29), are summarised in below table.

(ii) Other financial facilities

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

The table below presents the cash outflows arising from the financial commitments of the Bank as at 31 December 2018 based on the contractual maturity dates.

	Not later than 1 year	Total
	US\$	US\$
As at 31 December 2018		
Bank guarantees and letters of credits	99,046,572	99,046,572
Unused portion of overdrafts and credit cards	57,169,432	57,169,432
Loan commitments	20,054,877	20,054,877
Financial commitments	<u>176,270,881</u>	<u>176,270,881</u>
<i>In KHR' 000 equivalent</i>	<u>708,256,400</u>	<u>708,256,400</u>
As at 31 December 2017		
Bank guarantees and letters of credits	98,776,528	98,776,528
Unused portion of overdrafts and credit cards	33,678,444	33,678,444
Loan commitments	12,322,453	12,322,453
Financial commitments	<u>144,777,425</u>	<u>144,777,425</u>
<i>In KHR' 000 equivalent</i>	<u>584,466,465</u>	<u>584,466,465</u>

31.4 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.

31.5 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 banks

Deposits and placements with banks include current accounts, saving accounts and short term fixed deposits. The fair values of deposits and placements with banks with maturity of less than one year approximate their carrying amounts.

b) Loans and advances to customers

Loans and advances to customers are net of provision for loan losses. The provision of loan losses is made under the requirements of the 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 financial assets and liabilities

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

31.6 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 coverage ratios.

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

	2018		2017	
	US\$	KHR' 000	US\$	KHR' 000
Tier 1 (core capital)				
Capital	75,000,000	301,350,000	62,500,000	252,312,500
Retained earnings	<u>18,750,000</u>	<u>75,337,500</u>	<u>14,207,903</u>	<u>57,357,304</u>
	93,750,000	376,687,500	76,707,903	309,669,804
Less:				
Intangible assets	(616,976)	(2,479,010)	(420,591)	(1,697,926)
Loan and advance to related parties	<u>(1,160,313)</u>	<u>(4,662,138)</u>	<u>(1,088,609)</u>	<u>(4,394,715)</u>
	91,972,711	369,546,352	75,198,703	303,577,163
Tier 2 (complementary capital)				
General provision	6,373,296	25,607,903	4,025,351	16,250,342
Subordinated debt approved by the Central Bank	<u>7,000,000</u>	<u>28,126,000</u>	<u>7,000,000</u>	<u>28,259,000</u>
	13,373,296	53,733,903	11,025,351	44,509,342
Regulated capital/ net worth	<u>105,346,007</u>	<u>423,280,255</u>	<u>86,224,054</u>	<u>348,086,505</u>

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

FOR THE YEAR ENDED 31 DECEMBER 2018

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

The Bank shall calculate Liquidity Coverage Ratio (LCR) using new reporting template from 1 January 2016 via a phase-in period until fully comply by 1 January 2020. The Bank shall, at all time, maintain an adequate stock of eligible liquid assets to fulfill the LCR limits as determined in accordance with the following timeline:

Effective	1 September 2016	1 September 2017	1 September 2018	1 June 2019	1 January 2020
Minimum LCR	60%	70%	80%	90%	100%

As at 31 December 2018, the Bank's Liquidity Coverage Ratio was 109.19%.

The Liquidity Ratio calculation is detailed in Schedule 1.

2. MINIMUM CAPITAL REQUIREMENT, PRAKAS NO. B7-016-117

The National Bank of Cambodia issued a Prakas No. B7-016-117, dated 22 March 2016, on "new minimum registered capital requirement for banks and financial institutions". It requires that commercial banks being a local entity or a subsidiary of foreign bank must have a minimum registered capital of at least KHR300 billion (equivalent to US\$75 million). The Prakas allows commercial banks to increase its capital to meet the new minimum registered capital requirement within 2 years from the date this Prakas.

As at 31 December 2018, the Bank has a paid-up statutory capital of US\$75 million which meet the minimum registered capital requirement.

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

The Bank's net worth as at 31 December 2018 amounted to US\$105,346,007 as computed in Schedule 2.

