

# FUTURE → FORWARD



CIMB BANK PLC  
ANNUAL REPORT 2019

**P10 Outstanding Performance**  
Exceeding the Bank's target with PBT of \$22.86 million, a 40% YoY growth.

**P62 Giving Back to Communities**  
Conducting CSR programmes including healthcare, education, social and environmental issues.

**P16 International Award**  
Winning "Cambodia's Best International Bank" Award for two consecutive years.

The infographic features a central image of a diverse group of people in a city setting. A man in a suit and a woman in a red dress are standing on the left, holding shopping bags. A man in a white shirt and red tie is sitting on a bench, looking at a smartphone. A woman in a white sleeveless top is sitting next to him, also looking at a smartphone. A woman in a white dress is standing on the right, holding a young girl's hand. The background shows a city skyline with various buildings and a bridge.

CUSTOMER  
CENTRICITY

TECHNOLOGY  
& DATA

OUR PEOPLE

VENTURES &  
PARTNERSHIP

SUSTAINABILITY

TRANSFORMING TO BE THE REGIONAL BANK OF CHOICE



Operating across  
**10 ASEAN countries**  
and beyond



Having around  
**35,000 staff**

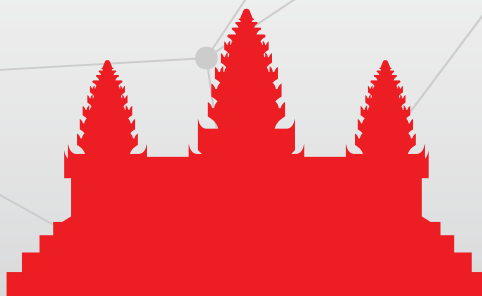




Having over  
**700 retail  
branches**



Serving more than  
**15 million  
customers**



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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 14 branches with 11 cash deposit machines, 10 cheque deposit machines and 39 ATMs across five major cities: Phnom Penh, Siem Reap, Preah Sihanouk, Battambang and Kampong Cham.

We currently serve more than 35,000 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, corporate & transaction banking and financial institution group.

As of December 2019, the Bank employed over 400 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, wholesale banking, Islamic banking, wealth management and digital payment products and services. It is the fifth largest banking group by assets in ASEAN and, as at the end of 2019, had around 35,000 staff and over 15 million customers.

CIMB Group Holdings Berhad has been listed on the Main Market of Bursa Malaysia since 1987 and has market capitalisation of RM51.1 billion as at 31 December 2019. Total assets at the end of 2019 were RM573.2 billion, with total shareholders' funds of RM56.2 billion and total Islamic assets of RM133.5 billion. At the end of 2019, the substantial shareholders were Khazanah Nasional Berhad with 23.77%, Employees Provident Fund with 12.67%, Permodalan Nasional Berhad with 12.20% and Kumpulan Wang Persaraan (Diperbadankan) with 5.90%.



# 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, Customer Obsessed, High Performance, Integrity, Diversity and Inclusion and Agility. 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:


AT CIMB BANK  
CUSTOMERS ARE  
THE FOCUS OF  
EVERYTHING  
THAT WE DO




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.

## OUR VALUES

				
<b>CUSTOMER OBSESSED</b>	<b>HIGH PERFORMANCE</b>	<b>INTEGRITY</b>	<b>STRENGTH IN DIVERSITY</b>	<b>AGILITY</b>
We are here for our customers, to ensure they’re happy and satisfied.	We always strive to go above and beyond in everything we do.	We’re always honest, responsible and accountable in everything we do. Be vigilant, be alert, be thorough.	We believe everyone has something to contribute, regardless of race, gender or opinions.	We must respond quickly to change and be problem solvers.

## MESSAGE FROM THE CHAIRMAN



CIMB recognises that 2019 posed challenges for the world, with a protracted trade war, increasingly protectionist policies and uncertainty over the impact of Brexit. But despite these developments, Cambodia remains resilient to a global economic slowdown. While growth in Cambodia decelerated marginally to 7% in 2019 compared with the impressive 7.5% of 2018, this remains above regional competitors such as Vietnam, Indonesia, Thailand and Malaysia.

With the population estimated at almost 16.5 million, boasting a median age of just 25-years-old, Cambodia enjoyed \$2.8 billion in FDI flows in 2019, a growth of 12% compared to 2018. The Kingdom continues to attract investors with a consistent liberal trade regulatory environment and a strategic geographical location in the heart of ASEAN. Political and economic stability fueled growth in Cambodia's most significant sectors including construction, property, transportation and telecommunications, along with steady growth in the garment industry, the non-garment industry and the service sector.

Recent economic and political developments have cast doubt on Cambodia's ability to achieve its ambition on becoming an Upper Middle Income country by 2030 and a High Income country by 2050. Nevertheless, CIMB stands behind the Cambodian people and will play our role in assisting the Royal Government of Cambodia to fulfil these ambitions.

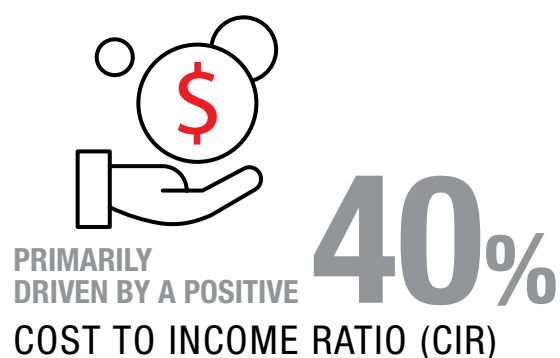
It is upon this commitment that CIMB Cambodia's values are founded and we shall continue to work to retain our position as a key engine of economic growth in the Kingdom. CIMB views its operations in Cambodia as having long-term aspirations. We hope to see the positive impact of our involvement in the development of the financial sector here and within the region. As Cambodia's economic landscape has grown, so too have the needs of our customers – businesses small and large, as well as individuals. Thus we have worked tirelessly to ensure that the services we offer can help to provide the financial future that all Cambodians deserve and desire.

CIMB has positioned itself as a market leader within Cambodia, providing insightful, timely advice and guidance to an extensive range of clientele in our updated facilities across the Kingdom. In 2019 we inaugurated our Personal Loan team to meet the growing demand for personal consumption loans among the burgeoning Cambodian middle class. Similarly, we rolled out an attractive series of Home Loans, Auto Loans and Personal Loans over the course of the past year.

The success of these new products and our continued dedication to providing quality services in Cambodia is reflected by another consistently strong performance financially, with profits before tax of \$22.86 million – equivalent to a 40% growth YoY and among the top performers among the CIMB group.



“ We hope to see  
**the positive impact**  
of our involvement in  
the development of  
the **financial sector**  
here and within the region.



CIMB Cambodia recorded our highest ever profits before tax of \$22.86 million, up from \$16.32 million in 2018, representing an improvement of 1.4 times YoY. This was primarily driven by a positive 40% Cost to Income Ratio (CIR). CIMB Cambodia witnessed a 29% YoY growth in loans, rising to \$696 million and 16% growth in deposits rising to \$791 million.

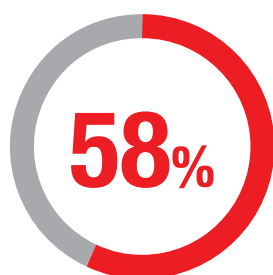
Looking back at performance over 2019, Commercial segment contributed 58% of the Bank's net loan growth continuing the trajectory from 2018 and our new business segment, Financial Institution Group (FIG) exceeded its loan growth target at 79%. Meanwhile, Consumer business delivered 60% of the Bank's total deposit and increased of 13% YoY. Our Corporate division maintained its momentum, capturing market share of both local and regional corporates, achieving a deposit growth of 56% YoY. Throughout the course of 2019, CIMB Cambodia is proud to have complied with all regulations astutely set out by the NBC – including meeting the standards for keeping 10% of our loans in Khmer Riel and maintaining an NPL ratio of 0.15%, which remains among the lowest in the banking industry.

CIMB attributes these achievements to the earnest professionalism of its staff and the core values that underpin CIMB's approach to doing business in Cambodia that enable continuous staff development. In 2019, CIMB conducted 16,000 hours of professional development covered a broad range of hard and soft skills including sales and service excellence, credit assessment, risk management, compliance-related requirements and system and process related awareness. This in-house training was provided to our 100% Khmer workforce as a means of ensuring Cambodia's banking sector has the skills it needs to meet international standards.

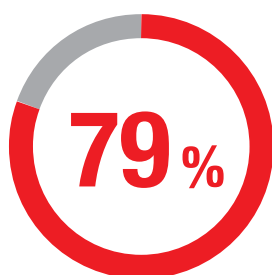
Perhaps this goes some way to explain why CIMB went on to be awarded "Cambodia's Best International Bank" again in 2019 – our second consecutive year of being recognised for the excellent service we are proud to offer to the Kingdom of Cambodia. We were awarded this prestigious accolade again on account of our deep commitment to the core CIMB values and our rapid response to the changing needs of consumers throughout the country.



**COMMERCIAL  
SEGMENT CONTRIBUTED  
58% OF THE BANK'S  
NET LOAN GROWTH**



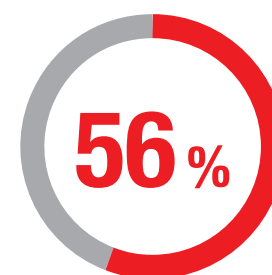
**FINANCIAL  
INSTITUTION GROUP (FIG)  
EXCEEDED ITS LOAN  
GROWTH TARGET AT 79%**



**CONSUMER BUSINESS  
DELIVRED 60%  
OF THE BANK'S TOTAL  
DEPOSIT**



**CORPORATE DIVISION  
MAINTAINED ITS  
MOMENTUM, ACHIEVING  
A DEPOSIT GROWTH  
OF 56% YOY**



Understanding our customers and the changing monetary landscape of Cambodia has seen CIMB roll out our online banking platform and mobile app. While the app continues to develop, initial deployment has allowed business owners access to local accounts and CIMB business accounts throughout ASEAN. We eagerly anticipate the second stage and aim to continue developing as a bank to deliver a wide range of exciting banking services for the convenience of all new and existing business partners.

While innovation and customer service remain at the heart of what we do, CIMB also believes strongly in playing a role in the development of Cambodia – for this we prefer to look beyond the economic contributions to society we make. Over the course of 2019, CIMB cemented its place as a business committed to Cambodia, with our CSR programmes ranging across healthcare, education, social and environmental issues, because – like any business, CIMB is made of people.

We recognise the value that people bring to our organisation – as such, CIMB hosted two days for blood donation in Phnom Penh last April and October. Similarly, CIMB was only too happy to donate food and educational materials to Siem Reap's orphanage centre, as well as providing medical equipment to provincial hospitals in rural Cambodia and Phnom Penh. CIMB also understands that nature, our most precious

asset of all, must be protected and subsequently we felt it fitting to organise a tree planting day in July 2019 in Kampong Speu as our way of giving back.

These are just small elements of the comprehensive CSR programme operated by CIMB, but they reflect our values and are but a small token of our gratitude towards Cambodia. I would like to offer, on behalf of CIMB's board of directors, managerial team and entire staff, my profound gratitude and support to the Royal Government of Cambodia, the National Bank of Cambodia and the many, many clients who have supported us, trusted us and grown with us over the course of 2019. We can but hope that 2020, with its mix of challenges and opportunities, will provide another year of development for Cambodia's banking and financial sector that bestows growth and prosperity for all.

A handwritten signature in black ink, appearing to read 'Mohd Nasir Ahmad'.

**Datuk Mohd Nasir Ahmad**  
Chairman

## PERFORMANCE REVIEW BY CHIEF EXECUTIVE OFFICER

### 2019 OPERATING ENVIRONMENT

Having consistently stimulated GDP growth of 7% annually for over a decade, Cambodia is well positioned to capitalise on its geographic location in the heart of ASEAN. This advantage, further extended by liberal economic policies, has fostered a growing middle class, with poverty rates estimated to have fallen to below 10% in 2019, while unemployment remains low at 1.1% according to the Asian Development Bank.

Despite a mild deceleration of economic growth, from 7.5% in 2018 to 7% for 2019, Cambodia's economic activity remained healthy over the course of last year, even overcoming a range of unprecedented challenges posed to key industries.

The Kingdom's banking sector enjoyed healthy growth too, with the NBC listing 47 commercial banks, 15 specialised banks, seven microfinance-deposit taking institutions, 76 microfinance institutions, 245 rural credit operators, 15 leasing companies and 21 payment service providers throughout Cambodia in 2019. This growth was reflected by

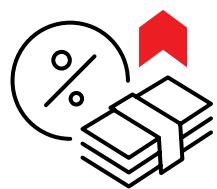
total assets in the banking and microfinance sector at the end of 2019 reaching \$51.4 billion, an increase of 23.4%. By end of 2019, the banking system's assets had increased to 190% of GDP.

The National Bank of Cambodia (NBC) reported \$32 billion in outstanding loans by the end of 2019 across some 3.1 million borrowers. The National Bank of Cambodia (NBC) reported domestic assets to be stable throughout 2019, while domestic credit increased by 21% showing a growing appetite and increased opportunities for the banking sector in Cambodia. The net domestic assets of the banking sector increased marginally by 0.5% to KHR 34,856.1 billion, approximately \$8.56 billion total. While the NBC reported that foreign assets held in Cambodia's banking sector increased 26% and foreign liabilities increased 25%, totaling KHR 69,443.2 billion, roughly 17 billion. Cambodia's inflation rate dropped from 2.5% in 2018 to 2.2% in 2019 according to the ADB, placing it among the lowest in the region.

**PROFITS  
BEFORE TAX  
\$22.86  
MILLION**

**FORWARD23**  
OUR NEW PURPOSE STATEMENT,  
**'ADVANCING  
CUSTOMERS AND  
SOCIETY'**

**NPL RATIO  
0.15%  
AMONG THE LOWEST  
IN THE BANKING  
INDUSTRY**



**29%** YOY GROWTH  
IN LOANS  
**\$696 million**



**16%** GROWTH IN  
DEPOSITS  
**\$791 million**

“ We fought hard to maintain our position as a **Top 10 bank** in terms of Loan and Deposit and our efforts were rewarded, given that CIMB Cambodia now joins the Top 3 banks for profitability.





## OUR PERFORMANCE IN 2019

There's no denying that 2019 presented challenges, but CIMB is proud to have come through with another incredible year. Winning "Cambodia's Best International Bank" award for a second year running was certainly a highlight, but it was rounded off by another impressive year of growth. With profits before tax soaring to \$22.86 million in 2019, CIMB Cambodia outperformed the majority of the group with a 40% jump up from \$16.32 million in 2018. This represents a 1.4 times year-on-year growth and is to date our best result. This is an exemplary performance and one that reflects the efforts of all CIMB Cambodia's dedicated staff. Similarly, CIMB Cambodia recorded a 29% YoY growth in loans totaling \$696 million as well as a 16% YoY growth in deposits which grew to \$791 million. In short, 2019 highlighted the sustainable and healthy growth of our loans and deposits.

CIMB Cambodia has worked tirelessly throughout 2019 to promote loans in Khmer Riel in accordance with the NBC's regulations and we once again met the requirements of keeping 10% of our loan book in KHR – no small feat considering we were sitting at 2% at the end of 2018. We did this while simultaneously maintaining our NPL ratio at 0.15% – another promising achievement.

We fought hard to maintain our position as a Top 10 bank in terms of loan & deposit and our efforts were rewarded, given that CIMB Cambodia now joins in the Top 3 banks for profitability. We can attribute this in part to a 20% YoY increase in operation volume, as of November 2019 and a strong 15% increase in our customer base this year.

We are proud to announce the launch of new products and services across 2019 to ensure the needs of our loyal customers were met. It was in this spirit that we opened our new mini branch in Exchange Square Mall, Phnom Penh, but we are especially proud of our new Personal Loan division, who were established to better fulfil the needs of the Cambodians we proudly served. Similarly, CIMB Cambodia recently launched our online banking system, allowing greater flexibility for an increasingly digitally savvy nation when it comes to managing their finances. This has been complemented by the roll out of our mobile banking app, which we expect to be fully operational in the coming year.

## OUTLOOK FOR 2020

Globally, 2020 poses a number of threats and challenges to the world's economy. Between drawn out trade wars, an ongoing pandemic and the potential for an economic downturn, there remain significant difficulties for Cambodia and indeed the world in 2020. While the country's GDP growth is forecast at 6.8% – such forecasts were made before the novel coronavirus pandemic and may well need to be adjusted to reflect the disruption being experienced globally. Tourism and the garment industry were the backbone of the economy; we observed a 14% YoY decrease of international tourists, while the garment industry is facing some challenges owing to relocation of companies to more competitive production markets like Vietnam and Bangladesh. However, with increased liquidity looking likely from the NBC and strong potential for FDI inflows, it is likely that Cambodia – with its strong regulatory resilience – will weather this storm.

Upon reflection, 2019 was an unprecedented success; CIMB Cambodia demonstrated healthy growth in all areas of the business and highlighted the entire company's commitment to our Forward23 targets. Doubtless 2020 will pose new challenges and developments for both CIMB and Cambodia, but I remain confident that we can build on the momentum of 2019 and all of the hard work that came before. As such, an adherence to our core values will be key for us to meet our 2020 targets – over the course of the coming year, we aim to grow our PBT by 21% and build on the prosperity we created last year. Through continuous customer experience development, we have set ourselves a target of growing our loans portfolio and deposits by 17% and 15% respectively, all the while maintaining our low NPL rate which we hope to see fall to 0.75% by the end of 2020. One key area of focus to help us reach these targets will be our IT systems, with a major tech refresh scheduled for early 2020 we will embrace the future and further bring our core infrastructure in line with expectations.

It is our cohesive sense of cooperation, dedication and adaptability that gives me such confidence. For all the challenges that 2020 may bring, it will also mark our 10th anniversary of operating in Cambodia. Looking back at how far we have come in those 10 years gives me an abundance of hope for the next decade and all of the exciting developments that await.



# FORWARD23 GOALS

Forward23 is our mid-term strategic roadmap covering the period 2019 - 2023. The strategy reflects the Group's strong commitment towards sustainable value creation for our stakeholders and this is reflected by our new purpose statement, 'Advancing Customers and Society'.

For the year in review, the following 5 strategic pivots – Customer Centricity, Sustainability, Ventures & Partnerships, Technology & Data, and our People.



## Customer Centricity

Over the last few years, we have worked on strengthening our Customer Experience (CX) framework and culture in the effort to become a customer-centric organisation.

With Customer Experience (CX) now entrenched as a core CIMB culture, the wider more-expansive Customer Centricity pillar was added as a Forward23 focus. This pillar focuses on enhancing the customer journey to remove any existing or potential roadblocks, simplifying processes from on-boarding to completion, and providing a differentiated customer proposition.



## Sustainability

Sustainability is part of our core Forward23 strategy. Sustainable action demonstrated at CIMB speaks of our commitment to creating positive impacts through our day-to-day business. Our key focus is on promoting sustainable practices in our operations and processes group-wide. CIMB Cambodia is taking all necessary steps to align with the Group's new core area which is to ensure that economic, environmental and social (EES) considerations are integrated into our risk assessment and management strategies.



## Our People

A conducive work environment goes a long way in improving staff productivity. We have been working with Group Human Resource division and drive continuous employee engagement initiatives to encourage participation via projects, workshops and events. With the Forward23 target of achieving 30% of employees to be 3D-enabled, various arrangements, programmes and exercises have been launched. This is to strengthen the staff digital knowledge and capabilities to ensure improved competency and productivity.



## Ventures & Partnerships

In the next few years, stronger efforts will be made to drive CIMB Group's future-proofing agenda, ensuring relevance, longevity and sustenance of the banking group in the long run. In 2019, we established our Group Ventures and Partnerships division to drive all strategic partnerships across business lines and explore strategic joint ventures.



## Technology and Data

Shaping the future of the industry, technology in banking is rapidly evolving with the emergence of new business models, hybrid industry players and raised customer expectations. To support our pursuit to future-proof the Group and redefine our position in this disruptive environment, the Group is undergoing a multi-year technology and data transformation to drive greater resiliency, speed and differentiated digital solutions. This leaves me to thank from the bottom of my heart everyone who has played a part in what has been another fantastic year for CIMB. Allow me to extend my sincerest gratitude to our loyal customers, our board of directors, the tirelessly diligent Cambodian managerial staff, as well as the entire CIMB family. Of course, I offer our profound thanks to the Royal Government of Cambodia, the National Bank of Cambodia and to the Kingdom as a whole for the support, guidance and trust they have offered CIMB. We step forth into 2020 with bold new plans for the prosperous development of CIMB Cambodia, its customers and for Cambodia itself.

**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.

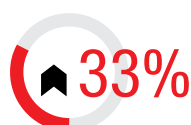
### FINANCIAL PERFORMANCE AND KEY INITIATIVES IN 2019



**40%**  
LOANS UNDER  
COMMERCIAL  
BANKING

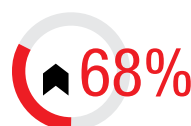


**5%**  
DEPOSITS UNDER  
COMMERCIAL  
BANKING



**33%**  
TOTAL  
OPERATING  
INCOME

In 2019, Commercial Banking had a total of 42 personnel, comprising sales and credit review. With the focus on improving knowledge and experience transfer and creating a clear path of career progression, various programmes 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.