The Banks must maintain their net worth at least equal to the minimum capital. As at 31 December 2018, the Bank's net worth of US\$105,346,007 is higher by US\$30,346,007 compared to the minimum capital of US\$75,000,000.

4. SOLVENCY RATIO, PRAKAS NO. B7-00-46, B7-04-206, AND B7-07-135

As at 31 December 2018, the Bank maintained a Solvency Ratio of 17.80%, representing the Bank's net worth as a percentage of its risk-weighted assets and off-balance sheet items.

The Bank is required to maintain a Solvency Ratio of at least 15%.

The Solvency Ratio calculation is detailed in Schedule 3.

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

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

Balance sheet items

As at 31 December 2018, 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 2018, the Bank had no commitments of this nature.

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

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

As at 31 December 2018, the Bank did not have net open position in foreign currencies exceeding 20% of the Bank's net worth. The calculation is detailed in Schedule 4.

7. CLASSIFICATION OF AND PROVISIONING FOR FINANCIAL FACILITIES, PRAKAS NO. B7-017-344 AND CIRCULAR NO. B7-018-001

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

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

8. LARGE CREDIT EXPOSURES, PRAKAS NO. B7-06-226

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.

As at 31 December 2018, the Bank had large exposure with a single beneficiary where such exposure exceeded 20% but less than 300% as aggregate of individual large credit exposure of the regulatory net worth. The Bank got approval from NBC on 16 June 2017 on the large credit exposure.

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

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

As at 31 December 2018, loans to related parties exposure did not exceed 10% of the net worth.

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

Fixed assets acquired by banks for operational purposes shall be less than 30% of the Bank's total net worth as defined in Prakas B7-010-182. Fixed assets with no direct link to operating the Bank shall sell not later than one year after the date they became the property of the Bank.

As at 31 December 2018, the Bank's fixed assets amounting to US\$3,399,933 were equivalent to 3.23% of the Bank's net worth.

11. PREPAID RENTAL AND LEASE, PRAKAS NO. B7-04-037

The Central Bank issued Prakas No. B7-04-037 on 9 March 2004 which stipulates that banks are only allowed to lease properties if these are directly related to its banking operations. Moreover, this Prakas stipulates that prepaid rental or lease should not exceed one year of the rental or lease term. In addition, rental with related parties is required to be reported as part of the loans and advances to related parties in a bank's quarterly related parties transactions and balances declaration with the Central Bank. In the event that a bank has prepaid rental or lease of more than one year, the bank should comply with the provisions of this Prakas within six months after 9 March 2004 and thereafter, the prepaid rental or lease of more than one year shall be deducted in calculating the bank's net worth.

As at 31 December 2018, the Bank's rents are for its operations and rental prepayment did not exceed one year rent.

12. PROVISION OF CREDIT IN NATIONAL CURRENCY, PRAKAS NO. B7-016-334

The Bank is required to maintain loans in national currency at least 10% (ten percent) of total loan portfolio, which shall take effect from the signing date of 1 December 2016 and be fully implemented by 31 December 2019.

As at 31 December 2018, the Bank's loans in national currency amounting to KHR44,305 million (equivalent to US\$11,026,459) was equivalent to 2.04% of the Bank's total loan portfolio.

13. DETERMINATION OF CAPITAL BUFFER OF BANKS AND FINANCIAL INSTITUTIONS, PRAKAS NO. B7-018-068

The Central Bank issued Prakas No. B7-018-068 on 22 February 2018 with aims at:

- Strengthening capital base to settle any loss which may arise from risk of institution;
- Preventing the decrease of capital to that lower than minimum capital; and
- Reducing risk deriving from relationship between financial sector and pro-cyclicality

The Bank is required to build up capital conservation buffer by 1.25% and 2.5% from 01 January 2019 and from 01 January 2020 respectively in addition to minimum tier 1 capital.

Distribution of annual profit shall be prohibited when tier capital 1 ratio (MCR1) of institution is under any quartile of capital conservation buffer as stipulated in article 11 of the present Prakas.

As at 31 December 2018, the Bank's capital buffer is 15.54% which is already exceed the required capital conservation buffer of 1.25%. Please refer to Schedule 6 for detail.