**68%**  
CURRENT ACCOUNT/  
SAVINGS ACCOUNT (CASA)  
RATIO

ENDING 2019 WITH AN  
**IMPAIRED  
LOANS**  
RATIO OF ONLY **0.17%**

We were also able to leverage on CIMB Group's regional network for a two-way referral 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 2020

With our strong foundation and continuous improvement of staff competency, we strongly believe that we will deliver good result for 2020 maintaining good assets quality. Though there are challenges internally and also globally, we expect Cambodia will maintain good economic growth in 2020 providing more business opportunities for SMEs and corporate entities.

In 2020 we will further improve our processes 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 & 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 50% of total employees in the Bank. It serves a wide range of customers via a growing suite of products and services. Consumer Banking consists of 4 key departments, branch distribution, preferred banking, consumer lending and credit card.

### 2019 KEY ACHIEVEMENTS

2019 was one of the great years for consumer banking. In overall, Consumer Banking achieved all the key performance matrix including financial and non-financial target and at the same time, we maintained our track record of very low impaired loans.

#### Highlights of Key Achievements



Growth in Deposits by **13%**  
y-o-y from 2018



Growth in Consumer loan by **21%**  
y-o-y from 2018



Growth in Consumer Banking PBT by **26%**  
y-o-y from 2018



Roll out attractive campaign offering to Home Loans, Auto Loans and Personal loan



Personal loan team was set up to fulfill personal consumption loan demands.



Upgrade and modernise several branches in Phnom Penh



Centralise branch-based compliance-related activities to build better competencies and to improve consistency

Our employee development programme is always one of the Bank's top priorities. With support from the personnel development team, 16,000 training hours have been conducted smoothly. These 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 2020

Some key initiatives will be implemented to improve our customer service and drive our business results.

**In summary, our plans for 2020 will focus on the following areas:**

- Expand our channels through partnership programmes
- Continue to roll out innovative offerings.
- Set up tele sale to offer convenient channels to serve customers.
- Improve Customer Experiences and Engagement via better turnaround time for some key processes.
- Continuously improve and develop staff skillsets
- Revamp our branches to raise CIMB's image and deliver better service for all customers

## CORPORATE, TRANSACTION BANKING & FINANCIAL INSTITUTION GROUP



The Corporate Banking, Transaction Banking (CTB) and Financial Institution Group (FIG) Division is responsible for CIMB Bank's relationships with local and multinational corporates, financial institutions and CIMB Group's global corporates who are operating in Cambodia. The Division's scope includes funding, trade financing, cash management, transactional service delivery as well as product innovation.

### 2019 IN REVIEW

According to the World Bank, Cambodia continued its robust economic growth in 2019 despite global and regional weakness in trade and investment with real growth projected to be around 7%, making it the fastest growing economy in the East Asia & Pacific region. It is supported by strong exports, boom in construction and domestic investment. In the financial sector, the country sustained an accommodative monetary policy and prudent fiscal discipline as a result of the rapid increase in the government's revenue collection and its prudent expenditures. Also, the pace of dollarisation slowed down.

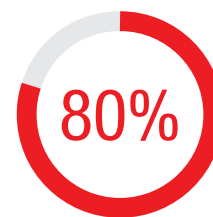
At CIMB Cambodia, the Corporate and Transaction Banking (CTB) unit managed to deliver another successful year. Interest income and non-interest income increased by 30% and 72% respectively, with zero NPL and CASA ratio at 80%. This was achieved through a combination of improving and innovating service 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 understanding of our clients' business evolution and their growth strategies, beyond the traditional offerings of products and services. We strive to capitalise 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.



INTEREST INCOME AND  
NON-INTEREST INCOME INCREASED BY  
**30% AND 72%** RESPECTIVELY

**ZERO NPL  
AND CASA RATIO**



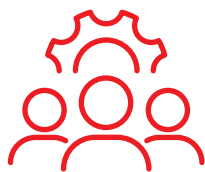
Financial Institution Group (FIG) is a new business for CIMB Cambodia due to the increasing significance and growth of financial institutions in Cambodia including microfinance institutions. Its main scope is to provide liquidity and funding to financial institutions in country.

### 2020 OUTLOOK

Looking to 2020 and beyond, however, the prolonged trade tension and the outbreak of COVID-19 could present major headwinds for the global economy as a whole. The government took significant measures to soften any negative impact of regional competition, partial loss of EBA as well as the slowdown of tourism as result of the virus outbreak. The measures include improving productivity, tax incentives, investment in public infrastructure.

CIMB Cambodia is looking forward to playing its role to support our clients need and continue their growth momentum. We will continue to innovate in order to meet the requirements of modern banking, risk management and technological security. At the same time, our main commitments will continue to be adherence to prudent 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, value each individual staff who has contributed to CIMB Bank PLC as it is today. ”

**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.

**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 KPIs entail compliance and governance elements and linkage between performance and rewards. On top of KPIs, we embrace the culture of ongoing performance conversations across the organisation to ensure our people are on track and be able to be received prompt support in order for them to achieve higher performance.

**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 programmes such as Leadership Sharing Session, Tuesday Chat with staff, Team Building, and Staff Gala Dinner to name a few. We run a yearly bank-wide Internal Customer Satisfaction Survey to allow our staff to share their voices to bring the organisation to the next level. We inculcate the mindset of open culture to bring improvement and betterment in the workplace. We believe that Engaged Employees Are Productive.

**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.

**CIMB  
BANK PLC  
IS  
A PLACE**

## FINANCE



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 2019

2019 was the first year of adoption of the Cambodia International Financial Reporting Standard (CIFRS) for CIMB Bank PLC as well as the whole financial industry. It was a challenging financial year for the team to implement CIFRS. We leveraged on CIMB Group's expertise and practices for the adoption CIFRS including framework and financial modeling.

The first time adoption of CIFRS on the 1st January 2019 required a continuing close monitoring and review on the bank's policy and procedure to ensure both regulatory compliance as well as best practice. The finance team has worked with the IT team and Group Finance 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.

With an introduction of the regulatory conservation capital buffer and countercyclical capital buffer; we have issued two additional subordinated debts amounting to USD 30 million as a 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.

In line with CIMB Group's 5-year strategic plan, Forward23, we have been working closely with CIMB Group for several initiatives under CIMB Bank PLC. These initiatives are being 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 sizable in the market, best in terms of service quality, and a preferred employer.

### OUR PLANS FOR 2020

Fine-tuning the implementation of CIFRS from the framework, financial modeling, toward the reviewing the bank's policy and procedure will remain the key focus for finance team in 2020 to ensure regulatory compliance and in line with CIMB Group reporting practice.

Regulatory capital management will be more and more critical for 2020 with the adoption of CIFRS in addition to the regulatory conservation capital buffer and countercyclical capital buffer implemented in 2019. 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 2020 and beyond.

Forward23 will be a continuing journey and with a local steering committee has been formed. On going tracking, monitoring, and reporting for each project and initiative will be key focus areas for 2020 toward 2023. The team is continuing to work closely with our Group counterpart for guidance, supports, as well as ensuring the completion of projects and initiatives.

New Prakas is going to be issued for corporate income tax. Adopting these will pose a challenge in 2020 as we work with our counterparts, implement internal processes across the division/department/unit, tax declaration, etc. Following the adoption of CIFRS for banks and FIs, the new taxation guideline will be a blueprint for tax filing and declaration.

The implementation of Value-Added-Tax (VAT) will remain in our work plan for 2020. This 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.



## COMPLIANCE



Compliance Division is responsible for ensuring all departments as well as all employees in the Bank aware of their responsibilities and impact of the applicable regulations. Its main roles are related to the monitoring and advising business and support units to ensure they are in compliance with the applicable regulations and internal guidelines.

On monitoring side, the Division performs onsite compliance reviews and regulation self-testing validations to ensure that their processes and procedures are in compliance with all relevant laws, regulations and internal guidelines. The Division drives active participation of various projects working team in meeting the Bank's responsibilities towards regulations such as the Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT), Law on Banking and Financial Institutions, the US Foreign Account Tax Compliance Act (FATCA), and other regulations.

Compliance Division acts independently from business operation and directly report to the Board of Directors who oversees and approves the annual compliance work plan proposed by Compliance Division. Based on 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 2019

In 2019, Compliance Division performed onsite compliance reviews for 9 units. The Division also completed the gap analysis on the existing regulations for 9 units, and off-site AML/CFT review 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 the 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 annual basis. In 2019, Compliance Division conducted a total of 24 classroom courses attended by 205 employees.

COMPLIANCE DIVISION  
CONDUCTED A TOTAL OF



24

**CLASSROOM COURSES**



205

ATTENDED BY  
**EMPLOYEES**

### PLANS FOR 2020

The initiatives on AML Automated System and revision of the customer risk profiling framework are priorities for Compliance Division in 2020. The Division will also continue to perform the on-site compliance review and the off-site AML/CFT review for all branches. The Division will continue to improve the training and awareness programme on AML/CFT and compliance policies and procedures.

## 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.



### 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 framework as a pro-active credit risk management tool that identified deteriorating credits at early stages, thereby minimising 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 RC on monthly basis. Deteriorating portfolios are identified, analysed 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.

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 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.



## 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.

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.

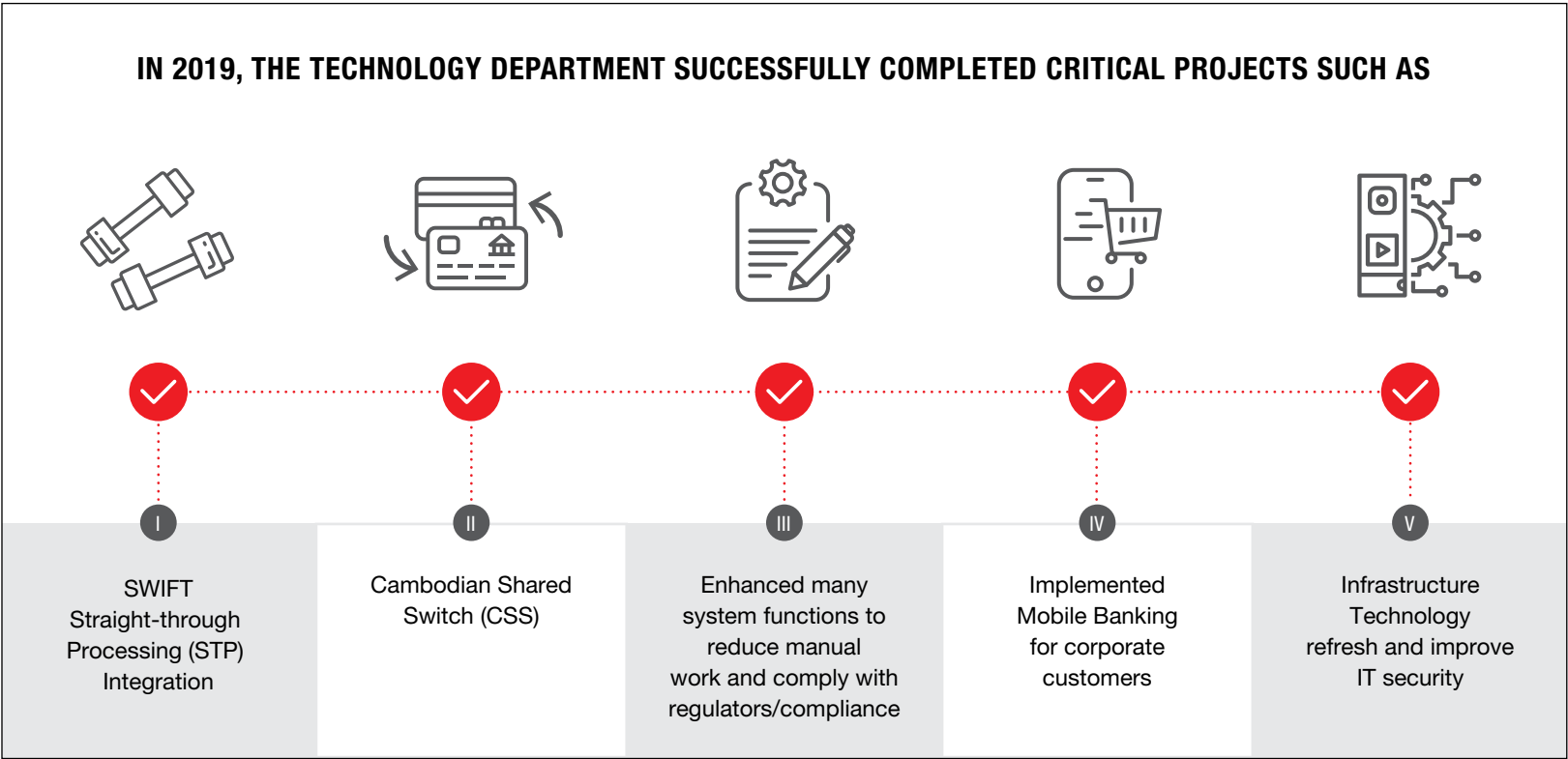
# TECHNOLOGY & OPERATIONS



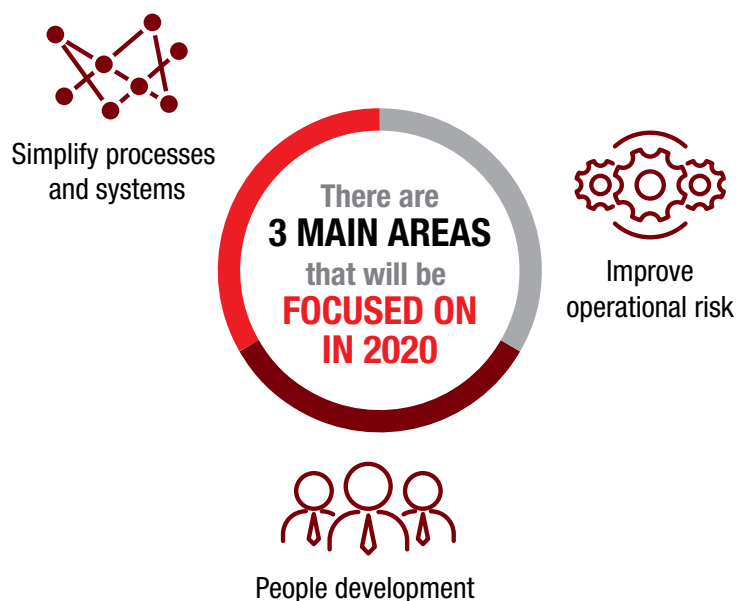
Technology & Operations Division (TOD) operates across the Bank, enabling operations and delivering Information Technology (IT) services. The operating model is in line with CIMB Group Technology (GT) and Group Operations (GO). TOD reports to the local management of CIMB Bank PLC and has a matrix reporting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

## TECHNOLOGY

The Technology Department, provides all IT services to support business users (BU), manage all IT projects, maintain existing IT infrastructure and applications, build in-house systems to support business and internal control, monitor whole IT system security. In 2020, the Technology Department will focus on Technology Refresh (Hardware & Software), invest more on IT security and IT infrastructure, and implement new IT systems to support business’s growth like Anti-Money Laundering (AML) system, Mobile Banking for consumer, and Host-to-Host Integration. Moreover, IT governance will be enhanced to comply with the Technology Risk Guidelines issued by the National Bank of Cambodia.







## 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 main responsibilities of Operations Department include local/international remittances, trade finance, inward/outward cheque clearing, self-service terminal (SST) management, centralised cash management, internet banking and payroll fulfilment, treasury operations, full lending operations and other payment services. In 2019, the Operations Department completed several projects and improvements such as (i). support to complete SWIFT STP and CSS projects, (ii). simplify processes and reduce manual works, (iii). fully met SLA as agreed with BU, (iv). Improve LED and audit rating.

**The expectations from our key strategies are improving customer experience (CX) and working efficiency.**

## RISK GOVERNANCE

Risk Governance Team (RGT), functions as an independent review team within TOD 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 2019, there were four (4) significant planned-projects, conducted by RGT. We proposed a long-run mitigation plan, strategic plan to strengthen and uphold the division's compliance programmes and for audit readiness in the aspects of risk and governance within TOD.

RGT took the lead and acted as a Single Point of Contact (SPOC) to facilitate and coordinate the 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. In 2019, RGT had completed six (6) planned-projects for Data Governance and at least two exercises were carried out across the Bank, such as (i). Data Classification (DC) and Data Labelling (DL) and (ii). Business Glossary (BG) and to fulfil 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 local and foreign exchange (FX) transactions for both Spot and Forward value dates, foreign currency deposits and remittance payment services. Treasury & Markets also oversees funding the Bank to ensure sufficient liquidity with optimal cash flows for the Bank and to diversify funding sources by maintaining relationships with other banks in the market.

### 2019 IN REVIEW

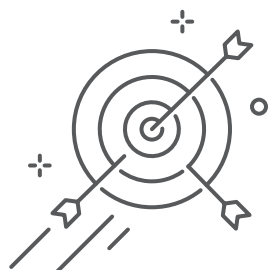
In line with Cambodia's expected strong economic growth momentum and an increasing trend of foreign capital inflows in 2019, Treasury & Markets achieved its financial year targets in both Money Market and FX sales business, these rising commensurately with the Bank's other businesses. We operated in 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 & Markets 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 and tested together with the Risk Management Division to anticipate and address any new potential funding issues.

### 2020 OUTLOOK AND STRATEGY

Cambodia starts 2020 with more challenges as compared to 2019 mainly because of high uncertainty of withdrawal of Everything but Arms (EBA) preference by the European Union and slower growth effects from the US and China trade war. Notwithstanding, we believe that significant Treasury business opportunities will continue arising from the inflow of foreign investments and remaining strong demand for Cambodia's principle exports – garments, footwear, rubber, rice and other commodities given that the exports market share from Cambodia is still considered small as compared to other countries in the region. More importantly, the National Bank of Cambodia tends to continue requiring commercial banks to comply with 10% Khmer Riel (KHR) lending and that will continue pushing the increase in KHR utilisation and FX volumes in Cambodia banking space.

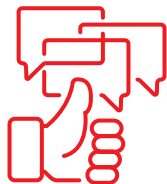
Our Treasury Funding desk will also continue to deepen its capabilities while simultaneously broadening its network of Financial Institution (FI) counterparties. We will continue to annually review and update the Bank's Contingency Funding Plan to cater for a rapidly evolving environment, and to fully 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 and payment service, in line with the National Bank of Cambodia's requirement.



## TREASURY & MARKETS HAD ACHIEVED WELL

ITS FINANCIAL YEAR  
TARGET BOTH MONEY  
MARKET AND FX SALES  
BUSINES

## 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.

### 2019 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 2019, Marcomm spearheaded respective corporate events and activities for both affluent and emerging affluent customers. We organised Customer Day at all branches nationwide as part of Customer Experience programme to engage customers more closely and demonstrate the Bank's appreciation to their continued support. Also, we celebrated Customer Appreciation Night with Preferred customers at the end of 2019 to enhance customer networking and demonstrate the Bank's care in a stronger level to the customers. For the public relations event, Marcomm hosted a press conference to celebrate and announce our award winning as Cambodia's Best International Bank 2018 by Asiamoney. Within the entire year, we supported the Bank's Corporate Social Responsibility (CSR) Projects, covering different sectors including Education, Healthcare, Socials & Environment.

Beyond local project agenda, every year, Marcomm regularly supports the event activation and the publicity for the CIMB ASEAN Scholarship to announce and encourage Cambodian undergraduates to apply for this fully-funded scholarship at any world-class universities around the globe.



**FORTUNATELY, WE HAVE A  
SUCCESSFUL CAMBODIAN  
SCHOLAR STUDYING AT  
MCGIL UNIVERSITY, CANADA**

For communications related to products and services, Marcomm played crucial role in launching and promoting new banking product in Khmer Riel, in both loan and deposit segment, as part of strong support and commitment to National Bank of Cambodia in upholding the use of Khmer Riel among banking and financial institutions. As the result, the Bank achieved 10% KHR loan target, given that we were sitting at 2% at the end of 2018. In addition, we aggressively promoted our new launching product, Personal Loan, into the competitive market through different communications channels and marketing tools.

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. We developed CIMB Cambodia's Facebook page and the Bank's website as parts of our engagement agenda, helping the Bank to access new customer segments and demographics as we expand our business lines.



**THE BANK WAS  
AWARDED AS  
CAMBODIA'S BEST  
INTERNATIONAL  
BANK 2019**

### 2020 PRIORITIES

2020 promises to be a very exciting year for Marcomm. CIMB Bank PLC is turning 10th, an important milestone of CIMB in Cambodia in respect of its business, people, and branding. The Bank was awarded as Cambodia's Best International Bank 2019 for two consecutive years, thanks to our strong ASEAN infrastructure and best ever business performance in 2019. Marcomm's extensive work is to re-introduce 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 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.