SCHEDULE 1 - LIQUIDITY COVERAGE RATIO

AS AT 31 DECEMBER 2018

In Millions of KHR				Non weighted amounts			Weighted amounts			Total
ASSETS	No.	Weight		KHR	USD	Other currencies	KHR	USD	Other currencies	
HQLA	1.11	1.00	Notes and coins	4,705	311,585	-	4,705	311,585	-	316,290
	1.13	1.00	Reserves requirement with the NBC in KHR	2,871	-	-	2,871	-	-	2,871
	1.14	0.70	Reserves requirement with the NBC in USD	-	337,319	-	-	236,123	-	236,123
	1.15	1.00	Amounts deposited at the NBC excluding settlement account and capital guarantee account	49,199	225,729	-	49,199	225,729	-	274,928
	1.16	1.00	NCDs (and any other securities) issued by the NBC	-	120,540	-	-	120,540	-	120,540
Total 1				56,775	995,173	-	56,775	893,977	-	950,752
OLA	1.24	0.75	Gold for own account	-	-	135	-	-	101	101
	Total 2			-	-	135	-	-	101	101
TOTAL ASSETS			Total 3 = Total 1 + Total 2	56,775	995,173	135	56,775	893,977	101	950,853
CASH OUT-FLOWS	2.12	0.15	Less stable deposits	21,395	2,204,300	3,570	3,209	330,645	535	334,389
	2.22	0.40	Non-operational deposits from non-financial corporation not qualifying for reporting in 2.11 to 2.12	14,324	492,129	-	5,729	196,852	-	202,581
	2.24	1.00	Non-operational deposits from banks and financial institutions (as defined in Annex 2)	3,057	50,180	72	3,057	50,180	72	53,309
	2.51	0.05	Credit facilities	-	9,729	-	-	486	-	486
	2.53	0.10	Credit facilities	400	66,281	-	40	6,628	-	6,668
	2.71	0.10	Unconditional revocable credit and liquidity facilities' agreements	-	396,383	-	-	39,638	-	39,638
	2.72	1.00	Trade finance related obligations (report average of monthly net outflows in last 12 month period)	-	71,521	-	-	71,521	-	71,521
TOTAL CASH OUTFLOWS	2.81	1.00	Other contractual outflows	3,062	213,234	-	3,062	213,234	-	216,296
	Total 4			42,238	3,503,757	3,642	15,097	909,184	607	924,888
CASH INFLOWS	3.31	0.50	From retail customers	65	39,833	-	33	19,916	-	19,949
	3.33	0.50	From non-financial corporates	-	28,793	-	-	14,397	-	14,397
	3.36	1.00	From other financial institutions as defined in Annex 2	3,470	3,355	-	1,735	1,678	-	3,413
	3.39	1.00	Deposits with banks and financial institutions as defined in Annex 2	-	16,305	-	-	16,305	-	16,305
TOTAL CASH INFLOWS			Total 5	3,535	88,286	-	1,768	52,296	-	54,064
TOTAL NET CASH OUTFLOWS			Total 6 = Total 4 - Min (Total 5 ; 75% Total 4)	38,703	3,415,471	3,642	13,329	856,888	607	870,824
LIQUIDITY COVERAGE RATIO			LCR = Total 3/Total 6				425.95%	104.33%	16.64%	109.19%

SCHEDULE 2 - NET WORTH

AS AT 31 DECEMBER 2018

NET WORTH	in Millions	
	in US\$	of KHR
Tier (Core Capital)		
I. Subtotal – A		
Paid-up capital	75,000,000	301,350
Reserves (other than revaluation: Translation reserve, general reserve and capital reserve)	-	-
Audited net income for the last financial period	11,265,170	45,263
Retained earnings brought forward (restated)	7,484,830	30,074
Other Item (NBC approved)	-	-
Premiums related to capital	-	-
Other items approved by the Central Bank	-	-
Total (A)	93,750,000	376,687
Limited check on retained earnings: Max 20% of Total A	20.00%	20.00%
II. Subtotal – B		
Own shares held (at Book Value)	-	-
Accumulated losses	-	-
Intangible assets to be deducted	616,976	2,479
Shareholders, Directors, Related Parties (deduct)	-	-
1. Unpaid portion(s) of capital (a)	-	-
2. Loans, overdrafts and other advances (b)	1,160,313	4,662
3. Debt instruments held bearing signature of shareholders, directors, related parties (c)	-	-
Other losses	-	-
Total (B)	1,777,289	7,141
Total Tier 1 (Core Capital) (A) - (B)	91,972,711	369,546
Tier (Complementary Capital)		
III. Sub-Total C		
Revaluation reserves approved by the Central Bank	-	-
Provisions for general banking risks	-	-
1% General provision (Prakas on Asset Class.)	6,373,296	25,608
Subordinated debts approved by the Central Bank	7,000,000	28,126
Other items approved by the Central Bank	-	-
Total (C)	13,373,296	53,734
Limit check on Subordinated Debt (max. 50 % of Tier 1 Capital)	7.61%	7.61%
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)	13,373,296	53,734
Limit check on Tier 2 capital (Tier 2 = max. 100 % of Tier 1)	14.54%	14.54%
Regulatory Net Worth (A)- (B) + (C) - (D)	105,346,007	423,280

SCHEDULE 3 - SOLVENCY RATIO

AS AT 31 DECEMBER 2018

SOLVENCY RATIO

Net Worth (NW) :

105,346,007

CALCULATION OF SOLVENCY RATIO	in US\$	Weighting	in US\$	in Millions of KHR
I- Balance Sheet Items, weighted by degree of Counter-Party Risks				
1- Weighting 0% on Assets with low Risk	300,071,918		-	-
1.1- Cash	78,718,236	0%	-	-
1.2- Gold	33,670	0%	-	-
1.3- Claims on the National Bank of Cambodia	219,809,057	0%	-	-
1.4- Assets collateralized by Deposits 100% lodged with Banks	1,510,955	0%	-	-
1.5- Claims on or Guaranteed by Sovereigns rated AAA to AA- or equivalent	-	0%	-	-
2- Weighting 20% on Assets with Moderate Risk	-		-	-
2.1- Claims on or Guaranteed by Sovereigns rated A+ to A- or equivalent	-	20%	-	-
2.2- Claims on or Guaranteed by banks rated AAA to AA- or equivalent	-	20%	-	-
3- Weighting 50% on Assets with Medium Risk	6,233,993		3,116,997	12,524
3.1- Claims on or Guaranteed by Sovereigns rated BBB+ to BBB- or equivalent	-	50%	-	-
3.2- Claims on or Guaranteed by Banks rated A+ to A- or equivalent	6,233,993	50%	3,116,997	12,524
4- Weighting 100% on Assets with Full Risk	543,130,302		543,130,302	2,182,298
4.1- All other Assets, besides mentioned above (*)	543,130,302	100%	543,130,302	2,182,298
5- Weighting 120% on Tradable Securities	-		-	-
5.1- Tradable Securities	-	120%	-	-
Total (I) = (1) + (2) + (3) + (4)	849,436,213		546,247,299	2,194,822
II- Off-Balance Sheet items, weighted by degree of Counter-Party Risk				
1- Weighting 0% on Operations with low Risk	84,546,454		-	-
1.1- Undrawn Facilities, particularly overdrafts and commitments to lend, which are for an initial term of not more than one year	84,546,454	0%	-	-
1.2- Other items carrying a low risk	-	0%	-	-
2- Weighting 20% on Operations with Moderate Risk	1,420,649		284,130	1,142
2.1- Documentary credits is sued or confirmed where the underlying goods serve as collateral and other similar transactions	1,420,649	20%	284,130	1,142
2.2- Other Items carrying moderate risk	-	20%	-	-
3- Weighting 50% on Operations with Medium Risk	90,303,778		45,151,890	181,420
3.1- Commitments to pay resulting from documentary credits, issued or confirmed, where the underlying goods do not serve as collateral	69,948,901	50%	34,974,451	140,527
3.2- Warranties and indemnity bonds (including tender, performance, customs and tax bonds) and guarantees not having the character of credit substitutes	-	50%	-	-
3.3- Undrawn facilities, particularly overdrafts and commitments to lend with an initial term of more than one year	20,354,877	50%	10,177,439	40,893
3.4- Other items carrying medium risk	-	50%	-	-
4- Weighting 100% on Operations with Full Risk	-		-	-
4.1- Loan guarantees (deductible from the risk exposure in respect of the beneficiary)	-	100%	-	-
4.2- Acceptances	-	100%	-	-
4.3- Endorsement on bills not bearing the name of another bank or financial institution	-	100%	-	-
4.4- Transactions with recourse	-	100%	-	-
4.5- Irrevocable credit lines, or guarantees, having the character of credit substitutes	-	100%	-	-
4.6- Other items carrying a high risk	-	100%	-	-
Total (II) = (1) + (2) + (3) + (4)	176,270,881		45,436,020	182,562
III- Total Assets and Operations after weighting Risk =(I) + (II)			591,683,319	2,377,384
Solvency Ratio = Total Net Worth / III (>15%)			17.80%	17.80%