## 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 2019, 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 2020 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 units. 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 an 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



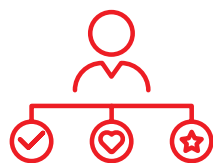
The Customer Experience (CX) unit was newly set-up in January 2017 to coordinate the Bank's overall efforts towards delivering best-in-class customer satisfaction. The CX unit employs customer-centric methodologies to map out customer journeys at all levels including our touch points, namely branches, 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 2019, 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 digitalised Customer Feedback platform by deploying customer-facing touch screens to collect real-time feedback from our customers at our branches. Moreover, CX introduced CX Star Award programme which identified employees that demonstrate excellent customer-centric behavior and make them eligible for awards across Malaysia, Indonesia, Singapore, Thailand and Cambodia.

The 2020 plan for CX is to conduct more process re-engineering to enhance both systems and processes to improve the experience of internal and external customers and to enhance cultural awareness for which we have many programmes to make our internal and external understand how customer experience is important.

## 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 national currency. Since 2019, we have made available new KHR deposit and loan products, offering our clients option to meet 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 products and services. This enables the Bank to meet our customers' needs in keeping pace with technological advances and ever-evolving customer requirements. Digital Banking Service 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.

In 2020, 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.



**WE HAVE  
MADE AVAILABLE  
NEW KHR DEPOSIT  
AND LOAN PRODUCTS**



# 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.

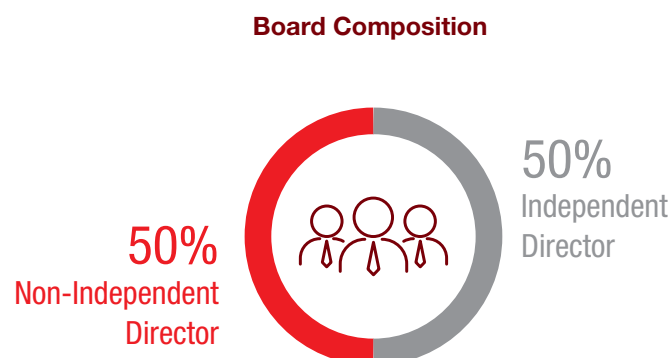
## BOARD OF DIRECTORS

### The Board and Board Balance

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

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

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



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

### The Chairman

The Board is led by the Chairman, Datuk Mohd Nasir Ahmad, who was appointed as the Chairman on 16 December 2019 succeeding Dato’ Wira Zainal Abidin Mahamad Zain. Datuk Mohd Nasir Ahmad 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 70 to 77 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 40 to 45.

## 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.

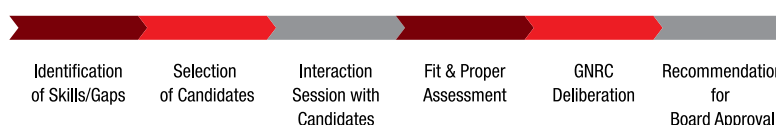
The appointment process is conducted in accordance with the Prakas and the Group's Policies and Procedures on Fit and Proper for Key Responsible Persons (Fit and Proper Policy). The Fit and Proper Policy set out a formal process for the appointment of Directors, Chairman and Chief Executive Officer. 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 reappointment 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 07 Board meetings were held in 2019 and the Directors' attendance at the meetings is as follows:

Directors	No. of Meetings	
	Attended	Held
<b>Dato' Wira Zainal Abidin Mahamad Zain<sup>*1</sup></b> Chairman / Independent Non-Executive Director	7	7
<b>Datuk Mohd Nasir Ahmad<sup>*2</sup></b> Chairman / Independent Non-Executive Director	N/A	N/A
<b>Mey Kalyan</b> Independent Non-Executive Director	7	7
<b>Aisyah Lam Binti Abdullah</b> Independent Non-Executive Director	7	7
<b>Bun Yin</b> Non-Independent Executive Director & Chief Executive Officer	7	7
<b>Dato' Shahrul Nazri Abdul Rahim<sup>*3</sup></b> Non-Independent Non-Executive Director	2	3
<b>Yong Jiunn Run<sup>*4</sup></b> Non-Independent Non-Executive Director	4	7
<b>Renzo Christopher Viegas<sup>*5</sup></b> Non-Independent Non-Executive Director	3	4
<b>Omar Siddiq Amin Noer Rashid<sup>*6</sup></b> Non-Independent Non-Executive Director	N/A	N/A
<b>Ahmad Shazli Kamarulzaman<sup>*7</sup></b> Non-Independent Non-Executive Director	N/A	N/A

#### Notes:

<sup>\*1</sup> Retired as Chairman on 16 December 2019

<sup>\*2</sup> Appointed as Chairman on 16 December 2019

<sup>\*3</sup> Resigned as member on 1 July 2019

<sup>\*4</sup> Retired as member on 16 December 2019

<sup>\*5</sup> Resigned as member on 31 July 2019

<sup>\*6</sup> & <sup>\*7</sup> Appointed as member on 16 December 2019

### 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
Chairman Media Training	Workshop	1 Day	Datuk Mohd Nasir Ahmad
Bank Negara Malaysia Annual Report 2018/Financial Stability and Payments Systems Report 2018 Briefing Session	Briefing session	1 Day	
Tech Risk Workshop for AC of CIMB Banking Group & BRCC of CIMB Bank, CIMB Islamic and CIMB IB	Workshop	1 Day	
Chairman Media Training - Workshop 3 (Speech Delivery)	Workshop	1 Day	
BNM-FIDE FORUM Dialogue with the Deputy Governor on the Draft Risk Management in Technology Policy	Forum	1 Day	
CIMB BOD European Innovation Safari	Study Trip	6 Days	
Speaking at Malaysian Economic Convention	Convention	1 Day	
ACCA Council Training	Workshop	1 Day	
Demystifying The Diversity Conundrum : The Road to Business Excellence" by BURSA Malaysia	Conference	1 Day	
2nd PIDM-FIDE FORUM Annual Dialogue with the CEO of PIDM	Dialogue	1 Day	
3rd Directors Regional Sharing Session	Others	2 Days	
ACCA Council Training	Workshop	1 Day	
Regional Conference on Climate Change	Others	1 Day	
The Cooler Earth Sustainability Finance Summit	Conference	2 Days	
Regional Audit Planning Summit (RAPS)	Workshop	2 Days	
CIMB Group's Annual Management Summit	Conference	2 Days	Dato' Wira Zainal Abidin Mahamad Zain
Adequate Procedures Complying with Section 17A of MACC Act 2009	Workshop	1 Day	
"Enhancing Corporate Governance by Understanding Legal Liabilities 'Act or Resign' " by MACC"	Workshop	1 Day	
Preparation for Corporate Liability on Corruption	Seminar	1 Day	
Audit Committee Conference 2019	Conference	1 day	
Case Study Workshop for Independent	Workshop	1 day	Dato' Wira Zainal Abidin Mahamad Zain
Bursa Thought Leadership on Building Corporate Longevity	Series	1 day	
Corporate Governance Advocacy Programme – Demystifying the Diversity Conundrum: The Road to Business Excellence	Programme	1 day	
Bursa Malaysia Thought Leadership on Sustainability-Inspired Innovation	Others	1 day	Dr. Mey Kalyan
3rd Directors Regional Sharing Session	Others	2 Days	
3rd Directors Regional Sharing Session	Others	2 Days	Ms. Aisyah Lam Binti Abdulla

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 06 times in 2019 and the attendance of the members of the Audit Committee is as follows:

Directors	No. of Meetings	
	Attended	Held
<b>Mey Kalyan</b> Independent Non-Executive Director	6	6
<b>Dato' Wira Zainal Abidin Mahamad Zain<sup>*1</sup></b> Chairman / Independent Non-Executive Director	6	6
<b>Datuk Mohd Nasir Ahmad<sup>*2</sup></b> Chairman / Independent Non-Executive Director	N/A	N/A
<b>Aisyah Lam Binti Abdulla</b> Independent Non-Executive Director	6	6

### Notes:

<sup>\*1</sup> Retired as member on 16 December 2019

<sup>\*2</sup> Appointed as member on 16 December 2019



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

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

## Risk Committee

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

A total of 12 Risk Committee meetings are held in 2019 and the members' attendance at the meetings is as follows:

Directors	No. of Meetings	
	Attended	Held
<b>Aisyah Lam Binti Abdullah</b> Chairman / Independent Non-Executive Director	12	12
<b>Bun Yin</b> Chief Executive Officer / Executive Director	11	12
<b>Kien Vatana<sup>*1</sup></b> Head, Risk Management	10	12
<b>Hong Cheap</b> Head, Commercial Banking	8	12
<b>Heng Thida</b> Head, Consumer Banking	12	12
<b>Heng Viboth</b> Head, Technology & Operations	9	12
<b>Heng Vuthy</b> Head, Finance	12	12
<b>Ky Sana</b> Head, Corporate, Transaction Banking & FIG	10	12

### Notes:

<sup>\*1</sup> Appointed as Head of Risk Management on 01 April 2019

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
- Assets 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
Heng Thida Head, Consumer Banking	Member
Heng Torang Head, Treasury & Markets	Member
Hong Cheap Head, Commercial Banking	Member
Kien Vatana <sup>*1</sup> Head, Risk Management	Member
Heng Vuthy Head, Finance	Member
Oum Chendapheakdey Head, Corporate Resources	Member
Heng Viboth Head, Technology & Operations	Member
Ky Sana Head, Corporate, Transaction Banking & FIG	Member
Ouk Thanin <sup>*2</sup> Head, Product Management	Member

#### Notes:

<sup>\*1</sup> Appointed as Head of Risk Management on 01 April 2019

<sup>\*2</sup> 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 <sup>*1</sup> Head, Risk Management	Chairman
Bun Yin Chief Executive Officer	Alternate Chairman
Hong Cheap Head, Commercial Banking	Member
Heng Thida <sup>*2</sup> Head, Consumer Banking	Member
Chamnan Vanita <sup>*3</sup> Head, Credit Management	Member
John Chuah Keat Kong <sup>*4</sup> Credit Advisor, Commercial Banking	Member
Ky Sana Head, Corporate, Transaction Banking & FIG	Member
Hong Bunroet Head, Business Centre of Commercial Banking	Member
Chong Kok Ping <sup>*5</sup> Head, Regional Credit Management	Member
Lim Gek Peng <sup>*6</sup> Director, Financial Institutions and Traded Credit Management	Member
Michael Ng Mun Seng <sup>*5</sup> Acting Head, Regional Credit Risk Analytics	

#### Notes:

<sup>\*1</sup> Appointed as Head of Risk Management on 01 April 2019

<sup>\*2</sup> For Consumer Banking cases only

<sup>\*3</sup> Appointed as Head of Credit Management on 13 June 2019

<sup>\*4</sup> For Commercial Banking cases only and must provide mandatory vote for credit proposals under the CCC's approving authority.

<sup>\*5</sup> 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; 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, Treasury and Financial Institution Group (FIG) cases only.

<sup>\*6</sup> Appointed on 29 November 2019 (to replace Hiroshi Kawachi) as a new and voting member for credit proposals of FIG cases 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").

**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.

**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 13 times in 2019.

**Members**

Bun Yin Chief Executive Officer	Chairman
Heng Thida Head, Consumer Banking	Member
Hong Cheap Head, Commercial Banking	Member
Heng Vuthy Head, Finance	Member
Heng Torang Head, Treasury & Markets	Member
Ky Sana Head, Corporate, Transaction Banking & FIG	Member
Kien Vatana <sup>*1</sup> Head, Risk Management	Member

Notes:

<sup>\*1</sup> Appointed as Head of Risk Management on 01 April 2019

## 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 to be prepared. The financial statements are prepared in accordance with the Cambodian International Financial Reporting Standards (“CIFRS”) and present fairly, in all material respects, the financial position of the Bank as at 31 December 2019. In preparing these financial statements, the directors are required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii) comply with the disclosure requirements of CIFRS, or, if there have been any departures in the interest 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 the 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 its operations and performance and ascertain that such have been properly reflected in the financial statements.

The Board is satisfied that it has met its obligations to present a balanced and understandable assessment of the Bank’s position and prospects in preparing the financial statements, reflected in the directors’ report as set out on pages 90 to 91 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 49 to 52 of the annual report.

*The Statement on Corporate Governance was approved by the Board of Directors on 30 March 2020.*



# 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 2019 are as follows:

Members	Status	No. of Committee's Meetings	
		Attended	Held
Dr. Mey Kalyan	Independent Non-Executive Director	6	6
Dato' Wira Zainal Abidin Mahamad Zain <sup>*1</sup>	Independent Non-Executive Director	6	6
Datuk Mohd Nasir Ahmad <sup>*2</sup>	Independent Non-Executive Director	N/A	N/A
Ms. Aisyah Lam Binti Abdullah	Independent Non-Executive Director	6	6

<sup>\*1</sup> Retired as member on 16 December 2019;

<sup>\*2</sup> Appointed as member on 16 December 2019

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

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	<p>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.</p> <p>b. To review and approve the audit scope, procedures frequency and the annual internal audit plan.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>g. To establish a mechanism to assess the performance and effectiveness of the internal audit function.</p>
	<p>h. To evaluate the performance and decide on the remuneration package of the Internal Audit Head.</p> <p>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.</p>
External Audit	<p>a. To make recommendations to the Board on the appointment, removal and remuneration of the external auditors.</p> <p>b. 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.</p> <p>c. 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).</p> <p>d. 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</p> <p>e. To ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercising of independent judgment of the auditors.</p> <p>f. 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> <p>g. 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).</p> <p>h. 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.</p> <p>i. 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.</p>
Audit Findings, Internal Control and Compliance Issues	To review the findings of major investigations, routine audit findings, and internal control and compliance reported by the internal, external and regulatory auditors.
Financial Statements	<p>To review the quarterly results and year-end financial statements of the Bank, prior to approval by the Board, focusing particularly on:</p> <ul style="list-style-type: none"> <li>• changes in or implementation of major accounting policy change;</li> <li>• significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed;</li> <li>• the going concern assumption; and</li> <li>• compliance with accounting standards and applicable financial reporting standards and other legal or regulatory requirements.</li> </ul>
Related Party Transactions	To review all related party transactions and keep the Board informed of such transactions.
Review of Reports Related to Financial Statements	To review the accuracy and adequacy of the chairman's statement in the director's report, corporate governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements.
Monitoring of Compliance with Conflict of Interest Policy	To monitor compliance with the Board's conflict of interest policy
Review of Internal Control Framework	To review third party opinion on the design and effectiveness of the Bank's internal control framework.
Others	<p>a. To engage on a continuous basis with senior management in order to keep informed of matters affecting the Bank.</p> <p>b. To convene meetings with internal auditors, external auditors, or both whenever deemed necessary.</p> <p>c. To review the semi-annual and annual financial statements for submission to the Bank's Board of Directors and ensure prompt publication of annual financial statements.</p>

## 5. SUMMARY OF ACTIVITIES IN 2019

### 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 14 January 2020 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. Corporate Assurance Division (CAD) (formerly "Internal Audit Division"), which is supported by Group Corporate Assurance, conducted audits for the Bank.
- b. CAD provides independent and objective assurance on the adequacy and effectiveness of the internal control systems implemented by management.
- c. CAD 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. CAD 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. CAD conducts investigations on suspected fraudulent activities and other irregularities.

### 5.3 Internal Audit Reports

- a. CAD completed 17 audit assignments during the year, covering audits of all key operations.
- b. All findings by CAD are tracked and followed up until they are dealt with and reported on a bi-monthly basis to the Audit Committee by CAD.
- c. 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 recognises that reviewing the internal control system is a concerted and on-going process and takes into account changes in technology, the business environment and regulatory guidelines, with a view to enhancing the process for identifying, evaluating and managing risks. The internal control system is designed to identify, manage and control risks, including operational risks, rather than to eliminate the risk of failure to achieve corporate objectives.

## RISK MANAGEMENT AND CONTROL FRAMEWORK

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

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

## INFORMATION TECHNOLOGY SECURITY

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

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

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

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

### **Corporate Assurance (formerly "Internal Audit")**

The Corporate Assurance Division (CAD) reports independently to the AC and is independent of the activities and operations of other business and support units. The principal responsibility of CAD 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, CAD 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 recognised organisation providing thought leadership and guidance on internal control, enterprise risk management and fraud deterrence.

CAD'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 USD25,000 and above, or significant changes in operations or computer systems. CAD 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.

CAD has unrestricted access to information required in the course of its work. CAD'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 CAD for improvement. The AC reviews and evaluates any exceptions or non-compliance raised by CAD and monitors activities to ensure that appropriate and prompt remedial actions are taken by the management. CAD submits a report to the Group AC once every quarter. CAD follows the same audit planning and audit rating methodology as the Group Corporate Assurance 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 Legal and 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 which encompasses relevant laws, regulations and guidelines applicable to the business and support units. The Compliance Matrix is required to be updated for new/changes of law, regulations, guidances to ensure that the new/changes of law, regulations are adherence. Moreover, 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 Unit Review and Thematic Review 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 programmes 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 emphasise the Group's zero tolerance towards non-compliance with the AML policy. This is also emphasised during the Group orientation programme.

#### **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 have been duly approved by the Board and subsequently updated once per two years or as necessary to reflect the new trends and mechanism on Money Laundering and or Financing Terrorism.

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. The Bank has ensured that the process, people, and system are able to detect the risk and report any suspicion to the regulators.

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

AS AT 31 DECEMBER 2019

**CIMB GROUP HOLDINGS BERHAD**

100%

**CIMB GROUP SDN. BHD.**

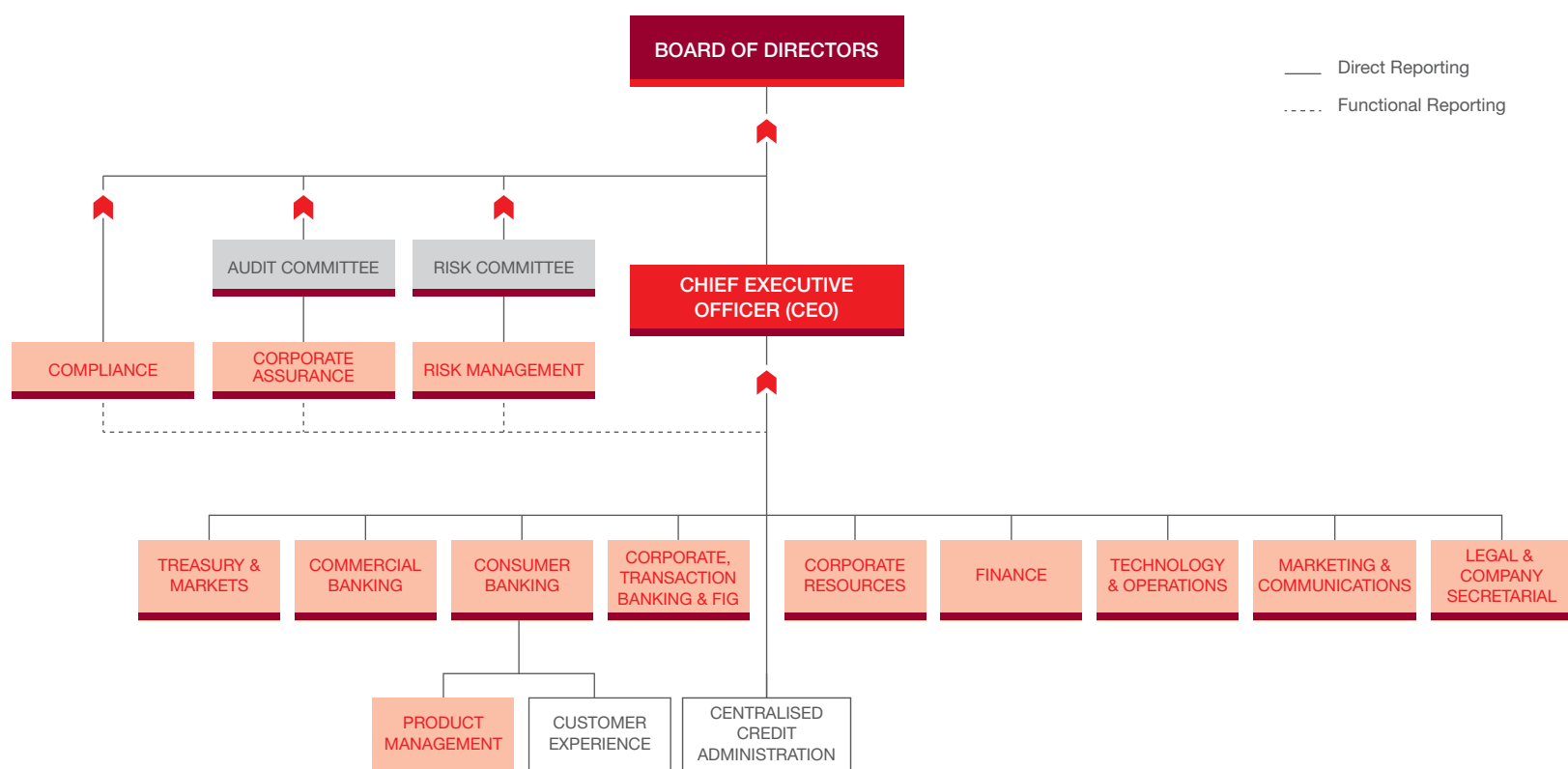
99.99%

**CIMB BANK BERHAD**

100%

**CIMB BANK PLC**

## ORGANISATION CHART



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Datuk Mohd Nasir Ahmad**

Chairman/  
Independent Non-Executive Director  
(Appointed as Chairman on 16 December 2019)