SCHEDULE 4 - NET OPEN POSITION IN FOREIGN CURRENCY

AS AT 31 DECEMBER 2018

Nº	Currency	Elements after deduction of affected provision				Net open position	Net open position / Net worth (%)	Limit (%)	Excess (1)
		Assets	Liabilities and Capital	Currencies Receivable Off-balance sheet	Currencies Payable Off-balance sheet				
		1	2	3	4	5 = 1 - 2 + 3 - 4			
1	USD	838,136,530	834,947,851	175,341,389	175,341,389	3,188,679	3.03%	20%	
2	KHR	11,047,823	30,342,228	310,106	310,106	(19,294,405)	-18.32%	20%	
3	EUR	561,333	(6,844,740)	385,554	385,554	7,406,073	7.03%	20%	
4	SGD	394,704	394,704	97,262	97,262	-	0.00%	20%	
5	HKD	6,895	6,895	-	-	-	0.00%	20%	
6	THB	405,174	406,168	-	-	(994)	0.00%	20%	
7	JPY	114,516	114,518	136,570	136,570	(2)	0.00%	20%	
8	PHP	-	-	-	-	-	0.00%	20%	
9	AUD	107,312	(8,595,689)	-	-	8,703,001	8.26%	20%	
10	CAD	-	-	-	-	-	0.00%	20%	
11	GBP	115,908	115,908	-	-	-	0.00%	20%	
12	CNY	-	-	-	-	-	0.00%	20%	
13	KRW	-	-	-	-	-	0.00%	20%	
14	VND	-	-	-	-	-	0.00%	20%	
15	OTHERS	323,307	325,659	-	-	(2,352)	0.00%	20%	
	Total	851,213,502	851,213,502	176,270,881	176,270,881	-			

The details of the Central Bank's required provision following its mandatory provisioning requirements based on the prescribed credit classification of financial facilities are provided in the following table.

SCHEDULE 5 - CLASSIFICATION AND PROVISIONING FOR FINANCIAL FACILITIES

AS AT 31 DECEMBER 2018

	Financial facilities amount	The Central Bank requirement			Provision recorded by the Bank	Estimated collateral value	Over/(Under) provision amount
			Rate	Provision			
	US\$	Classification	%	US\$	US\$	US\$	US\$
Financial facilities	637,329,651	General provision	1%	6,373,296	6,373,296	2,028,998,699	-
Financial facilities	203	Special mention	3%	6	6	11,000	-
Financial facilities	-	Substandard	20%	-	-	-	-
Financial facilities	-	Doubtful	50%	-	-	-	-
Financial facilities	947,362	Loss	100%	947,362	947,362	2,741,000	-
Grand Total	638,277,216			7,320,664	7,320,664	2,031,750,699	-

SCHEDULE 6 - DETERMINATION OF CAPITAL BUFFER

AS AT 31 DECEMBER 2018

Tier 1 Capital Ratio		Minimum Capital Conservation Ratio (expressed as percentage of earning)
≥ MCR1 (7.5%) to (MCR1 + 0.625%)		100
> (MCR1 + 0.625%) to (MCR1 + 1.25%)		80
> (MCR1 + 1.25%) to (MCR1 + 1.85%)		60
> (MCR1 + 1.85%) to (MCR1 + 2.5%)		40
> (MCR1 + 2.5%)		0
THE BANK		
Specific rules applicable to the institution:		%
Minimum solvency ratio =		15
Minimum Tier 1 solvency ratio =		7.50
Capital conservation buffer (%) =		1.25
Countercyclical buffer (%) =		0
Buffer to be built	Amount in millions of KHR	as % of RWA
Capital conservation buffer	29,717	1.25
Countercyclical capital buffer	-	-
Total capital buffer	29,717	1.25
Tier 1 Capital	369,546	87.31
Tier 2 Capital	53,734	12.69
Total Capital (Net Worth)	423,280	17.80
Risk Weighted Assets - RWA	2,377,384	
Tier 1 capital needed for Minimum Solvency ratio	178,304	7.50
Available Tier 1 Capital for Capital Buffer	191,242	8.04
Additional Tier 1 Capital buffer to be built up	-	-
Minimum Tier 1 capital ratio + available Tier 1 capital for capital buffer		15.54
Minimum Capital Conservation ratio (expressed as percentage of earnings)		-

COMPUTATION OF OTHER RATIOS

AS AT 31 DECEMBER 2018

CAPITAL	(Amounts in US\$)
1 Equity to total asset (A/B)	11.06%
A- Equity	94,173,073
B- Total assets	851,213,502
2 Capital Tier I to total asset (A/B)	10.80%
A- Capital Tier I	91,972,711
B- Total assets	851,213,502
3 Capital Tier I to risk weighted asset (A/B)	15.54%
A- Capital Tier I	91,972,711
B- Risk Weighted Assets	591,683,319
4 Capital Tier I + Tier 2 to risk weighted asset (A/B)	17.80%
A- Capital Tier I + Tier 2	105,346,007
B- Risk Weighted Assets	591,683,319
5 Net Worth to total assets (A/B)	12.38%
A- Net worth	105,346,007
B- Total assets	851,213,502
6 Solvency Ratio (A/B)	17.80%
A- Net worth	105,346,007
B- Risk Weighted Assets	591,683,319
7 Debt to total asset (A/B)	88.94%
A- Total liabilities	757,040,429
B- Total assets	851,213,502
8 Debt to equity (A/B)	803.88%
A- Total liabilities	757,040,429
B- Equity	94,173,073
9 Dividend to net profit (A/B)	0.00%
A- Dividend	-
B- Net profit	11,265,170

ASSET QUALITY	(Amounts in US\$)
10 Banking reserve to total loans (A/B)	0.00%
A- Banking reserves	-
B- Total loans (gross)	540,795,422
11 Banking reserve to total assets (A/B)	0.00%
A- Banking reserves	-
B- Total assets	851,213,502

ASSET QUALITY	(Amounts in US\$)
12 NPL to total loan (A/B)	0.18%
A- NPL	947,362
B- Total loans (gross)	540,795,422
13 NPL to total asset (A/B)	0.11%
A- NPL	947,362
B- Total assets	851,213,502
14 Classified asset to total loan (A/B)	0.18%
A- Classified assets	947,362
B- Total loans (gross)	540,795,422
15 Classified asset to total asset (A/B)	0.11%
A- Classified assets	947,362
B- Total assets	851,213,502
16 Classified asset to total equity (A/B)	1.01%
A- Classified assets	947,362
B- Equity	94,173,073
17 Loan to related parties to total loan (A/B)	0.21%
A- Loan to related parties	1,160,313
B- Total loans (gross)	540,795,422
18 Large exposure to total loan (A/B)	4.93%
A- Large exposure	26,672,516
B- Total loans (gross)	540,795,422
19 Loan to related parties to net worth (A/B)	1.10%
A- Loan to related parties	1,160,313
B- Net worth	105,346,007
20 Large exposure to net worth (A/B)	25.32%
A- Large exposure	26,672,516
B- Net worth	105,346,007
21 General provision to total loan (A/B)	1.00%
A- General provision	5,398,478
B- Total loans (gross)	540,795,422
22 Specific provision to total loan (A/B)	0.18%
A- Specific provision	947,368
B- Total loans (gross)	540,795,422
23 Specific provision to NPL (A/B)	100.00%
A- Specific provision	947,368
B- NPL	947,362