**Dr. Mey Kalyan**

Independent Non-Executive Director

**Aisyah Lam Binti Abdullah**

Independent Non-Executive Director

**Bun Yin**

Non-Independent Executive Director

**Omar Siddiq Amin Noer Rashid**

Non-Independent Non-Executive Director  
(Appointed on 16 December 2019)

**Ahmad Shazli Kamarulzaman**

Non-Independent Non-Executive Director  
(Appointed on 16 December 2019)

**Dato' Wira Zainal Abidin Mahamad Zain**

Chairman/  
Independent Non-Executive Director  
(Retired as Chairman on 16 December 2019)

**Dato' Shahrul Nazri Abdul Rahim**

Non-Independent Non-Executive Director  
(Resigned on 1 July 2019)

**Yong Jiunn Run**

Non-Independent Non-Executive Director  
(Retired on 16 December 2019)

**Renzo Christopher Viegas**

Non-Independent Non-Executive Director  
(Resigned on 31 July 2019)

### AUDIT COMMITTEE

**Dr. Mey Kalyan**

Chairman/  
Independent Non-Executive Director

**Datuk Mohd Nasir Ahmad**

Independent Non-Executive Director  
(Appointed as member on 16 December 2019)

**Aisyah Lam Binti Abdullah**

Independent Non-Executive Director

**Dato' Wira Zainal Abidin Mahamad Zain**

Independent Non-Executive Director  
(Retired as member on 16 December 2019)

### RISK COMMITTEE

**Aisyah Lam Binti Abdullah**

Chairman/  
Independent Non-Executive Director

**Bun Yin**

Chief Executive Officer

**Kien Vatana**

Head, Risk Management

**Hong Cheap**

Head, Commercial Banking

**Heng Thida**

Head, Consumer Banking

**Heng Viboth**

Head, Technology & Operations

**Heng Vuthy**

Head, Finance

**Ky Sana**

Head, Corporate, Transaction Banking & FIG

### CAMBODIA CREDIT COMMITTEE

**Kien Vatana**

Chairman/  
Head, Risk Management

**Bun Yin**

Alternative Chairman/  
Chief Executive Officer

**Hong Cheap**

Head, Commercial Banking

**Heng Thida**

Head, Consumer Banking

**Chamnan Vanita**

Head, Credit Management  
(Appointed as Head, Credit Management on 13 June 2019)

**John Chuah Keat Kong**

Credit Advisor, Commercial Banking

**Ky Sana**

Head, Corporate & Transaction Banking and FIG

**Hong Bunroeut**

Head, Business Centre of Commercial Banking

**Chong Kok Ping**

Head, Regional Credit Management

**Lim Gek Peng**

Director, Financial Institutions and Traded Credit Management  
(Appointed as member on 29 November 2019)

**Michael Ng Mun Seng**

Acting Head, Regional Credit Risk Analytics

## ASSETS AND LIABILITIES MANAGEMENT COMMITTEE

**Bun Yin**  
Chairman/  
Chief Executive Officer

**Heng Thida**  
Head, Consumer Banking

**Hong Cheap**  
Head, Commercial Banking

**Heng Vuthy**  
Head, Finance

**Heng Torang**  
Head, Treasury & Markets

**Ky Sana**  
Head, Corporate, Transaction Banking & FIG

**Kien Vatana**  
Head, Risk Management

## MANAGEMENT COMMITTEE

**Bun Yin**  
Chairman/  
Chief Executive Officer

**Heng Thida**  
Head, Consumer Banking

**Heng Torang**  
Head, Treasury & Markets

**Hong Cheap**  
Head, Commercial Banking

**Kien Vatana**  
Head, Risk Management

**Heng Vuthy**  
Head, Finance

**Oum Chendapheakdey**  
Head, Corporate Resources

**Heng Viboth**  
Head, Technology & Operations

**Ky Sana**  
Head, Corporate, Transaction Banking & FIG

**Ouk Thanin**  
Head, Product Management

## COMPANY SECRETARIES

Ly Sophea  
Datin Rossaya Mohd Nashir

## REGISTRATION NO.

00010524

## REGISTERED OFFICE

20AB Corner Preah Norodom Boulevard & Street 118

Sangkat Phsar Chas, Phnom Penh 12203  
Cambodia

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# HIGHLIGHTS & ACHIEVEMENTS 2019

- 58 Corporate Event Highlights
- 63 Media Highlights









## CORPORATE EVENT HIGHLIGHTS

### LAUNCH OF NEW PRODUCTS AND INFRASTRUCTURE



03 JANUARY  
2019

CAMBODIA'S BEST INTERNATIONAL BANK 2018 PRESS CONFERENCE  
@ CIMB BANK HEAD OFFICE, EXCHANGE SQUARE, PHNOM PENH



07 MARCH  
2019

CIMB INTERNATIONAL WOMEN'S DAY  
@ CIMB BANK HEAD OFFICE, VTRUST TOWER, PHNOM PENH



26 MARCH 2019

CIMB TUESDAY THING  
@ CIMB BANK HEAD OFFICE, VTRUST TOWER, PHNOM PENH



10 APRIL 2019

KHMER NEW YEAR DAY  
@ CIMB BANK'S ALL BRANCHES, NATIONWIDE



18-19 MAY 2019

CIMB BANK TEAM BUILDING & TOWN HALL 2019  
@ SIEM REAP





19 SEPTEMBER 2019  
CIMB CUSTOMER DAY 2019  
@ TUEK THLA BRANCH, PHNOM PENH



05 DECEMBER 2019  
CIMB CUSTOMER APPRECIATION NIGHT  
@ TOPAZ RESTAURANT, PHNOM PENH



15 DECEMBER 2019  
CIMB BANK ANNUAL STAFF PARTY  
@ NAGA WORLD, PHNOM PENH





## CORPORATE EVENT HIGHLIGHTS

### EVENTS AND SPONSORSHIP



19-20 JANUARY  
2019

6TH KIDS FAIR AND FAMILY EXPO  
@ KOH PICH EXHIBITION HALL, PHNOM PENH



09 FEBRUARY  
2019

UCMAS INTERNATIONAL GRADING EXAMINATION (IGE)  
@ CAMBODIA-KOREA COOPERATION CENTRE, PHNOM PENH



23 APRIL 2019

FINANCIAL LITERACY DAY  
@ AEON MALL SEN SOK, PHNOM PENH







30-31 MARCH 2019 INTERNATIONAL SCHOOL FAIR  
@ AEON MALL I, PHNOM PENH



26-27 APRIL 2019 HOME & LIFESTYLE EXPO 2019  
@ KOH PICH EXHIBITION HALL, PHNOM PENH



31 MAY-01 JUNE 2019 MINI KID FAIR  
@ AEON MALL I, PHNOM PENH



20-21 JULY 2019 SME & STARTUP SHOW  
@ AEON MALL SEN SOK, PHNOM PENH



04 SEPTEMBER 2019 CHEVENING SCHOLAR AWARD CEREMONY  
@ UK AMBASSADOR RESIDENCE, PHNOM PENH



07-08 SEPTEMBER 2019 WEDDING FAIR 2019  
@ AEON MALL SEN SOK, PHNOM PENH



19-20 OCTOBER 2019 7TH KID FAIR & FAMILY EXPO  
@ KOH PICH EXHIBITION HALL, PHNOM PENH



25-27 NOVEMBER 2019 22ND ASEAN BANKING CONFERENCE  
@ SOKHA HOTEL, PHNOM PENH



# CORPORATE EVENT HIGHLIGHTS

## CORPORATE RESPONSIBILITY PROGRAMMES



26 APRIL 2019

CIMB BLOOD DONATION DAY  
@ CIMB BANK HEAD OFFICE, VTRUST TOWER, PHNOM PENH22 OCTOBER  
2019CIMB BLOOD DONATION DAY  
@ CIMB BANK HEAD OFFICE, VTRUST TOWER, PHNOM PENH

20 MAY 2019

FOOD & STUDY SUPPLIES DONATION  
@ ORPHANAGE CENTRE, SIEM REAP

27 JULY 2019

TREE PLANTING & MATERIAL SUPPLIES DONATION  
@ UDONG HIGH SCHOOL, KAMPONG SPEU

19 AUGUST 2019

DONATION TO EYES-TEETH TREATMENT & CHECKUP PROGRAMME  
@ KHMER-SOVIET FRIENDSHIP HOSPITAL04 OCTOBER  
2019COMPUTER EQUIPMENT DONATION  
@ PNC BUILDING, PHNOM PENH15 SEPTEMBER  
2019MEDICAL EQUIPMENT DONATION  
@ BATI REFERRAL HOSPITAL, TAKEO



## MEDIA HIGHLIGHTS

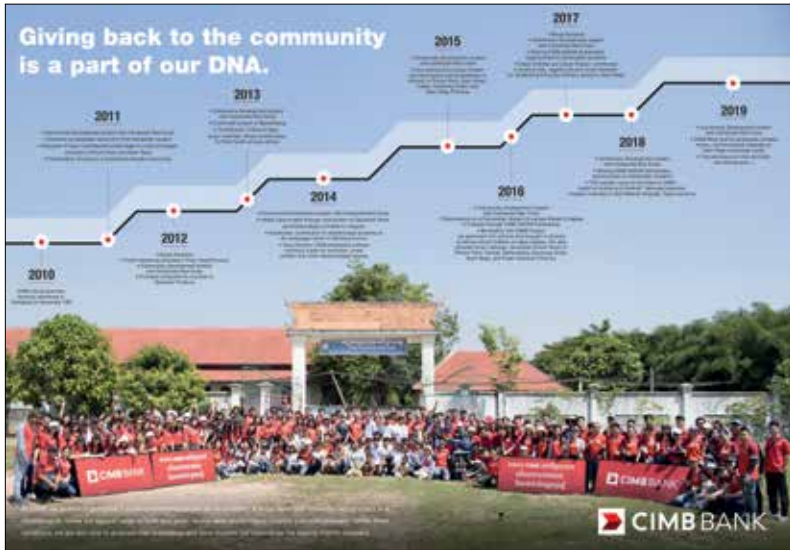




# MEDIA HIGHLIGHTS







Monday September 02, 2019 • www.khmerintimes.com

## HAPPY 62<sup>nd</sup> MERDEKA DAY

# CIMB Cambodia CEO, Mr. Bun Yin on the bank's management vision and drive

**1 What was your journey like for CIMB to get where you are and what prompted CIMB to enter the Cambodian Market?**

Among the leading commercial banks, CIMB was actually one of the late entrants into the Cambodian market. Unintentionally, CIMB Group saw the tremendous potential to be a community-oriented bank in Cambodia. As a first ever organic growth bank in the region, we opened our first branch in November 2013. Five years after ANZ Bank opened its first branch.

In just 5 years, we have grown exponentially to become a Top 10 bank in the nation, amongst 13 licensed banks. This achievement was made possible through a combination of establishing a strong local management team, and leveraging CIMB Group's resources in terms of banking infrastructure and knowledge transfer expertise in our early years.

Cambodia is an attractive investment destination with consistently high GDP growth, openness to foreign investment and progressive

one of the industry's lowest NPL ratios.

We also put in a lot of effort to develop our people who are the bank's most important assets. Aside from utilizing the right culture and mindset, CIMB also invests in training programmes to uplift our staff. We also regularly send our staff to senior level staff in Malaysia and other regional centres of excellence to increase their exposure to best practices and innovations happening in other countries around us.

**2 How extensive is CIMB's operations in Cambodia and where do you see the bank in the next four years, in terms of clientele growth, number of branches and in terms of value added financial services in the next four years?**

CIMB Cambodia has 13 branches, plus a new work branch on the ground floor of Exchange Square Mall to be inaugurated in August 2019. In addition to Phnom Penh, we have a presence in 4 major provinces. We recognise that Cambodia is

understand and value. Adequate loan is taken in the onboarding process to ensure that customers understand their rights and obligations with respect to CIMB products and services. Information that is shared with customers is clear and transparent. Should there be any complaint, clients are advised of an appropriate channel and we make aware of our commitment turnaround time for a resolution, as per the Bank has

addition to the training, we engaged many activities, including Training Officer, CEO Training, CEO Staff Cap, Team Building, Manager of the Year, Employee of the Quarter and the Staff Club Dinner. The Customer Experience (CX) Star Award Programme was also introduced to employees to showcase their excellence in customer service, behaviour and to recognize their outstanding contributions to the Bank.

**3 As a large Malaysian Bank, what percentage of its business is catering to home based companies or entities operating in Cambodia?**

35% of our clients are local residents or companies. The latter includes local subsidiaries of foreign firms.

**4 What is your perspective for Malaysia - Cambodia business relations and its potential?**

Malaysian businesses are one of the largest (and earliest) investors in









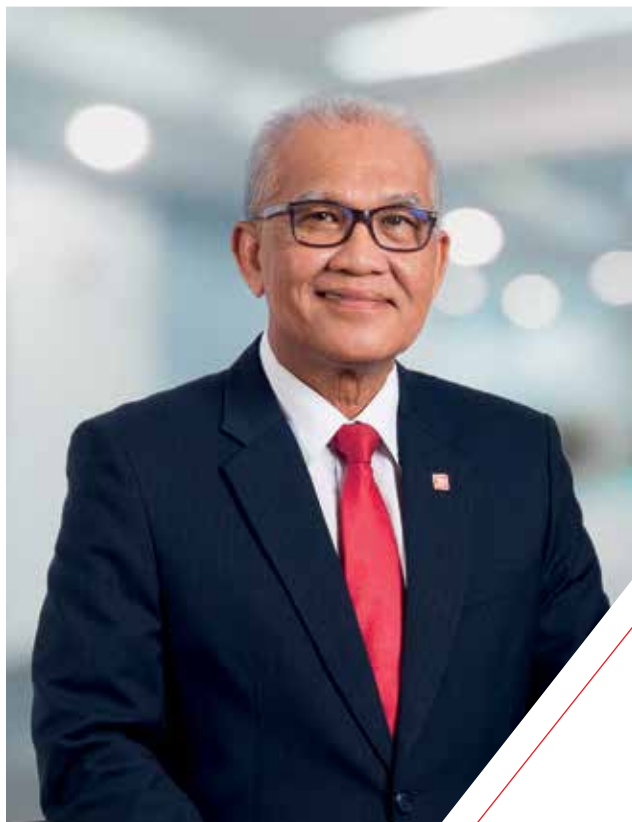


# BOARD OF DIRECTORS









## DATUK MOHD NASIR AHMAD

Chairman / Independent Non-Executive Director

Malaysian

Joined the Board on 16 December 2019

Attended 02 Board meetings as an invitee in 2019

Member of the Audit Committee

Datuk Mohd Nasir Ahmad is a Fellow of Association of Chartered Certified Accountants (ACCA), a Chartered Accountant with Malaysian Institute of Accountants (MIA), and holds a Master of Business Administration (Finance) from Universiti Kebangsaan Malaysia.

He was appointed as Chairman/Independent Non-Executive Director on 16 December 2019.

Datuk Mohd Nasir has been an Independent Director of CIMB Group Holdings Berhad since 22 July 2015 and appointed as Chairman/Independent Director on 20 October 2018. He was re-designated as Member of Audit Committee of CIMB Group Holdings Berhad on 20 October 2018. Datuk Mohd Nasir was also the President of MIA from August 2011 to July 2013. In September 2013 he was elected as a Council Member of the ACCA UK and re-elected in September 2016 and November 2019.

He brings with him vast experience in the areas of leadership, management, finance and accounting which spans over 40 years, having

started his career as a Trainee Accountant with Tenaga Nasional Berhad (TNB) in 1979 and moving on to hold various positions in the Finance Division.

In January 1993, Datuk Mohd Nasir was seconded to TNB's subsidiary company, Malaysia Transformer Manufacturing Sdn Bhd as the Financial Controller before being appointed as Chief Executive Officer (CEO) in June 1994.

In January 2000, he joined Sharikat Permodalan Kebangsaan Berhad as its CEO. On 1 June 2001, he was appointed CEO of Perbadanan Usahawan Nasional Berhad, a position he held until his retirement on 1 June 2011.

Datuk Mohd Nasir also holds directorships in other companies namely SIRIM Berhad, Prokhas Sdn Bhd and CIMB EOP Management Sdn Bhd and is a Trustee of Yayasan Canselor UNITEN.





## DR. MEY KALYAN

Independent Non-Executive Director

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Cambodian

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Joined the Board on 28 June 2012

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Attended all 7 Board meetings held in 2019

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Chairman of the Audit Committee

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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 Programme 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 7 Board meetings held in 2019
- 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, 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. Aisyah went on to Citibank in 2006 to head and to develop their Wealth Management portfolio in Malaysia.

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, 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.

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



## OMAR SIDDIQ AMIN NOER RASHID

Non-Independent Non-Executive Director

Malaysian

Joined the Board on 16 December 2019

Mr. Omar Siddiq holds a Degree in BSc (Hons) in Economics from London School of Economics and is a Fellow Chartered Accountant from Institute of Chartered Accountants in England and Wales. He is also a CFA Charter Holder as awarded by the CFA Institute.

Omar was appointed as a Non-Independent Non-Executive Director on 16 December 2019. As the Group Chief Operating Officer, he assists the Group CEO to manage and provide oversight of Group Finance, Group Technology, Group Operations and Group Administration and Property Management of CIMB Group.

He was previously the Head of Group Wholesale Banking at RHB Banking Group with oversight over RHB Group's wholesale business (comprising investment banking, treasury, corporate banking and asset management) and its international business segment excluding Singapore (comprising Cambodia, Laos, Thailand and Brunei).

Prior to that, Omar's past experience include:

- Executive Director and Group CFO at Malaysia Airlines
- Executive Director in the Investment Division of Khazanah Nasional Berhad (a Malaysian sovereign wealth fund)
- Managing Director in the Investment Banking Division of CIMB Investment Bank Berhad
- Executive Director in the Corporate Finance Practice of PricewaterhouseCoopers (PwC)

Omar is also a Director with CIMB Thai Bank Public Company Limited (Thailand).



## AHMAD SHAZLI KAMARULZAMAN

Non-Independent Non-Executive Director

Malaysian

Joined the Board on 16 December 2019

Attended 02 Board meetings as an invitee in 2019

Mr. Ahmad Shazli Kamarulzaman, 48 year-old, holds a Bachelor of Science (Hon) Economics and Accounting, University of Bristol, UK.

He was appointed as Non-Independent Non-Executive Director on 16 December 2019.

Ahmad Shazli Kamarulzaman is the Deputy CEO of Group Commercial Banking and Head of Commercial Banking Malaysia, CIMB Bank.

As Deputy CEO of Group Commercial Banking, Ahmad Shazli oversees the Group's Business and SME segments for Malaysia, Singapore, Indonesia, Thailand and Cambodia.

As Head of Commercial Banking Malaysia, he is responsible for the entire Business and SME Banking segments in Malaysia. This includes strategy, credit, customer management and product & services in both Conventional and Islamic Banking. He is also responsible for factoring and leasing operations.

Shazli led the highly successful transformation of Commercial Banking Malaysia and under his stewardship, impressive strides have been made in Commercial business. Since joining CIMB in January 2006, he has also been instrumental in the Group's recovery operations having set up Group Special Asset Management to recover the NPLs for Corporate, Commercial / SME and Retail Banking. He is a Chairman of Sathorn Asset Management Co. (Thailand) and Southeast Asia Special Asset Management Berhad, SPVs set up to acquire distressed loans / assets from CIMB Bank.

Ahmad Shazli started his career at a leading merchant bank before moving to Malaysia's national asset management company, Pengurusan Danaharta Nasional Berhad (Danaharta).

In addition to the above, Shazli is also one of the founding member and Treasurer of Parent Action Group for Education (PAGE), Malaysia's foremost Education NGO, that aims to advance Malaysia's education system.



## BUN YIN

Chief Executive Officer/  
Non-Independent Executive Director

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Cambodian

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Joined the Board on 29 January 2015

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Attended all 7 Board meetings held in 2019

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Member of the Risk Committee

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Mr. 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 almost 40 years. With his extensive experience in banking, he understands well the local market and 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.





## DATO' WIRA ZAINAL ABIDIN MAHAMAD ZAIN

Chairman / Independent Non-Executive Director

Malaysian

Joined the Board on 20 September 2010  
(Retired as Chairman on 16 December 2019)

Attended all 7 Board meetings held in 2019

Member of the Audit Committee  
(Retired as member on 16 December 2019)

Dato' Wira Zainal had been the Chairman of the Bank from 5 July 2018 until his retirement on 16 December 2019. Besides being the Chairman of the Bank, Dato' Wira Zainal had also been a member and Chairman of the Bank's committees such as a member of the Audit Committee (from his joining with the Bank until 16 December 2019) and the Chairman of Risk Committee (from 24 January 2017 to 5 July 2018).