24	All allowances to total assets (A/B)	0.86%
	A- Total all allowances	7,320,664
	B- Total assets	851,213,502
25	Loans to deposits (A/B)	79.43%
	A- Total loans to non-bank customers (gross)	540,795,422
	B- Customer's deposits	680,865,738

EARNINGS (Amounts in US\$)

26	ROA (A/B)	1.32%
	A- Net profit	11,265,170
	B- Total assets	851,213,502
27	ROE (A/B)	11.96%
	A- Net profit	11,265,170
	B- Equity	94,173,073
28	Gross Yield (A/B)	4.26%
	A- Interest income	36,280,263
	B- Total assets	851,213,502
29	Net Interest margin (NIM) to total asset ((A-B)/C)	2.87%
	A- Interest income	36,280,263
	B- Interest expense	11,882,105
	C- Total assets	851,213,502
30	Other Income (OTNC) = (A/B)	0.87%
	A- Other income	7,370,509
	B- Total assets	851,213,502
31	Provision to total assets (A/B)	0.87%
	A- Provision	7,320,664
	B- Total assets	851,213,502
32	Overhead (OHEAD) = (A/B)	1.75%
	A- Non-interest expenses	14,870,540
	B- Total assets	851,213,502
33	Net income/(losses) before tax (NIBT) = (A/B)	1.69%
	A- Net income/(losses) before tax	14,421,815
	B- Total assets	851,213,502
34	Tax to total assets (A/B)	0.37%
	A- Tax	3,156,645
	B- Total assets	851,213,502

35	Interest margin to gross income ((A-B)/C)	55.89%
	A- Interest income	36,280,263
	B- Interest expense	11,882,105
	C- Gross income	43,650,772

36	Non-interest income to gross income (A/B)	16.89%
	A- Non-interest income	7,370,509
	B- Gross income	43,650,772

37	Non-interest expense to Gross Income (A/B)	34.07%
	A- Non-interest expense	14,870,540
	B- Gross income	43,650,772

38	Time interest earned ((A+B)/C)	221.37%
	A- Income/(losses) before tax	14,421,815
	B- Interest expense	11,882,105
	C- Interest expense	11,882,105

LIQUIDITY (Amounts in US\$)

39	Liquid asset (A/B)	10.04%
	A- Liquid asset (less than 3 months)	85,466,614
	B- Total assets	851,213,502

40	Short-term Liabilities (A/B)	73.05%
	A- Short-term liabilities (less than one year)	621,827,691
	B- Total assets	851,213,502

41	Net Liquid asset ((A-B)/C)	-70.85%
	A- Liquid asset (less than 3 months)	85,466,614
	B- Short-term liabilities	621,827,691
	C- Total liabilities	757,040,429

42	Quick Ratio (A/B)	13.74%
	A- Quick assets (including cheque waiting for clearance amounting)	85,466,614
	B- Current liabilities	621,827,691

43	Deposit to total loans (A/B)	125.90%
	A- Total customers' deposits	680,865,738
	B- Total loans to non-bank customers (gross)	540,795,422





CORPORATE DIRECTORY



122 Branch Network 2018

124 Group Corporate Directory 2018

BRANCH NETWORK 2018



► BRANCH LOCATION

Norodom North Branch

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

Norodom South Branch

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

Preah Sihanouk Boulevard Branch

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

Mao Tse Toung Boulevard Branch

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

Olympic Branch

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

Toul Kork Branch

150F2D EOE1, Street 289, Sangkat
Boeung Kak I, Khan Toul Kork,
Phnom Penh

Phsar Hengly Branch

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

Bak Touk Branch

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

Tuek Thla Branch

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

Krong Preah Sihanouk Branch

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

Krong Siem Reap Branch

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

Krong Kampong Cham Branch

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

Krong Battambang Branch

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



► CIMB PREFERRED CENTRE

Norodom North

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

Norodom South

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

Olympic

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

Mao Tse Toung

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

Phsar Hengly

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

Bak Touk

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

Tuek Thla

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

Krong Siem Reap

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



➤ OFFSITE ATMs

Phnom Penh International Airport

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

AEON Mall

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

AEON Mall 2

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

Makro Mall

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

Exchange Square

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

Naga World

Samdech Techo Hun Sen Park, Phnom Penh

The Park Community Mall

National road #1, Sangkat Nirot, Khan Chbar Ampov, Phnom Penh

Bonna Business Center

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

Royal Inn

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

TK Avenue (Toul Kork)

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

PTT Gas Station

#230, Russian Boulevard, Sangkat Kakab, Khan Posenchey, Phnom Penh

EDEN Garden

Phnom Penh City Center (PPCC) Sangkat Sras Chork, Khan Daun Penh, Phnom Penh

Lim Long Gas Station

Dey Lo #9, Veng Sreng Boulevard, Sangkat Chom Chao, Khan Posenchey, Phnom Penh.

Total (Santhormok)

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

Total (Phnom Penh Thmey)

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

Total (Monivong)

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

Total (Road 271)

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

Cambrew (Preah Sihanouk Province)

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

Angkor Market (Siem Reap Province)

National Road 6, Sangkat Svay Dongkum, Krong Siem Reap, Siem Reap

GROUP CORPORATE DIRECTORY 2018

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

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Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
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Fax : 603 2261 8899
Website : www.cimb.com

CIMB BANK BERHAD
CIMB ISLAMIC BANK BERHAD

Menara Bumiputra-Commerce
11 Jalan Raja Laut
50350 Kuala Lumpur
Malaysia
Tel : 603 2619 1188
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TOUCH 'N GO SDN. BHD.

Tower 6 Avenue 5
Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
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Tel : 603 2714 8000
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PT BANK CIMB NIAGA TBK

Graha CIMB Niaga, 16th Floor
Jl. Jend Sudirman Kav. 58
Jakarta 12190
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Tel : 6221 250 5252
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**CIMB THAI BANK PUBLIC COMPANY
LIMITED**

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SINGAPORE BRANCH

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LONDON BRANCH

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CIMB BANK BERHAD
SHANGHAI BRANCH

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CIMB BANK BERHAD
HONG KONG BRANCH

25th Floor, Gloucester Tower
The Landmark
15 Queen's Road, Central
Hong Kong
Tel : 852 2586 7288
Fax : 852 2556 3863
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CIMB THAI BANK PCL
VIENTIANE BRANCH

010 Lanexang Avenue
Unit 2 Ban Hatsadi
Chanthabury District
Vientiane, Lao PDR
Tel : 856 21 255 355
Fax : 856 21 255 356
Website : www.cimbthai.com

CIMB BANK (L) LIMITED
CIMB BANK BERHAD
LABUAN OFFSHORE BRANCH

Level 14(A), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 W P Labuan
Malaysia
Tel : 6087 597 500
Fax : 6087 597 501
Website : www.cimb.com

CIMB INVESTMENT BANK BERHAD
BRUNEI BRANCH

14th Floor, PGGMB Building
Jalan Kianggeh
Bandar Seri Begawan BS8111
Brunei Darussalam
Tel : 673 224 1888
Fax : 673 224 0999
Website : www.cimb.com

CIMB BANK PLC

20AB Corner Preah Norodom
Boulevard & Street 118
Sangkat Phsar Chas
Phnom Penh 12203
Kingdom of Cambodia
Tel : 855 23 988 388
Fax : 855 23 988 099
Website : www.cimbbank.com.kh

CGS-CIMB SECURITIES
INTERNATIONAL PTE. LTD.

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BROKERS SDN. BHD.

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CIMB COMMERCE TRUSTEES
BERHAD

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CIMB-MAPLETREE MANAGEMENT
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CMREF 1 SDN. BHD.

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CIMB-PRINCIPAL ISLAMIC ASSET
MANAGEMENT SDN. BHD.**

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iCIMB (MSC) SDN. BHD.**

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Bandra (East)
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91 80 9700 1570
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