Dato' Wira Zainal had served at the Ministry of Foreign Affairs starting in 1973, having held various responsibilities over a span of more than 40 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 over 40 years 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.

Currently, he is the Chairman of CIMB Bank Vietnam and also an Independent Non-Executive Director of Malayan Flour Mills Berhad (MFM).

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



## YONG JIUNN RUN

Non-Independent Non-Executive Director

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Singaporean

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Joined the Board on 23 November 2017  
(Retired from the Board on 16 December 2019)

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Attended 4 Board meetings out of 7 meetings in 2019

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

Mr. Yong had been one member of the Board of the Bank from 23 November 2017 until his retirement from the Bank on 16 December 2019.

He joined CIMB Bank Singapore in 2011 as Head of Department, Commercial Banking, where he strategised 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.

Mr. Yong 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.



## DATIN ROSSAYA MOHD NASHIR

Joint Company Secretary

Malaysian

Datin Rossaya Mohd Nashir is currently the Group Company Secretary, and she 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 and responsibilities to ensure that CIMB complies with relevant laws and regulatory requirements. She also 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.

She has extensive industry knowledge, with over 25 years 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.

Datin Rossaya holds a Bachelor of Laws, majoring in Business Law, from Coventry University, United Kingdom. She is a licensed secretary awarded by Companies Commission of Malaysia, and she is also an affiliate of Malaysian Institute of Chartered Secretaries and Administrators.





## LY SOPHEA

Joint Company Secretary

Cambodian

Ms. Ly Sophea has been the Joint Company Secretary of CIMB Bank PLC since November 2010. She also acts as the Joint Company 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 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 from the Royal University of Law and Economics. In 2017, Sophea was qualified for the certificate in AML/CFT from Asian Institute of Chartered Bankers (AICB), Malaysia.

# MANAGEMENT TEAM









CAMBODIAN

### HENG THIDA

Head, Consumer Banking

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.



CAMBODIAN

### HONG CHEAP

Head, Commercial Banking

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, mobilising 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.



  
CAMBODIAN

### HENG TORANG

Head, Treasury & Markets

Torang has been in banking career for 15 years. He currently takes charge of Treasury & Markets division of CIMB Bank PLC. His primary duties include on-going balance sheet management, Treasury & Markets product sales such as wholesales or money market funding, foreign exchange, investment or structured product sales referral, and maintaining strong interbank relationship. In the course of his work, he is constantly in contact with clients, servicing both retails and wholesales segment, which has developed his expertise in those market products and day-to-day collaboration with all business units both domestic and regional offices to promote cross-selling opportunities and optimise the Bank's profit. He is one of pioneers who has joined CIMB Bank PLC since September 2010 and started by setting up overall Risk Management department 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.



  
CAMBODIAN

### KY SANA

Head, Corporate, Transaction Banking & Financial Institution Group

Ky 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, Transaction Banking and Financial Institution Group.

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 Bank PLC, 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;
- 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.


  
 CAMBODIAN

### OUN CHENDA PHEAKDEY

Head, Corporate Resources

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 achievements to our bank through the building of top talents within competitiveness and the utilisation 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 digitalisation and technology. For instance, she immerses our employees with acquiring new skills, knowledge, and ability through experiential learning and diverse development programmes 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 programme.

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 15 years within various industries. She holds a Bachelor Degree of Business Administration from the National Institute of Management, Cambodia.


  
 CAMBODIAN

### HENG VUTHY

Head, Finance

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.





CAMBODIAN

### OUK THANIN

Head, Product Management

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, which have differentiated CIMB Bank from an increasingly competitive market. He also serves as the lead coordinator for a number of bank-wide initiatives and several projects with the Bank's external partners.

Prior to joining CIMB Bank PLC 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 and Fulbright Scholarship. He graduated with a BBA Honor from the National University of Singapore in 2006 and with an MBA from Vanderbilt University in the United States in 2012. He was selected for membership in Beta Gamma Sigma, the international honor society for collegiate schools of business.



CAMBODIAN

### HENG VIBOTH

Head, Technology & Operations

Heng Viboth joined CIMB Bank PLC as Head of Technology & Operations in August 2018. His main duties include overseeing Information Technology, IT Security, IT project management, Data Governance and IT Assurance.

Aside from Information Technology management, he is also responsible for bank wide Operations and ensure well-performed day-to-day tasks follow policies, procedures, regulators and compliance. He is also responsible to direct the Bank and execute strategies for Technology & Operations to align with business's growth and Group's blueprint.

Viboth has 17 years of working experience in banking industry, and he started his career as Software Engineer in 2003. Prior to joining CIMB Bank PLC, 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.



CAMBODIAN

### LY SOPHEA

Head, Legal & Company Secretarial

Ly Sophea has been the Head of Legal and Company Secretarial since CIMB Bank PLC started operations in November 2010. Sophea is responsible for managing functions of Legal and Company 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 Management Committee and sits as a permanent invitee of other committees of the Bank, including 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 Royal University of Law and Economics with a Bachelor of Law and in that same year, earned a Bachelor of Accounting from the Faculty of Business Administration of Institution of the Technology and Management (now known as Puthisastras University). In 2007, she obtained her Master's Degree in Private Law from the Royal University of Law and Economics. In 2017, Sophea was qualified for the certificate in AML/CFT from Asian Institute of Chartered Bankers (AICB), Malaysia.



CAMBODIAN

### KIEN VATANA

Head, Risk Management

Kien Vatana is Head, 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 appointed as the Chairman of Credit Committee based on his lengthy experience in credit management for over 14 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. He has also completed CIMB-Omega's Core Credit Assessment Skills Programme and Accelerated Universal Bankers Programme, Nanyang Technological University, Singapore.


  
 CAMBODIAN

### CHHUN PUTHKOMPHEAKVATTEY

Head, Compliance

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 8 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 and has graduated for Regulatory Compliance course from the Institute of Banking and Finance (IBF). She is currently pursuing the Association of Chartered Certified Accountants (ACCA) from the United Kingdom Licensing Centre in Cambodia.


  
 CAMBODIAN

### KHIEU LANIN

Head, Internal Audit

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 Corporate Assurance Division.

Lanin has 17 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 2019.

### 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.

### FINANCIAL PERFORMANCE

The financial performance of the Bank for the year is set out in the in the statement of profit or loss and other comprehensive income on page 95.

No dividends were declared or paid during the year ended 31 December 2019.

### STATUTORY CAPITAL

There were no changes in the shareholders of the Bank during the year.

### BAD AND DOUBTFUL FINANCIAL FACILITIES

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 allowance for impairment losses, and satisfied themselves that all known bad loans and advances had been written off and that adequate loss allowance has been made for bad and doubtful loans and advances.

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 amount written off for bad loans and advances or the amount of the allowance for impairment losses in the financial statements of the Bank inadequate to any material extent.

### ASSETS

Before the financial statements of the Bank were drawn up, the Directors took reasonable steps to ensure that any assets which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Bank have been written down to an amount that might be expected to be realised.

At the date of this report and to the best of their 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 financial 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 financial 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 a period of twelve months after the end of the financial 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 results of the operations of the Bank for the financial year were not, in the opinion of the Directors, materially affected by any items, transactions or events of a material and unusual nature. There has not arisen in the interval between the end of the financial year and the date of this report any items, transactions or events 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 of the Bank during the year and as at the date of this report are:

Datuk Mohd Nasir Ahmad	Chairman/Independent Non-Executive Director (Appointed as Chairman on 16 December 2019)
Dr. Mey Kalyan	Independent Non-Executive Director
Ms. Aisyah Lam Binti Abdullah	Independent Non-Executive Director
Mr. Omar Siddiq Amin Noer Rashid	Non-Independent Non-Executive Director (Appointed on 16 December 2019)
Mr. Ahmad Shazli Kamarulzaman	Non-Independent Non-Executive Director (Appointed on 16 December 2019)
Mr. Bun Yin	Non-Independent Executive Director
Dato' Wira Zainal Abidin Mahamad Zain	Chairman/Independent Non-Executive Director (Retired as Chairman on 16 December 2019)
Dato' Shahrul Nazri Abdul Rahim	Non-Independent Non-Executive Director (Resigned on 1 July 2019)
Mr. Yong Jiunn Run	Non-Independent Non-Executive Director (Retired on 16 December 2019)
Mr. Renzo Christopher Viegas	Non-Independent Non-Executive Director (Resigned on 31 July 2019)

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

The Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards ("CIFRS").

In preparing these financial statements, the Directors are required to:

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

- ii) comply with the disclosure requirements of CIFRS or, if there have been any departures in the interest 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 the 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 its 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 2019 and the financial performance and cash flows of the Bank for the year then ended in accordance with the Cambodian International Financial Reporting Standards, were approved by the Board of Directors.

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



**Mr. Bun Yin**

Executive Director/Chief Executive Officer

Phnom Penh, Kingdom of Cambodia  
15 May 2020

# INDEPENDENT AUDITOR'S REPORT

To the shareholder 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 2019, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRS").

## WHAT WE HAVE AUDITED

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2019;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows 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 KICPAA Code.

## OTHER INFORMATION

Management is responsible for the other information. The other information obtained at the date of this auditor's report are the directors' report and the supplementary financial information but do 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 on the other information obtained prior to the date of this auditor's report, 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 CIFRS, 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  
15 May 2020



# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		As at 31 December 2019		As at 31 December 2018		As at 1 January 2018	
	Notes	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<b>ASSETS</b>							
Cash on hand	5	59,905,313	244,114,150	78,718,236	316,289,872	17,904,402	72,280,071
Deposits and placements with the central bank	6	199,656,050	813,598,404	127,642,510	512,867,605	118,482,164	478,312,496
Deposits and placements with other banks	7	14,389,497	58,637,200	8,526,488	34,259,429	56,338,179	227,437,228
Loans and advances at amortised cost	8	693,763,906	2,827,087,917	539,635,226	2,168,254,339	402,577,452	1,625,205,173
Statutory deposits with the central bank	9	114,526,184	466,694,200	92,166,547	370,325,186	72,303,610	291,889,674
Right-of-use assets	10	5,294,609	21,575,532	5,437,899	21,849,478	6,578,940	26,559,181
Property and equipment	11	2,947,284	12,010,182	2,782,957	11,181,921	2,968,651	11,984,444
Intangible assets	12	1,376,227	5,608,125	616,976	2,479,010	420,591	1,697,926
Deferred tax assets	13	1,925,100	7,844,782	1,451,668	5,832,802	1,041,875	4,206,049
Other assets	14	4,873,240	19,858,453	3,943,982	15,846,919	2,563,245	10,347,820
<b>TOTAL ASSETS</b>		<b>1,098,657,410</b>	<b>4,477,028,945</b>	<b>860,922,489</b>	<b>3,459,186,561</b>	<b>681,179,109</b>	<b>2,749,920,062</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
Deposits from banks	15	41,978,946	171,064,205	29,100,967	116,927,685	18,411,551	74,327,432
Deposits from customers	16	790,783,214	3,222,441,597	684,498,863	2,750,316,431	544,849,963	2,199,559,300
Borrowings	17	74,477,460	303,495,650	10,238,458	41,138,124	-	-
Subordinated debts	18	37,316,479	152,064,652	7,068,466	28,401,096	7,068,466	28,535,397
Lease liabilities	10	5,636,012	22,966,749	5,716,216	22,967,756	6,758,715	27,284,932
Current income tax liabilities	28	4,544,548	18,519,033	3,192,761	12,828,514	1,821,167	7,352,051
Employee benefits	19	2,075,379	8,457,169	1,627,348	6,538,684	1,056,155	4,263,698
Other liabilities	20	25,643,073	104,495,521	21,489,537	86,344,960	22,475,145	90,732,161
<b>TOTAL LIABILITIES</b>		<b>982,455,111</b>	<b>4,003,504,576</b>	<b>762,932,616</b>	<b>3,065,463,250</b>	<b>602,441,162</b>	<b>2,432,054,971</b>
<b>EQUITY</b>							
Share capital	21	75,000,000	305,625,000	75,000,000	301,350,000	62,500,000	252,312,500
Retained earnings		33,957,375	137,372,906	17,098,157	69,059,355	12,836,396	51,820,530
Regulatory reserves	22	7,244,924	29,287,977	5,891,716	23,804,778	3,401,551	13,732,061
Other reserves		-	1,238,486	-	(490,822)	-	-
<b>TOTAL EQUITY</b>		<b>116,202,299</b>	<b>473,524,369</b>	<b>97,989,873</b>	<b>393,723,311</b>	<b>78,737,947</b>	<b>317,865,091</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,098,657,410</b>	<b>4,477,028,945</b>	<b>860,922,489</b>	<b>3,459,186,561</b>	<b>681,179,109</b>	<b>2,749,920,062</b>

The accompanying notes on pages 98 to 151 form an integral part of these financial statements.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	For the year ended 31 December 2019		For the year ended 31 December 2018	
		US\$	KHR'000	US\$	KHR'000
Interest income	23	48,903,486	198,156,925	37,046,341	149,852,450
Interest expense	23	(16,495,236)	(66,838,696)	(12,138,155)	(49,098,837)
<b>Net interest income</b>	23	32,408,250	131,318,229	24,908,186	100,753,613
Fee and commission income	24	6,896,181	27,943,325	5,258,601	21,271,041
Fee and commission expense	24	(1,387,595)	(5,622,535)	(1,165,086)	(4,712,773)
<b>Net fee and commission income</b>	24	5,508,586	22,320,790	4,093,515	16,558,268
Credit impairment losses	25	(655,243)	(2,655,045)	14,392	58,216
Other operating income		1,137,743	4,610,135	962,943	3,895,105
Other gains/(losses) – net		20,404	82,677	(103,644)	(419,240)
<b>Net other operating income</b>		502,904	2,037,767	873,691	3,534,081
<b>Expenses</b>					
Personnel expenses	26	(9,401,962)	(38,096,750)	(7,476,566)	(30,242,710)
Depreciation and amortisation charges	27	(2,157,790)	(8,743,365)	(2,185,796)	(8,841,545)
Other operating expenses	28	(3,997,841)	(16,199,252)	(3,888,751)	(15,729,997)
		(15,557,593)	(63,039,367)	(13,551,113)	(54,814,252)
<b>Profit before income tax</b>		22,862,147	92,637,419	16,324,279	66,031,710
Income tax expenses	29	(4,649,721)	(18,840,669)	(3,272,353)	(13,236,668)
<b>Profit for the year</b>		18,212,426	73,796,750	13,051,926	52,795,042
<b>Other comprehensive income:</b>					
<i>Items that will not be classified to profit or loss</i>					
Currency translation differences		-	1,729,308	-	(490,822)
Other comprehensive income for the year, net of tax		-	1,729,308	-	(490,822)
<b>Total comprehensive income for the year</b>		18,212,426	75,526,058	13,051,926	52,304,220
<b>Profit attributable to:</b>					
Owners of the Bank		18,212,426	73,796,750	13,051,926	52,795,042
<b>Total comprehensive income attributable to:</b>					
Owners of the Bank		18,212,426	75,526,058	13,051,926	52,304,220

The accompanying notes on pages 98 to 151 form an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital		Retained earnings		Regulatory reserves		Other reserves		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<b>Balance at 1 January 2018 as previously reported</b>	62,500,000	252,312,500	14,207,903	57,357,304	-	-	-	-	76,707,903	309,669,804
Effects on application of the new accounting policy for first-time adopter (Note 4)	-	-	(1,371,507)	(5,536,774)	3,401,551	13,732,061	-	-	2,030,044	8,195,287
<b>Restated balance at 1 January 2018</b>	62,500,000	252,312,500	12,836,396	51,820,530	3,401,551	13,732,061	-	-	78,737,947	317,865,091
Profit for the year (Restated*)	-	-	13,051,926	52,795,042	-	-	-	-	13,051,926	52,795,042
Other comprehensive income (Restated*)	-	-	-	-	-	-	-	(490,823)	-	(490,823)
<b>Total comprehensive income for the year (Restated*)</b>	-	-	13,051,926	52,795,042	-	-	-	(490,823)	13,051,926	52,304,219
<b>Transactions with owners in their capacity as owners</b>										
Additional paid-up capital	6,200,000	25,079,000	-	-	-	-	-	-	6,200,000	25,079,000
Conversion of retained earnings to share capital	6,300,000	25,483,500	(6,300,000)	(25,483,500)	-	-	-	-	-	-
Transfer to regulatory reserves	-	-	(2,490,165)	(10,072,717)	2,490,165	10,072,717	-	-	-	-
Currency translation differences	-	(1,525,000)	-	-	-	-	-	-	-	(1,525,000)
<b>Total transactions with owners</b>	12,500,000	49,037,500	(8,790,165)	(35,556,217)	2,490,165	10,072,717	-	-	6,200,000	23,554,000
<b>Balance at 31 December 2018 (Restated*)</b>	75,000,000	301,350,000	17,098,157	69,059,355	5,891,716	23,804,778	-	(490,823)	97,989,873	393,723,310
<b>Restated balance at 1 January 2019</b>	75,000,000	301,350,000	17,098,157	69,059,355	5,891,716	23,804,778	-	(490,823)	97,989,873	393,723,310
Profit for the year	-	-	18,212,426	73,796,750	-	-	-	-	18,212,426	73,796,750
Other comprehensive income	-	-	-	-	-	-	-	1,729,309	-	1,729,309
<b>Total comprehensive income for the year</b>	-	-	18,212,426	73,796,750	-	-	-	1,729,309	18,212,426	75,526,059
<b>Transactions with owners in their capacity as owners:</b>										
Additional paid-up capital	-	-	-	-	-	-	-	-	-	-
Transfer to regulatory reserves	-	-	(1,353,208)	(5,483,199)	1,353,208	5,483,199	-	-	-	-
Currency translation differences	-	4,275,000	-	-	-	-	-	-	-	4,275,000
<b>Total transactions with owners</b>	-	4,275,000	(1,353,208)	(5,483,199)	1,353,208	5,483,199	-	-	-	4,275,000
<b>Balance at 31 December 2019</b>	75,000,000	305,625,000	33,957,375	137,372,906	7,244,924	29,287,977	-	1,238,486	116,202,299	473,524,369

The accompanying notes on pages 98 to 151 form an integral part of these financial statements.



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019		2018	
	Notes	US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Cash generated from operations	31	(61,221,309)	(247,895,172)	(13,424,180)	(54,300,807)
Interest received		47,629,252	192,993,729	36,258,854	146,667,064
Interest paid		(14,471,450)	(58,638,315)	(11,314,126)	(45,765,640)
Income tax paid	29	(3,771,366)	(15,281,575)	(2,310,552)	(9,346,183)
Staff pension fund paid	19	(153,749)	(622,991)	(71,080)	(287,519)
Net cash used in operating activities		(31,988,622)	(129,444,324)	9,138,916	36,966,915
Cash flows from investing activities					
Cash collateral on borrowings		(74,476,000)	(301,776,752)	(12,234,000)	(49,486,530)
Capital guarantee deposits		-	-	(1,250,000)	(5,056,250)
Purchases of property and equipment		(1,024,556)	(4,151,501)	(804,973)	(3,256,116)
Purchases of intangible assets		(674,697)	(2,733,872)	(402,592)	(1,628,485)
Proceeds from disposals of property and equipment		11,453	46,408	34,838	140,920
Net cash used in investing activities		(76,163,800)	(308,615,717)	(14,656,727)	(59,286,461)
Cash flows from financing activities					
Proceeds from issuance of share capital		-	-	6,200,000	25,079,000
Proceeds from borrowings	17	128,053,988	518,874,759	10,159,283	41,094,300
Repayments of borrowings	17	(64,348,240)	(260,739,068)	-	-
Proceeds from subordinated debts	18	30,000,000	121,560,000	-	-
Principal elements of lease payments		(1,116,693)	(4,524,840)	(1,042,499)	(4,216,908)
Net cash generated from financing activities		92,589,055	375,170,851	15,316,784	61,956,392
Net (decrease)/increase in cash and cash equivalents		(15,563,367)	(62,889,190)	9,798,973	39,636,846
Cash and cash equivalents at beginning of the year		198,834,902	798,918,636	189,035,929	763,138,045
Currency translation differences		-	10,802,060	-	(3,856,255)
Cash and cash equivalents at the end of year	30	183,271,535	746,831,506	198,834,902	798,918,636

The accompanying notes on pages 98 to 151 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## 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 Preah 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 15 May 2020.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these 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

On 28 August 2009, the National Accounting Council of the Ministry of Economy and Finance announced the adoption of Cambodian International Financial Reporting Standards ("CIFRS") which are based on all standards published by International Accounting Standard Board ("IASB") including other interpretations and amendments to each standard that might arise in certain circumstances, by adding the word "Cambodian". Publicly accountable entities shall prepare their financial statements in accordance with CIFRS for accounting periods beginning on or after 1 January 2012.

Circular 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 further delay adoption of CIFRS until periods beginning on or after 1 January 2019.

The financial statements are prepared in accordance with Cambodian International Financial Reporting Standards (CIFRS) which are based on all standards published by the International Accounting Standard Board including other interpretations and amendments that may occur in any circumstances to each standard.

The financial statements have been prepared under the historical cost convention.

The financial statements for the year ended 31 December 2019 are the first set of financial statements prepared in accordance with CIFRS. As at first-time adopter of CIFRS, the Bank prepares the explanation of transition from the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards ("CAS") to CIFRS in Note 4.

The preparation of financial statements in conformity with CIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. 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.

### 2.2 New and amended accounting standards and interpretations not yet adopted by the Bank

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting period and have not been early adopted by the Bank. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### 2.3 Foreign currency 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 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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss, within interest expense. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses) - net.

### iii) Presentation in Khmer Riel

In compliance with the Law on Accounting and Auditing, a translation of the financial statements from US\$ to Khmer Riel is required. The statements of profit or loss and other comprehensive income and cash flows are translated into Khmer Riel using the average rates for the years. Assets and liabilities for each statement of financial position presented and shareholders' capital are translated at the closing rates as of the reporting dates. Resulting exchange difference arising from the translation of shareholders' capital is recognised directly in equity; all other resulting exchange differences are recognised in the other comprehensive income.

The Bank has used the official rates of exchange published by the National Bank of Cambodia. As at the reporting date, the yearly average rate was US\$1 to Riel 4,052 (2018: US\$1 to Riel 4,045) and the closing rate was US\$1 to Riel 4,075 (2018: US\$1 to Riel 4,018).

For the purpose of presentation per CIFRS 1, as at 1 January 2018, the average rate was US\$1 to Riel 4,045 and the closing rate was US\$1 to Riel 4,037.

## 2.4 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand, unrestricted deposits and placements with the Central Bank and other banks, and other short-term highly liquid investments with original maturities of three months or less where the Bank has full ability to withdraw for general purpose whenever needed and subject to an insignificant risk of changes in value.

Deposits and placements with the Central Bank and other banks are carried at amortised cost in the statement of financial position. Bank overdrafts are presented as liabilities in the statement of financial position.

## 2.5 Financial assets

### a) Classification

The Bank classifies its financial assets as measured at amortised cost and they are cash on hand, deposits and placements with the Central Bank and other banks, loans and advances at amortised cost, and other assets.

The classification depends on the Bank's model for managing financial assets and the contractual terms of the financial assets cash flows.

The Bank classify their financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

### b) Recognition and derecognition

Financial assets are recognised when the Bank becomes a party to the contractual provision of the instruments. Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Bank commits to purchase or sell the assets.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Bank has transferred substantially all the risks and rewards of ownership. A gain or loss on derecognition of a financial asset measured at amortised cost is recognised in profit or loss when the financial asset is derecognised.

### c) Measurement

At initial recognition, the Bank measures a financial assets at its fair value plus, in the case of a financial assets not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### *Debt instruments*

Subsequent measurement of debt instruments depends on the Bank's business model for managing the assets and the cash flow characteristics of the assets. The Bank classifies its debt instruments as financial assets measured at amortised cost.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest (SPPI), are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in finance income using the effective interest rate method.

For staff housing loans at an interest rate below the market rate, such loans are initially recognised at the present value of the future cash payments discounted at a market rate of interest for a similar loan. Differences between the amount of cash paid and the present value of the future cash receipts are recognised as advanced employee benefits in other assets.

#### d) Reclassification of financial assets

The Bank reclassifies financial assets when and only when their business model for managing those assets changes.

#### e) Impairment

The Bank assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and with the exposure arising from credit commitments (including overdraft and revolving facilities) and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Bank applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories:

- Debt instruments measured at amortised cost; and
- Credit commitments (including undrawn overdraft and revolving facilities) and financial guarantee contracts

The three-stage approach is based on the change in credit risk since initial recognition:

#### (a) Stage 1: 12-months ECL

Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-months ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

#### (b) Stage 2: Lifetime ECL – not credit impaired

Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

#### (c) Stage 3: Lifetime ECL – credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and interest income is calculated on the net carrying amount of the financial assets.

### 2.6 Financial liabilities

Financial liabilities are recognised when the Bank becomes a party to the contractual provision of the instruments. Financial liabilities of the Bank include deposits from banks, deposits from customers, borrowings, subordinated debts and other financial liabilities.

Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss.

Financial liabilities that are not classified as fair value through profit or loss are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from banks, deposits from customers, borrowings, subordinated debts and other financial liabilities.

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

### 2.7 Credit commitments and financial guarantee contracts

Credit commitments (including undrawn overdraft and revolving facilities) provided by the Bank are measured at the amount of the loss allowance. The Bank has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For credit commitments (including undrawn overdraft and revolving facilities), the expected credit losses are recognised as provisions (presented with other liabilities). However, for contracts that include both a loan and an undrawn commitment and that the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.



Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under CIFRS 9 'Financial Instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of CIFRS 15 'Revenue from Contracts with Customers, where appropriate.

These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee.

Any increase in the liability relating to guarantees is reported in profit or loss within operating expenses.

## 2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## 2.9 Property and equipment

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

Subsequent costs 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 profit or loss in the financial year in which they are incurred.

Capital work-in-progress is not depreciated. Depreciation of property and equipment is charged to profit or loss 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%

Depreciation on capital work-in-progress commences when the assets are ready for their intended use. The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 profit or loss.

## 2.10 Intangible assets

Intangible assets, which comprise acquired computer software licences and related costs, are stated at cost less accumulated amortisation and impairment loss. Acquired computer software licences are capitalised based on the cost incurred to acquire the specific software and bring it into 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 intangible assets are recognised as an expense when incurred.

## 2.11 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 of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Any impairment loss is charged to profit or loss in the period in which it arises. Reversal of impairment losses is recognised in profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

## 2.12 Leases

### *The Bank as a lessee*

As inception of contract, the Bank assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Contracts may contain both lease and non-lease components. The Bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different term and conditions. The lease agreements do not impose any covenants other than the security interests in the lease assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis.

#### i) Lease liabilities

Lease liabilities include the net present value of the lease payments from fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Bank where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and interest expense. The interest expense was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### ii) Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct cost, and
- restoration cost, if any

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Bank is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Subsequently the right-of-use asset is measured at cost less depreciation and any accumulated impairment losses.

#### iii) Recognition exemptions

Payments associated with all short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases comprise space rental for equipment.

As a first-time adopter of CIFRS, the Bank applied optional exemption on leases. Please refer to Note 4 for note on transition to CIFRS.

## 2.13 Income tax

The income tax expenses is the tax payables on the current's period taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the reporting date in country where the Bank operates and generates taxable income.

Deferred tax is provided in full, using the liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary difference 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.

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.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## 2.14 Provision

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been 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. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 2.15 Regulatory reserves

Banks and financial institutions are required to compute regulatory provisions, according to Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisions on impairment. If the accumulated regulatory provision is higher than the accumulated impairment based on CIFRS 9, the 'topping up' will be recorded as regulatory reserves presented under equity. The reserve is subsequently reversed (up to zero) should the accumulated regulatory provision equal or be lower than accumulated impairment based on CIFRS 9. The regulatory reserve is set aside as a buffer, is non-distributable, is not allowed to be included in the net worth calculation.

## 2.16 Employee benefits

### i) Short-term employee benefits

Short-term employee benefits are accrued in the year in which the associated services are rendered by the employees of the Bank.

### ii) Other long term employment benefits - seniority payments

In June 2018, the Cambodian government amended the Labour Law introducing the seniority pay scheme. Subsequently on 21 September 2018, Prakas No. 443 K.B/Br.K.Kh.L, was issued providing guidelines on the implementation of the law. In accordance with the law/Prakas, each entity is required to pay each employee with unspecified duration employment contract the following seniority scheme:

- Annual service - effective January 2019, 15 days of their average monthly salary and benefits each year payable every six month on 30 June and 31 December (7.5 days each payment).

- Past years of seniority service - employees are entitled to 15 days of their salary per year of service since the commencement of employment up to 31 December 2018 and still continue working with the Company. The past seniority payment depends on each staff past services and shall not exceed six months of average gross salaries. On 22 March 2019, the Ministry of Labour and Vocational Training issued guideline number 042/29 K.B/S.N.N.Kh.L, to delay the payment of the past years of seniority service which will be payable three days each in June and in December starting December 2021.

The annual service pay is considered as short-term employee benefits. These are accrued in the year in which the associated services are rendered by the employees of the Bank.

The past years of seniority service is classified as long term employee benefits. Past seniority liability is recognised at the present value of defined obligations 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 obligation 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 by references to the high quality corporate bond of the currency that the liability is denominated.

### iii) Other long term employment benefits – 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 profit or loss on monthly basis.

## 2.17 Interest income and expense

Interest income and expense from financial instruments at amortised cost are recognised within "interest income" and "interest expense" respectively in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Interest income is calculated by applying effective interest rate to the gross carrying amount of a financial asset except for:

- Purchased or originated credit-impaired financial assets (POCI), for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial assets.
- Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

## 2.18 Fee and commission income

Fees and commissions are recognised as income when all conditions precedent are fulfilled (performance obligations are satisfied and control is transferred over time or point in time).

Commitment fees for loans, advances and financing that are likely to be drawn down are deferred (together with related direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate on the financial instrument.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Bank make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

### i) Expected credit loss allowance on financial assets at amortised cost

The expected credit loss allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL
- Establishing groups of similar financial assets for the purposes of measuring ECL

### ii) Other long term employee benefits - seniority payment

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 include the staff turnover and discount rate. Any changes in these assumptions will impact the carrying amount of seniority payment obligations.

### iii) Lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

## 4. TRANSITION TO CIFRS

The Bank's financial statements for the year ended 31 December 2019 are the first financial statements prepared in accordance with CIFRS.

Up to 31 December 2018, the Bank prepared its financial statements in accordance with the guidelines issued by the National Bank of Cambodia ("NBC") and Cambodian Accounting Standards ("CAS"). In transition to CIFRS, the Bank has prepared and presented financial statements below in accordance with CIFRS:

1. Statement of financial position as at 31 December 2018
2. Opening statement of financial position as at 1 January 2018



3. Statement of profit or loss and other comprehensive income for the year ended 31 December 2018
4. Statement of changes in equity for the year ended 31 December 2018

This note provides reconciliation of equity as at 31 December 2018 and at 1 January 2018, and reconciliation of total comprehensive income for the year ended 31 December 2018.

As a first-time adopter of CIFRS, the Bank applied applicable mandatory exceptions and optional exemptions to the retrospective application below:

**Mandatory exceptions applicable to the Bank are:**

- The estimates as at 31 December 2018 and 1 January 2018 in accordance with CIFRS that are consistent with those made for the same date in accordance with the guidelines issued by the NBC and CAS, unless there is objective evidence that those estimates were in error.
- Derecognition of financial assets and financial liabilities: The Bank applied derecognition requirements in CIFRS 9 prospectively for transactions occurring on or after the date of transition to CIFRS (1 January 2018).
- Classification and measurement of financial assets: the financial assets of the Bank as at 1 January 2018 are assessed against the classification tests of business models and SPPI based on the facts and circumstances on 1 January 2018.
- Impairment of financial assets: the Bank applied the impairment requirements of CIFRS 9 retrospectively by using reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised and compared that to the credit risk at the date of transition to CIFRS (1 January 2018).

**Optional exemptions elected by the Bank are:**

- Leases: The Bank assessed whether a contract contains a lease on the basis of facts and circumstances existing at 1 January 2018. On a lease-by-lease basis, the Bank:
  - › Used a single discount rate for a portfolio of leases with similar characteristics by considering the similar remaining terms, similar class of underlying assets and similar lease liabilities.
  - › Applied the short-term leases exemption for leases with a lease term of 12 months or less at 1 January 2018;
  - › Excluded the initial direct costs such as legal fees from the basis of the calculation of the right-of-use assets as at 1 January 2018; and
  - › Used actual information happened after 1 January 2018 to support assessment of the lease term where the extension or termination option involved judgement at 1 January 2018.
- Fair value measurement of financial assets or financial liabilities at initial recognition: The Bank applied “day 1” gain or loss recognition requirement of CIFRS 9 prospectively to transactions entered into on or after 1 January 2018.
- As first-time adopter of CIFRS, the cumulative translation differences are deemed to be zero at 1 January 2018 (date of transition to CIFRS).

	As at 31 December 2018		As at 1 January 2018	
	US\$	KHR'000	US\$	KHR'000
Equity as reported under CAS and guidelines issued by the National Bank of Cambodia	94,173,073	378,387,407	76,707,903	309,669,804
Effect of transition to CIFRS (Note 4.1 (i) and Note 4.1 (ii))	3,816,800	15,335,903	2,030,044	8,195,287
Equity as reported under CIFRS	97,989,873	393,723,310	78,737,947	317,865,091

	As at 31 December 2018	
	US\$	KHR'000
Total comprehensive income as reported under CAS and guidelines issued by the National Bank of Cambodia	11,265,170	45,567,613
Effect of transition to CIFRS (Note 4.2)	1,786,756	6,736,606
Total comprehensive income as reported under CIFRS	13,051,926	52,304,219

## i) Reconciliation of equity as at 31 December 2018

		CAS and NBC's guidelines As at 31 December 2018		Effect of transition to CIFRS As at 31 December 2018		CIFRS As at 31 December 2018	
	Notes	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<b>ASSETS</b>							
Cash on hand		78,718,236	316,289,872	-	-	78,718,236	316,289,872
Deposits and placements with the Central Bank	a	219,771,912	883,043,542	(92,129,402)	(370,175,937)	127,642,510	512,867,605
Deposits and placements with other banks	b	8,449,715	33,950,955	76,773	308,474	8,526,488	34,259,429
Loans and advances at amortised cost	c	534,449,576	2,147,418,396	5,185,650	20,835,942	539,635,226	2,168,254,338
Amounts due from immediate parent	e	91,217	366,510	(91,217)	(366,510)	-	-
Statutory deposits with the Central Bank	a	-	-	92,166,547	370,325,186	92,166,547	370,325,186
Property and equipment		2,782,957	11,181,921	-	-	2,782,957	11,181,921
Right-of-use assets	d	-	-	5,437,899	21,849,478	5,437,899	21,849,478
Intangible assets		616,976	2,479,010	-	-	616,976	2,479,010
Deferred tax assets	g	1,880,000	7,553,840	(428,332)	(1,721,038)	1,451,668	5,832,802
Other assets	e	4,452,913	17,891,804	(508,931)	(2,044,885)	3,943,982	15,846,919
<b>TOTAL ASSETS</b>		<b>851,213,502</b>	<b>3,420,175,850</b>	<b>9,708,987</b>	<b>39,010,710</b>	<b>860,922,489</b>	<b>3,459,186,560</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
Deposits from banks	f	28,913,496	116,174,427	187,471	753,258	29,100,967	116,927,685
Deposits from customers	f	680,865,738	2,735,718,535	3,633,125	14,597,896	684,498,863	2,750,316,431
Borrowings	f	10,159,283	40,819,999	79,175	318,125	10,238,458	41,138,124
Subordinated debt	f	7,000,000	28,126,000	68,466	275,096	7,068,466	28,401,096
Lease liabilities	d	-	-	5,716,216	22,967,756	5,716,216	22,967,756
Current income tax liabilities		3,192,761	12,828,514	-	-	3,192,761	12,828,514
Employee benefits	f	-	-	1,627,348	6,538,684	1,627,348	6,538,684
Provision for off balance sheet commitments	f	889,467	3,573,878	(889,467)	(3,573,878)	-	-
Amounts due to suppliers	f	927,710	3,727,539	(927,710)	(3,727,539)	-	-
Other liabilities	f	25,091,974	100,819,551	(3,602,437)	(14,474,591)	21,489,537	86,344,960
		<b>757,040,429</b>	<b>3,041,788,443</b>	<b>5,892,187</b>	<b>23,674,807</b>	<b>762,932,616</b>	<b>3,065,463,250</b>
<b>TOTAL LIABILITIES</b>							
<b>EQUITY</b>							
Share capital		75,000,000	301,350,000	-	-	75,000,000	301,350,000
Retained earnings	h	19,173,073	77,037,407	(2,074,916)	(7,978,052)	17,098,157	69,059,355
Regulatory reserves	h	-	-	5,891,716	23,804,778	5,891,716	23,804,778
Other reserves		-	-	-	(490,823)	-	(490,823)
<b>TOTAL EQUITY</b>		<b>94,173,073</b>	<b>378,387,407</b>	<b>3,816,800</b>	<b>15,335,903</b>	<b>97,989,873</b>	<b>393,723,310</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>851,213,502</b>	<b>3,420,175,850</b>	<b>9,708,987</b>	<b>39,010,710</b>	<b>860,922,489</b>	<b>3,459,186,560</b>

ii) Reconciliation of equity as at 1 January 2018

		CAS and NBC's guidelines As at 1 January 2018		Effect of transition to CIFRS As at 1 January 2018		CIFRS As at 1 January 2018	
	Notes	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<b>ASSETS</b>							
Cash on hand		17,904,402	72,280,071	-	-	17,904,402	72,280,071
Deposits and placements with the Central Bank	a	190,777,180	770,167,476	(72,295,016)	(291,854,980)	118,482,164	478,312,496
Deposits and placements with other banks	b	56,377,957	227,597,812	(39,778)	(160,584)	56,338,179	227,437,228
Loans and advances at amortised cost	c	398,588,197	1,609,100,551	3,989,255	16,104,622	402,577,452	1,625,205,173
Amounts due from immediate parent	e	57,695	232,915	(57,695)	(232,915)	-	-
Statutory deposits with the Central Bank	a	-	-	72,303,610	291,889,674	72,303,610	291,889,674
Property and equipment		2,968,651	11,984,444	-	-	2,968,651	11,984,444
Right-of-use assets	d	-	-	6,578,940	26,559,181	6,578,940	26,559,181
Intangible assets		420,591	1,697,926	-	-	420,591	1,697,926
Deferred tax assets	g	1,354,499	5,468,112	(312,624)	(1,262,063)	1,041,875	4,206,049
Other assets	e	3,627,237	14,643,156	(1,063,992)	(4,295,336)	2,563,245	10,347,820
<b>TOTAL ASSETS</b>		<b>672,076,409</b>	<b>2,713,172,463</b>	<b>9,102,700</b>	<b>36,747,599</b>	<b>681,179,109</b>	<b>2,749,920,062</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
Deposits from banks	f	18,386,044	74,224,460	25,507	102,972	18,411,551	74,327,432
Deposits from customers	f	541,748,977	2,187,040,620	3,100,986	12,518,680	544,849,963	2,199,559,300
Borrowings	f	-	-	-	-	-	-
Subordinated debt	f	7,000,000	28,259,000	68,466	276,397	7,068,466	28,535,397
Lease liabilities	d	-	-	6,758,715	27,284,932	6,758,715	27,284,932
Current income tax liabilities		1,821,167	7,352,051	-	-	1,821,167	7,352,051
Employee benefits	f	-	-	1,056,155	4,263,698	1,056,155	4,263,698
Provision for off balance sheet commitments	f	-	-	-	-	-	-
Amounts due to suppliers	f	856,187	3,456,427	(856,187)	(3,456,427)	-	-
Other liabilities	f	25,556,131	103,170,101	(3,080,986)	(12,437,940)	22,475,145	90,732,161
<b>TOTAL LIABILITIES</b>		<b>595,368,506</b>	<b>2,403,502,659</b>	<b>7,072,656</b>	<b>28,552,312</b>	<b>602,441,162</b>	<b>2,432,054,971</b>
<b>EQUITY</b>							
Share capital		62,500,000	252,312,500	-	-	62,500,000	252,312,500
Retained earnings	h	14,207,903	57,357,304	(1,371,507)	(5,536,774)	12,836,396	51,820,530
Regulatory reserves	h	-	-	3,401,551	13,732,061	3,401,551	13,732,061
Other reserves		-	-	-	-	-	-
<b>TOTAL EQUITY</b>		<b>76,707,903</b>	<b>309,669,804</b>	<b>2,030,044</b>	<b>8,195,287</b>	<b>78,737,947</b>	<b>317,865,091</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>672,076,409</b>	<b>2,713,172,463</b>	<b>9,102,700</b>	<b>36,747,600</b>	<b>681,179,109</b>	<b>2,749,920,063</b>

### iii) Notes to the reconciliation of equity as at 31 December 2018 and 1 January 2018

- a) The capital guarantee and reserve requirement on deposits from customers do not meet financial assets definition under CIFRS 9, thus they are reclassified and presented separately as “statutory deposits with the Central Bank”. Accrued interest receivables amounting to US\$37,145 as at 31 December 2018 and US\$8,594 as at 1 January 2018 were reclassified from other assets to deposits and placements with the Central Bank for recognition at amortised cost.
- b) Impairment loss based on expected credit loss (ECL) model of CIFRS 9 as at 31 December 2018 was lower than impairment loss recognised based on CAS and NBC’s guidelines of US\$76,374. Accrued interest receivables of US\$399 were reclassified from other assets to deposits and placements with other banks as at 31 December 2018 for recognition at amortised cost.

The effect of adjustment as at 1 January 2018 represented impairment loss based on ECL model of CIFRS 9, but was not recognised based on CAS and NBC’s guidelines as at 1 January 2018 of US\$70,632. In addition, accrued interest receivables of US\$30,854 were reclassified from other assets to deposits and placements with other banks as at 1 January 2018 for recognition at amortised cost.

- (c) The reclassification and adjustments to loans and advances are as follows:

	As at 31 December 2018		As at 1 January 2018	
	US\$	KHR'000	US\$	KHR'000
Loans and advances to employees (i)	(2,189,294)	(8,796,583)	(1,323,631)	(5,343,498)
Allowance on expected credit loss for loans and advances (ii)	5,081,191	20,416,225	3,582,024	14,460,631
Reclassification of accrued interest receivables (iii)	3,405,058	13,681,523	2,548,940	10,290,071
Reclassification of unamortised loan fees (iv)	(1,726,897)	(6,938,672)	(1,065,385)	(4,300,959)
Unwinding of discount on interest income (v)	(128,286)	(515,453)	(61,559)	(248,514)
Reclassification of advanced payment on credit cards (vi)	743,878	2,988,902	308,866	1,246,891
	5,185,650	20,835,942	3,989,255	16,104,622

- (i) At initial recognition, loans and advances measure at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial assets. Loans and advances provided to employees are not at market interest rate, they are not recorded at fair value. The Bank measured the loans and advances to employees at present value of future cash inflows discounted at a market rate of interest for a similar loan and the differences is accounted for as employee benefits paid in

advances which resulted for reclassification from “loans and advances at amortised cost” to “other assets”. The loans and advances to employees at present value of US\$2,189,294 and US\$1,323,631 as at 31 December 2018 and 1 January 2018 were recognised against advanced employee benefits under “other assets” of US\$2,371,386 and US\$1,466,701 as at 31 December 2018 and 1 January 2018 respectively. The increase in unwinding of discount on loans and advances to employees of US\$150,049 was credited to interest income, and the decrease in advanced employee benefits of US\$111,028 was charged to personnel expenses.

- (ii) Under CAS and NBC’s guidelines, loans and advances to customers are recognised and measured at cost less regulatory provision. Loans and advances to customers passed the BM and SPPI tests, are measured at amortised cost using effective interest method under CIFRS 9. Financial assets measured at amortised cost is subject to impairment loss based on ECL model, but they were recognised based on CAS and NBC’s guidelines. These resulted in a decrease in impairment loss of US\$5,081,191 and US\$3,582,024 as at 31 December 2018 and 1 January 2018 respectively.
- (iii) Accrued interest receivable is the amount of loan interest that has already earned but has not yet been paid by the customers. Accrued interest receivables are part of the outstanding loan and advances under amortised cost. The amount of accrued interest receivables were reclassified from other assets to loans and advances of US\$3,405,058 and US\$2,548,940 as at 31 December 2018 and as at 1 January 2018 respectively.
- (iv) Under CIFRS 9, loan processing fees and costs that are directly attributable and integral to the transaction of the loans, should be capitalised as part of the loan balance, and amortised over the expected life of the loan on an effective interest rate basis (as part of interest income) which resulted a recognition of unamortised loan fees of US\$1,726,897 and US\$1,065,385 as at 31 December 2018 and 1 January 2018, respectively. The increase in unamortised loan fees from 1 January 2018 to 31 December 2018 of US\$661,512 was due to the reclassification of additional unamortised loan processing fee from fee and commission income to loan and advances.
- (v) Interest income from non-performing loans previously not qualified as interest income, have been reversed to interest income and unwinding of discount on interest income is recognised on the amortised cost of US\$128,286 and US\$61,559 as at 31 December 2018 and 1 January 2018 respectively. The increase in unwinding of discount on interest income from 1 January 2018 to 31 December 2018 of US\$66,727 was debited to interest income.
- (vi) Advanced payment on credit cards is the excess amount paid by the customers to the Bank to settle their credit cards payment in the future. The Bank is due to the customers for such excess amount. The amount of advanced payment on credit cards were reclassified from loans and advances to other liabilities of US\$743,878 and US\$308,866 as at 31 December 2018 and as at 1 January 2018 respectively.



- (d) On adoption of CIFRS 16, the Bank measured lease liabilities at the present value of the lease payments discounted using its incremental borrowing rate. The right-of-use assets were recognised at the amount equal to the lease liabilities, adjusted by the amount of any prepaid at inception of lease. As at 1 January 2018, lease liabilities and right-of-use assets were recognised in the statement of financial position for transition to CIFRS.

Interest expenses on lease liabilities and depreciation charges on right-of-use assets are recognised in profit or loss for the year ended 31 December 2018.

Previous rental expenses under operating lease was derecognised from the profit or loss which resulted in decrease in retained earnings of US\$278,317 for the year ended 31 December 2018.

- (e) The reclassifications in other assets are as follows:

	As at 31 December 2018		As at 1 January 2018	
	US\$	KHR'000	US\$	KHR'000
Reclassification of accrued interest receivables to deposits and placements with the Central Bank (Note 4.1 iii (a))	(37,145)	(149,249)	(8,594)	(34,694)
Reclassification of accrued interest receivables to deposits and placements with other banks (Note 4.1 iii (b))	(399)	(1,603)	(30,854)	(124,558)
Reclassification of accrued interest receivables to loans and advances (Note 4.1 iii (c) (iii))	(3,405,058)	(13,681,523)	(2,548,940)	(10,290,071)
Reclassification of employee benefits (Note 4.1 iii (c) (i))	2,371,386	9,528,229	1,466,701	5,921,073
Reclassification of amounts due from immediate parent (i)	91,217	366,510	57,695	232,915
Reversal of accrued interest in suspense (ii)	208,943	839,533	-	-
Reclassification of loss on foreign exchange position accounts to other liabilities (iii)	262,125	1,053,218	-	-
	(508,931)	(2,044,885)	(1,063,992)	(4,295,336)

- (i) Reclassification of “amounts due from immediate parent” to present in “other assets” as at 31 December 2018 and 1 January 2018 as it is not required to present separately.

- (ii) Accrued interest in suspense is the reversed amount of accrued interest on non-performing loans based on NBC's requirements. On adoption of CIFRS, the amount of accrued interest in suspense were reversed by US\$208,943 as at 31 December 2018 and US\$89,476 (Note 4.1 iii (f)) as at 1 January 2018. The increase in accrued interest in suspense from 1 January 2018 to 31 December 2018 of US\$119,467 was credited to interest income.

- (iii) The Bank used equivalent foreign exchange position accounts to record currency translation differences for monetary assets and liabilities at each reporting date. The amount of loss on currency translation for foreign exchange position accounts were reclassified from other assets to other liabilities of US\$262,125 as at 31 December 2018.

- (f) The reclassification in other liabilities are as follows:

	As at 31 December 2018		As at 1 January 2018	
	US\$	KHR'000	US\$	KHR'000
Reclassification of accrued interest payables to deposits from banks (i)	(187,471)	(753,258)	(25,507)	(102,972)
Reclassification of accrued interest payables to deposits from customers (i)	(3,633,125)	(14,597,896)	(3,100,986)	(12,518,680)
Reclassification of accrued interest payables to borrowings (i)	(79,175)	(318,125)	-	-
Reclassification of accrued interest payables to subordinated debts (i)	(68,466)	(275,096)	(68,466)	(276,397)
Reclassification of staff pension fund and seniority payment (ii)	(1,627,348)	(6,538,684)	(1,056,155)	(4,263,698)
Reclassification of amounts due to suppliers (iii)	927,710	3,727,539	856,187	3,456,427
Allowance on expected credit loss for credit commitment and financial guarantee contracts (iv)	155,314	624,052	109,841	443,428
Accrued annual leave (v)	95,138	382,264	65,197	263,200
Loans fee received (vi)	(191,017)	(767,507)	(80,487)	(324,925)
Reversal of accrued interest in suspense (Note 4.1 iii (e) (ii))	-	-	(89,476)	(361,215)
Reclassification of advanced payment on credit cards (Note 4.1 iii (c) (vi))	743,878	2,988,902	308,866	1,246,892
Reclassification of loss on foreign expense position accounts to other liabilities (Note 4.1 iii e (iii))	262,125	1,053,218	-	-
	(3,602,437)	(14,474,591)	(3,080,986)	(12,437,940)

- (i) Accrued interest payables of deposits from banks, deposits from customers, borrowings and subordinated debts previously presented in “other liabilities” were reclassified to “deposits from banks, deposits from customers, borrowings and subordinated debts at amortised cost”.
- (ii) Reclassification of staff pension fund and seniority payment from “other liabilities” to present separately as “employee benefits” as at 31 December 2018 and as at 1 January 2018 as it is required to present separately for employee benefits.
- (iii) Reclassification of “amounts due to suppliers” to present in “other liabilities” as at 31 December 2018 and 1 January 2018 as it is not required to present separately.
- (iv) Allowance on expected credit loss for credit commitments and financial guarantee contracts are based on ECL model of CIFRS 9, amounting to US\$155,314 as at 31 December 2018 and US\$109,841 as at 1 January 2018. Allowance on expected credit loss for credit commitments and financial guarantee contracts based under CAS and guidelines issued by the Central Bank as at 31 December 2018 was US\$889,467. The decrease in credit impairment losses of US\$843,994 was recognised in profit or loss for the year ended 31 December 2018.
- (v) Accrued annual leave is the unused annual leave which staff can carry forward to be used in the next 3 years or paid when staff resign. The Bank accrued for its obligation of making payment to the unused annual leave of US\$95,138 and US\$65,197 as at 31 December 2018 and 1 January 2018 respectively.
- (vi) Loans fee received is the loans processing fee received by the Bank when disbursed loans to the customers. The loans fee of US\$191,017 and US\$80,487 as at 31 December 2018 and 1 January 2018 respectively were received by the Bank during the year. The increase in loans fee received from 1 January 2018 to 31 December 2018 of US\$110,532 was credited to fee and commission income.

- (g) The above changes are required to recognise the deferred tax liabilities and resulted in a decrease in deferred tax assets as follows:

	As at 31 December 2018		As at 1 January 2018	
	US\$	KHR'000	US\$	KHR'000
Credit impairment loss	(1,178,342)	(4,734,578)	(680,310)	(2,746,411)
Unamortised loan fees	345,379	1,387,732	213,077	860,192
Accelerated depreciation	195,537	785,668	-	-
Employee benefits	134,403	540,031	105,615	426,368
Leases	55,663	223,654	35,955	145,150
Other accruals	19,028	76,455	13,039	52,638
	(428,332)	(1,721,038)	(312,624)	(1,262,063)

- (h) The adjustments to retained earnings are as follows:

		As at 31 December 2018		As at 1 January 2018	
	Notes	US\$	KHR'000	US\$	KHR'000
Impairment loss on deposits and placements with other banks	b	76,374	306,871	(70,632)	(285,141)
Impairment loss on loans and advances	c (ii)	5,081,191	20,416,225	3,582,024	14,460,631
Impairment loss on credit commitments and financial guarantee contracts	f (iii)	734,153	2,949,827	(109,841)	(443,428)
Unamortised loan fee	c (iv)	(1,535,878)	(6,171,158)	(984,898)	(3,976,033)
Leases	d	(278,317)	(1,118,278)	(179,775)	(725,752)
Advanced employee benefits	c (i)	182,091	731,642	143,069	577,570
Unwinding of discount on interest income	c (v)	(128,286)	(515,453)	(61,559)	(248,514)
Reversal of accrued interest in suspense	e (ii)	208,943	839,533	89,476	361,215
Accrued annual leave	f (v)	(95,139)	(382,268)	(65,196)	(263,198)
Tax effect of the above	g	(428,332)	(1,721,038)	(312,624)	(1,262,063)
Total adjustments to retained earnings		3,816,800	15,335,903	2,030,044	8,195,287
Transfer from retained earnings to regulatory reserves	(i)	(5,891,716)	(23,672,915)	(3,401,551)	(13,732,061)
Other reserves		-	358,960	-	-
Total effect of transition to CIFRS		(2,074,916)	(7,978,052)	(1,371,507)	(5,536,774)

- (i) As in Note 2.15, the accumulated regulatory provision based on CAS and NBC's guidelines is higher than the accumulated impairment based on CIFRS 9, the 'topping up' are transferred from retained earnings to regulatory reserves presented under equity.

#### 4.2 Reconciliation of total comprehensive income

	For the year ended 31 December 2018	
	US\$	KHR'000
Total comprehensive income as reported under CAS and guidelines issued by the Central Bank	11,265,170	45,567,613
Effect of transition to CIFRS	1,786,756	6,736,606
Total comprehensive income as reported under CIFRS	13,051,926	52,304,219

## i) Presentation currency

In accordance with NBC Prakas No. B7-07-164, dated 13 December 2007, the financial statements were translated to Khmer Riel (KHR) using one rate which is the closing rate (US\$1 to KHR4,018) as at 31 December 2018. Following CIAS 21, the statement of profit or loss and other comprehensive income for the year ended 31 December 2018 has been retranslated into Khmer Riel using the average rate for the year which was US\$1 to KHR4,045. For practical reason, the Bank did not show reconciliation of each item of income and expenses in the statement of profit or loss for the year ended 31 December 2018. The impact of the retranslation from closing rate to average rate is not material and is reported as other comprehensive income and other reserves.

## ii) Reconciliation of total comprehensive income for the year ended 31 December 2018

	Notes	CAS and NBC's guidelines For the year ended 31 December 2018		Effect of transition to CIFRS For the year ended 31 December 2018		CIFRS For the year ended 31 December 2018	
		US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Interest income	(a)	36,280,263	146,753,664	766,078	3,098,786	37,046,341	149,852,450
Interest expense	(b)	(11,882,105)	(48,063,115)	(256,050)	(1,035,722)	(12,138,155)	(49,098,837)
<b>Net interest income</b>		24,398,158	98,690,549	510,028	2,063,064	24,908,186	100,753,613
Fee and commission income	(c)	6,372,870	25,778,259	(1,114,269)	(4,507,218)	5,258,601	21,271,041
Fee and commission expense	(h)	-	-	(1,165,086)	(4,712,773)	(1,165,086)	(4,712,773)
<b>Net fee and commission income</b>		6,372,870	25,778,259	(2,279,355)	(9,219,991)	4,093,515	16,558,268
Credit impairment losses	(d)	(2,476,312)	(10,016,682)	2,490,703	10,074,894	14,391	58,212
Other operating income	(e)	997,639	4,035,450	(34,695)	(140,341)	962,944	3,895,109
Other gains/(losses) – net	(e)	-	-	(103,644)	(419,240)	(103,644)	(419,240)
<b>Net other operating income</b>		(1,478,673)	(5,981,232)	2,352,364	9,515,313	873,691	3,534,081
<b>Expenses</b>							
Personnel expenses	(f)	(7,335,597)	(29,672,490)	(140,969)	(570,220)	(7,476,566)	(30,242,710)
Depreciation and amortisation charges	(g)	(1,044,755)	(4,226,034)	(1,141,041)	(4,615,511)	(2,185,796)	(8,841,545)
Other operating expenses	(h)	(6,490,188)	(26,252,810)	2,601,437	10,522,813	(3,888,751)	(15,729,997)
		(14,870,540)	(60,151,334)	1,319,427	5,337,082	(13,551,113)	(54,814,252)
<b>Profit before income tax</b>		14,421,815	58,336,242	1,902,464	7,695,468	16,324,279	66,031,710
Income tax expenses	(i)	(3,156,645)	(12,768,629)	(115,708)	(468,039)	(3,272,353)	(13,236,668)
<b>Net profit for the year</b>		11,265,170	45,567,613	1,786,756	7,227,429	13,051,926	52,795,042
<b>Other comprehensive income:</b>							
<i>Items that will not be reclassified to profit or loss</i>							
Currency translation differences		-	-	-	(490,823)	-	(490,823)
<b>Other comprehensive income for the year</b>		-	-	-	(490,823)	-	(490,823)
<b>Total comprehensive income for the year</b>		11,265,170	45,567,613	1,786,756	6,736,606	13,051,926	52,304,219
<b>Profit attributable to:</b>							
Owners of the Bank		11,265,170	45,567,613	1,786,756	7,227,429	13,051,926	52,795,042
<b>Total comprehensive income attributable to:</b>							
Owners of the Bank		11,265,170	45,567,613	1,786,756	6,736,606	13,051,926	52,304,219

### iii) Notes to the reconciliation of total comprehensive income for the year ended 31 December 2018

(a) The adjustments to interest income are as follows:

	Notes	For the year ended 31 December 2018	
		US\$	KHR'000
Unwinding of discount on interest income	Note 4.1 iii (c) (v)	(66,727)	(269,911)
Reversal of accrued interest in suspense	Note 4.1 iii (e) (ii)	119,467	483,244
Loans and advances to employees	Note 4.1 iii (c) (i)	150,049	606,949
Loan processing fee earned	i	563,289	2,278,504
		766,078	3,098,786

- i. Reclassification of loan processing fee amortised during the year from “fee and commission income” to “interest income” as it is part of interest income.

(b) Interest expenses on lease liabilities (Note 4.1 iii (d)) of US\$256,050.

(c) The adjustments to fee and commission income are as follows:

	Notes	For the year ended 31 December 2018	
		US\$	KHR'000
Unearned loan fees	Note 4.1 iii (c) (iv)	(661,512)	(2,675,816)
Loans fees received	Note 4.1 iii (f) (vi)	110,532	447,102
Loan processing fee earned	Note 4.2 iii a i	(563,289)	(2,278,504)
		(1,114,269)	(4,507,218)

(d) The decrease in credit impairment loss are as follows:

	Notes	For the year ended 31 December 2018	
		US\$	KHR'000
Impairment loss on deposits and placements with other banks	Note 4.1 iii (b)	147,006	594,639
Impairment loss on loans and advances	Note 4.1 iii (c) (ii)	1,499,167	6,064,131
Impairment loss on credit commitment and financial guarantee contracts	Note 4.1 iii (f) (iii)	843,994	3,413,956
Others		537	2,172
		2,490,704	10,074,898

(e) The decrease in other gains/(losses) – net are as follows:

	Notes	For the year ended 31 December 2018	
		US\$	KHR'000
Reclassification of gain on disposal of property and equipment	i	34,555	139,775
Reclassification of losses on foreign currency translation	ii	138,339	559,581
Reclassification of gains on foreign currency translation	ii	140	566
		(103,644)	(419,240)

- i. Reclassification of gain on disposal of property and equipment from “other operating income” as it requires to present separately under “other gains/(losses) – net”.
- ii. Reclassification of gains and losses on foreign currency translation “other operating expenses” as it requires to present separately under “other gains/(losses) – net”.

(f) Other staff charges amounting to US\$29,942 were reclassified from other operating expenses to personnel expenses. In addition, the advanced employee benefits expense related to loans and advances to employees were charged to personnel expenses amounting to US\$111,028.

(g) On adoption of CIFRS 16, depreciation charges on right-of-use assets of US\$1,141,041 were recorded.

(h) The decrease in other operating expenses are as follows:

	Notes	For the year ended 31 December 2018	
		US\$	KHR'000
Reversal of rental expense	i	1,298,549	5,252,631
Reclassification of fee and commission expense	ii	1,165,086	4,712,773
Reclassification of loss on foreign currency translation	Note 4.2 iii (e) (ii)	138,339	559,581
Others	Note 4.2 iii (d)	(537)	(2,172)
		2,601,437	10,522,813

- i. On adoption of CIFRS 16, previous rental expenses of US\$1,298,549 recognised under CAS and NBC’s guidelines were derecognised from other operating expenses.
- ii. Reclassification of fee and commission expense of US\$1,165,086 from “other operating expenses” to “fee and commission expense” as it requires to present separately.
- (i) Refer to Note 4.1 iii (g) led to an increase in deferred tax expenses of US\$115,708.



#### 4.3 Reconciliation of statement of the cash flows for the year ended 31 December 2018

Under CAS and NBC's guidelines, a lease is classified as a finance lease or an operating lease. Cash flows arising from operating lease payments are classified as operating activities. Under CIFRS, a lessee generally applies a single recognition and measurement approach for all leases and recognises lease liabilities. Cash flows arising from payments of principal portion of lease liabilities are classified as financing activities. Therefore, cash outflows from operating activities decreased by US\$1,042,499 and cash outflows from financing activities increased by the same amount for the year ended 31 December 2018. Interest paid increased by US\$256,050 resulting from recognition of lease liability.

#### 5. CASH ON HAND

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
<i>Current</i>				
US Dollars	57,388,870	233,859,645	77,547,166	311,584,513
Khmer Riel	2,516,443	10,254,505	1,171,070	4,705,359
	59,905,313	244,114,150	78,718,236	316,289,872

#### 6. DEPOSITS AND PLACEMENTS WITH THE CENTRAL BANK

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
<i>Current</i>				
Current accounts	107,569,029	438,343,793	81,246,497	326,448,425
Settlement accounts	1,460,296	5,950,707	404,868	1,626,759
Negotiable certificate of deposits (i)	90,626,725	369,303,904	45,991,145	184,792,421
<b>Total current</b>	199,656,050	813,598,404	127,642,510	512,867,605
	199,656,050	813,598,404	127,642,510	512,867,605

- (i) The Bank has pledged negotiable certificate of deposits (NCD) amounting to US\$11,730,000 (31 December 2018: US\$5,600,000) with the central bank as collateral for settlement clearing facility. Another NCD amounting to US\$78,700,000 (31 December 2018: US\$10,354,000) with the central bank is pledged as collateral for borrowing on Liquidity Providing Collateralised Operation (LPCO) (Note 17). As at 31 December 2019, the Bank had yet utilised the overdraft on settlement clearing facility.

#### Annual interest rates:

Annual interest rates on deposits and placements with the Central Bank are as follows:

	2019	2018
Current accounts	Nil	Nil
Settlement accounts	Nil	Nil
NCD	0.28% - 1.09%	0.24% - 1.13%

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

##### (a) By residency status

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Deposits and placements with local banks	1,810,318	7,377,046	1,794,552	7,210,510
Deposits and placements with overseas banks	12,582,936	51,275,464	6,740,913	27,084,989
	14,393,254	58,652,510	8,535,465	34,295,499
Less:				
Allowance for expected credit loss	(3,757)	(15,310)	(8,977)	(36,070)
	14,389,497	58,637,200	8,526,488	34,259,429

**(b) By account types**

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Deposits and placements with local banks:				
Current accounts	806,857	3,287,942	280,110	1,125,482
Saving accounts	1,003,461	4,089,104	1,514,442	6,085,028
Less:				
Allowance for expected credit loss	(473)	(1,927)	(1,887)	(7,582)
Total balances with local banks	1,809,845	7,375,119	1,792,665	7,202,928
Deposits and placements with overseas banks:				
Fixed deposits	6,220,352	25,347,934	4,128,123	16,586,798
Current accounts	6,362,584	25,927,530	2,612,790	10,498,191
Less:				
Allowance for expected credit loss	(3,284)	(13,383)	(7,090)	(28,488)
Total balances with overseas banks	12,579,652	51,262,081	6,733,823	27,056,501
	14,389,497	58,637,200	8,526,488	34,259,429

**(c) By maturity**

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Current	14,389,497	58,637,200	8,526,488	34,259,429
Non-current	-	-	-	-
	14,389,497	58,637,200	8,526,488	34,259,429

Annual interest rates on deposits and placements with other banks are as follows:

	2019	2018
Current accounts	0.00% - 0.80%	0.00% - 1.50%
Fixed deposits	1.20% - 2.45%	1.15% - 2.45%
Saving accounts	1.25%	1.25%

**8. LOANS AND ADVANCES AT AMORTISED COST**

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Long-term loans	342,532,354	1,395,819,343	241,680,195	971,071,024
Mortgage loans	217,619,511	886,799,507	182,228,550	732,194,314
Overdrafts	64,280,921	261,944,753	57,779,810	232,159,277
Trust receipts	58,715,620	239,266,152	54,355,345	218,399,776
Credit revolving loans	4,683,334	19,084,586	2,515,458	10,107,110
Personal loans	3,303,905	13,463,413	-	-
Auto loans	2,157,398	8,791,397	1,072,492	4,309,273
Credit cards	1,698,605	6,921,815	1,268,032	5,094,952
Short-term loans	691,296	2,817,031	-	-
Total gross loans	695,682,944	2,834,907,997	540,899,882	2,173,335,726
Less: Allowance for expected credit loss (Note 33.1 (f) (i))	(1,919,038)	(7,820,080)	(1,264,656)	(5,081,387)
Total net loans	693,763,906	2,827,087,917	539,635,226	2,168,254,339

**a) Allowance for expected credit loss**

Movements for provision for loan losses are as follows:

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
12-month ECL (Stage 1)	1,680,521	6,848,123	1,098,079	4,412,081
Lifetime ECL-not credit impaired (Stage 2)	26,237	106,916	8	32
Lifetime ECL-credit impaired (Stage 3)	212,280	865,041	166,569	669,274
	1,919,038	7,820,080	1,264,656	5,081,387

## b) By industry

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Financial institutions	35,223,377	143,535,261	19,783,914	79,491,766
Mortgage	219,057,754	892,660,348	184,265,139	740,377,329
Wholesale and retail	114,180,293	465,284,694	82,933,343	333,226,172
Import and export	105,499,154	429,909,053	95,010,757	381,753,222
Manufacturing	51,250,117	208,844,227	40,779,672	163,852,722
Finance, insurance, real estate and business services	39,319,462	160,226,808	27,572,848	110,787,703
Other non-financial services	37,452,908	152,620,600	22,930,069	92,133,017
Construction	32,484,701	132,375,157	23,713,831	95,282,173
Transport, storage and communications	22,876,732	93,222,683	15,619,638	62,759,705
Electricity, gas and water	7,811,977	31,833,806	6,073,332	24,402,648
Agriculture	-	-	426,145	1,712,251
Others	30,526,469	124,395,360	21,791,194	87,557,018
Total gross loans	695,682,944	2,834,907,997	540,899,882	2,173,335,726

## c) Analysis by loan classification

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
<i>Performing</i>				
Gross amount	692,902,144	2,823,576,237	539,854,802	2,169,136,594
Exposure at default	739,852,603	3,014,899,357	575,595,036	2,312,740,855
Allowance for expected credit loss	1,680,521	6,848,123	1,098,079	4,412,081
<i>Under-performing</i>				
Gross amount	1,614,915	6,580,779	203	816
Exposure at default	2,016,207	8,216,044	10,500	42,189
Allowance for expected credit loss	26,237	106,916	8	32
<i>Non-performing</i>				
Gross amount	1,165,885	4,750,981	1,044,877	4,198,316
Exposure at default	1,681,659	6,852,760	1,555,468	6,249,870
Allowance for expected credit loss	212,280	865,041	166,569	669,274
<i>Total</i>				
Gross amount	695,682,944	2,834,907,997	540,899,882	2,173,335,726
Exposure at default	743,550,469	3,029,968,161	577,161,004	2,319,032,914
Allowance for expected credit loss	1,919,038	7,820,080	1,264,656	5,081,387

**d) By maturity**

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Not later than 1 year	143,394,230	584,331,487	121,023,290	486,271,579
Later than 1 year and no later than 3 years	68,918,903	280,844,530	50,627,852	203,422,709
Later than 3 years and no later than 5 years	148,412,602	604,781,353	116,248,119	467,084,942
Later than 5 years	334,957,209	1,364,950,627	253,000,621	1,016,556,496
<b>Total gross loans</b>	<b>695,682,944</b>	<b>2,834,907,997</b>	<b>540,899,882</b>	<b>2,173,335,726</b>

**e) By exposure**

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Non-large exposure	592,401,446	2,414,035,893	514,227,366	2,066,165,557
Large exposure	103,281,498	420,872,104	26,672,516	107,170,169
<b>Total gross loans</b>	<b>695,682,944</b>	<b>2,834,907,997</b>	<b>540,899,882</b>	<b>2,173,335,726</b>

Large exposure is defined by the Central Bank as overall credit exposure to any individual beneficiary which exceeds 10% of the Bank's net worth.

**f) By relationship**

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Related parties (Note 32(h))	874,709	3,564,439	1,096,639	4,406,296
Non-related parties	694,808,235	2,831,343,558	539,803,243	2,168,929,430
<b>Total gross loans</b>	<b>695,682,944</b>	<b>2,834,907,997</b>	<b>540,899,882</b>	<b>2,173,335,726</b>

**g) By residency**

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Residents	695,560,517	2,834,409,107	540,899,882	2,173,335,726
Non-residents	122,427	498,890	-	-
<b>Total gross loans</b>	<b>695,682,944</b>	<b>2,834,907,997</b>	<b>540,899,882</b>	<b>2,173,335,726</b>

**h) By interest rate**

	2019	2018
Long-term loans	6.30% - 18.00%	6.30% - 18.00%
Mortgage loans	3.50% - 11.00%	3.50% - 11.00%
Overdrafts	5.00% - 10.00%	6.00% - 10.00%
Trust receipts	6.00% - 8.75%	6.00% - 8.75%
Credit revolving loans	7.00% - 7.20%	7.00% - 8.50%
Personal loans	8.00% - 24.00%	N/A
Credit cards	18.00%	18.00%
Auto loans	6.50% - 18.00%	6.50% - 18.00%

**9. STATUTORY DEPOSITS WITH THE CENTRAL BANK**

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
<i>Current</i>				
Reserve requirement (i)	107,026,184	436,131,700	84,666,547	340,190,186
<i>Non-current</i>				
Capital guarantee deposit (ii)	7,500,000	30,562,500	7,500,000	30,135,000
	<b>114,526,184</b>	<b>466,694,200</b>	<b>92,166,547</b>	<b>370,325,186</b>



(i) Reserve requirement

The reserve requirement represents the minimum reserve which is calculated at 8% and 12.50% of customers' deposits and borrowings in Khmer Riel (KHR) and other currencies respectively. The reserve requirement on customers' deposits and borrowings bear no interest.

(ii) Capital guarantee deposit

Pursuant to Prakas No. B7-01-136 on bank capital guarantees, dated 15 October 2001, issued by the Central Bank, the Bank is required to maintain 10% of its registered 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.

Annual interest rates:

	2019	2018
Capital guarantee deposit	0.48% - 3.00%	0.62% - 3.00%
Reserve requirement	Nil	0.00% - 0.38%

## 10. LEASES

This note provides information for leases where the Bank is a lessee.

The Bank leases various buildings for its head office and branch operation. Rental contracts are typically made for fixed periods of 2 years to 10 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 January 2018 (date of transition to CIFRS), the Bank has recognised right-of-use assets for these leases, except for short-term leases. Please see Note 4 on Explanation of Transition to CIFRS.

a) Amounts recognised in the statement of financial position

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
<i>Right-of-use assets (Non-current)</i>				
Buildings	5,294,609	21,575,532	5,437,899	21,849,478
	5,294,609	21,575,532	5,437,899	21,849,478
<i>Lease liabilities</i>				
Current	1,187,195	4,837,820	1,033,136	4,151,140
Non-current	4,448,817	18,128,929	4,683,080	18,816,616
	5,636,012	22,966,749	5,716,216	22,967,756

Additions to the right-of-use assets during the 2019 financial year were US\$: 1,036,489 (2018: Nil).

b) Amounts recognised in the statement of profit or loss

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
<i>Depreciation charge of right-of-use assets</i>				
Buildings	1,179,779	4,780,465	1,141,041	4,615,511
Depreciation charge	1,179,779	4,780,465	1,141,041	4,615,511
<i>Interest expense on lease liabilities</i>				
Buildings	228,327	925,181	256,050	1,035,722
Interest expense	228,327	925,181	256,050	1,035,722
Expense relating to short-term leases (included in other operating expenses) (note 28)	247,457	1,002,696	241,861	978,328

Total cash outflow for lease for 2019 was US\$1,345,020 (2018: US\$1,298,549).

## 11. PROPERTY AND EQUIPMENT

Non-current	Leasehold improvements	Office equipment	Computer equipment	Motor vehicles	Work in progress	Total
US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>As at 1 January 2018</b>						
Cost	5,697,819	1,141,148	2,622,370	986,956	525,776	10,974,069
Accumulated depreciation	(4,071,413)	(922,272)	(2,390,950)	(620,783)	-	(8,005,418)
Net book value	1,626,406	218,876	231,420	366,173	525,776	2,968,651
In KHR'000 equivalent	6,565,801	883,602	934,243	1,478,240	2,122,558	11,984,444
<b>For the year ended 31 December 2018</b>						
Opening net book value	1,626,406	218,876	231,420	366,173	525,776	2,968,651
Additions	12,892	90,922	25,706	253,300	367,646	750,466
Transfers	19,321	71,372	215,206	-	(305,899)	-
Disposals	(2)	-	(277)	(4)	-	(283)
Depreciation charge	(437,605)	(82,301)	(177,858)	(139,559)	-	(837,323)
Adjustments	2,458	(1,626)	(1,778)	4	(97,612)	(98,554)
Closing net book value	1,223,470	297,243	292,419	479,914	489,911	2,782,957
<b>As at 31 December 2018</b>						
Cost	5,723,949	1,303,442	2,860,525	1,096,520	489,911	11,474,347
Accumulated depreciation	(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
In KHR'000 equivalent	4,915,902	1,194,322	1,174,940	1,928,294	1,968,462	11,181,921
<b>As at 01 January 2019</b>						
Cost	5,723,949	1,303,442	2,860,525	1,096,520	489,911	11,474,347
Accumulated depreciation	(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
In KHR'000 equivalents	4,915,902	1,194,322	1,174,940	1,928,294	1,968,462	11,181,920
<b>For the year ended 31 December 2019</b>						
Opening net book value	1,223,470	297,243	292,419	479,914	489,911	2,782,957
Additions	-	114,054	80,398	143,884	699,046	1,037,382
Transfers	118,885	7,167	32,923	-	(158,975)	-
Disposals	-	-	-	-	-	-
Depreciation charge	(434,654)	(105,832)	(175,370)	(157,199)	-	(873,055)
Closing net book value	907,701	312,632	230,370	466,599	1,029,982	2,947,284
<b>As at 31 December 2019</b>						
Cost	5,842,834	1,424,663	2,973,846	1,193,064	1,029,982	12,464,389
Accumulated depreciation	(4,935,133)	(1,112,031)	(2,743,476)	(726,465)	-	(9,517,105)
Net book value	907,701	312,632	230,370	466,599	1,029,982	2,947,284
In KHR'000 equivalent	3,698,882	1,273,975	938,758	1,901,391	4,197,176	12,010,182

## 12. INTANGIBLE ASSETS

Non-current	Computer software	Work in progress	Total
US\$	US\$	US\$	US\$
<b>As at 1 January 2018</b>			
Cost	3,448,056	-	3,448,056
Accumulated amortisation	(3,027,465)	-	(3,027,465)
Net book value	420,591	-	420,591
<b>In KHR'000 equivalents</b>	1,697,926	-	1,697,926
<b>For the year ended 31 December 2018</b>			
Opening net book value	420,591	-	420,591
Additions	94,670	307,922	402,592
Transfers	80,053	(80,053)	-
Amortisation charge	(207,432)	-	(207,432)
	1,225	-	1,225
Closing net book value	389,107	227,869	616,976
<b>As at 31 December 2018</b>			
Cost	3,622,779	227,869	3,850,648
Accumulated amortisation	(3,233,672)	-	(3,233,672)
Net book value	389,107	227,869	616,976
<b>In KHR'000 equivalent</b>	1,563,432	915,578	2,479,010
<b>As at 1 January 2019</b>			
Cost	3,622,779	227,869	3,850,648
Accumulated amortisation	(3,233,672)	-	(3,233,672)
Net book value	389,107	227,869	616,976
<b>In KHR'000 equivalents</b>	1,563,432	915,578	2,479,010
<b>For the year ended 31 December 2019</b>			
Opening net book value	389,107	227,869	616,976
Additions	-	864,207	864,207
Transfers	13,965	(13,965)	-
Amortisation charge	(104,956)	-	(104,956)
Closing net book value	298,116	1,078,111	1,376,227
<b>As at 31 December 2019</b>			
Cost	3,636,744	1,078,111	4,714,855
Accumulated amortisation	(3,338,628)	-	(3,338,628)
Net book value	298,116	1,078,111	1,376,227
<b>In KHR'000 equivalent</b>	1,214,823	4,393,302	5,608,125

## 13. DEFERRED TAX ASSETS

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Deferred tax assets	3,065,988	12,493,901	2,619,424	10,524,846
Deferred tax liabilities	(1,140,888)	(4,649,119)	(1,167,756)	(4,692,044)
Net deferred tax assets - non-current	1,925,100	7,844,782	1,451,668	5,832,802

The movement of net deferred tax assets during the year as follows:

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
At 1 January	1,451,668	5,832,802	1,041,875	4,206,049
Credited to profit or loss (note 29 (b))	473,432	1,918,346	409,793	1,657,613
Currency translation differences	-	93,634	-	(30,860)
At 31 December	1,925,100	7,844,782	1,451,668	5,832,802

**(i) Movement for deferred tax assets**

	Impairment loss	Unamortised loan fees	Lease liabilities	Seniority payment	Pension fund	Accelerated depreciation and amortisation	Other accruals	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>2018</b>								
At 1 January 2018	124,760	213,077	1,351,743	-	211,231	518,380	46,288	2,465,479
(Charged)/credited to profit or loss	(28,443)	132,302	(208,500)	27,968	86,271	117,043	27,304	153,945
At 31 December 2018	96,317	345,379	1,143,243	27,968	297,502	635,423	73,592	2,619,424
<i>In KHR'000 equivalents</i>	387,002	1,387,733	4,593,550	112,375	1,195,363	2,553,130	295,693	10,524,846
<b>2019</b>								
At 1 January 2019	96,317	345,379	1,143,243	27,968	297,502	635,423	73,592	2,619,424
Credited/(charged) to profit or loss	135,484	209,001	(16,041)	-	89,606	32,593	(4,079)	446,564
At 31 December 2019	231,801	554,380	1,127,202	27,968	387,108	668,016	69,513	3,065,988
<i>KHR'000 equivalent</i>	944,589	2,259,099	4,593,348	113,970	1,577,465	2,722,165	283,265	12,493,901

**(ii) Movement of deferred tax liabilities**

	Right-of-use assets	Unrealised foreign exchange gain - net	Total
	US\$	US\$	US\$
<b>2018</b>			
At 1 January 2018	(1,315,788)	(107,816)	(1,423,604)
Credited to profit or loss	228,208	27,640	255,848
At 31 December 2018	(1,087,580)	(80,176)	(1,167,756)
<i>KHR'000 equivalent</i>	(4,369,896)	(322,148)	(4,692,044)
<b>2019</b>			
At 1 January 2019	(1,087,580)	(80,176)	(1,167,756)
Credited/(charged) to profit or loss	28,658	(1,790)	26,868
At 31 December 2019	(1,058,922)	(81,966)	(1,140,888)
<i>KHR'000 equivalent</i>	(4,315,107)	(334,012)	(4,649,119)



## 14. OTHER ASSETS

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Advanced employee benefits	2,984,512	12,161,886	2,371,386	9,528,229
Outstanding inward transactions	500,344	2,038,902	600,608	2,413,243
Deposits	670,003	2,730,262	569,425	2,287,950
Prepayments	452,224	1,842,813	144,161	579,239
Amounts due from immediate parent	89,708	365,560	91,217	366,510
Office supplies	-	-	-	-
Others	176,449	719,030	167,185	671,748
	4,873,240	19,858,453	3,943,982	15,846,919

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Non-current	1,209,223	4,927,584	947,954	3,808,879
Current	3,664,017	14,930,869	2,996,028	12,038,040
	4,873,240	19,858,453	3,943,982	15,846,919

## 15. DEPOSITS FROM BANKS

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Fixed deposits	36,670,823	149,433,604	21,890,472	87,955,916
Current accounts	5,308,116	21,630,573	7,210,495	28,971,769
Savings accounts	7	28	-	-
	41,978,946	171,064,205	29,100,967	116,927,685

## a) By maturity

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Current	41,978,946	171,064,205	29,100,967	116,927,685
Non-current	-	-	-	-
	41,978,946	171,064,205	29,100,967	116,927,685

## b) By interest rate

2019		2018	
Fixed deposits	2.05% to 4.50%	2.05% - 4.25%	
Current accounts	0.00% to 0.00%	0.00% - 0.75%	
Savings account	0.50%	-	

## c) By residency status

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Cambodia	41,868,996	170,616,159	28,990,989	116,485,794
Oversea	109,950	448,046	109,978	441,891
	41,978,946	171,064,205	29,100,967	116,927,685

## d) By relationship

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Related parties	109,950	448,046	109,978	441,892
Non-related parties	41,868,996	170,616,159	28,990,989	116,485,793
	41,978,946	171,064,205	29,100,967	116,927,685

## 16. DEPOSITS FROM CUSTOMERS

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Fixed deposits	382,524,158	1,558,785,943	340,299,274	1,367,322,483
Current accounts	340,616,888	1,388,013,819	285,264,620	1,146,193,243
Savings deposits	67,642,168	275,641,835	58,934,969	236,800,705
	790,783,214	3,222,441,597	684,498,863	2,750,316,431

## a) By maturity

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Current	790,783,214	3,222,441,597	684,498,863	2,750,316,431
Non-current	-	-	-	-
	790,783,214	3,222,441,597	684,498,863	2,750,316,431

## b) By interest rate

2019		2018	
Current accounts	0.50% to 6.00%	1.50% to 7.00%	
Savings deposits	0.00% to 2.00%	0.00% to 1.75%	
Fixed deposits	0.00% to 1.68%	0.00% to 1.68%	

## c) By residency status

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Cambodia	790,783,214	3,222,441,597	684,498,863	2,750,316,431
Overseas	-	-	-	-
	790,783,214	3,222,441,597	684,498,863	2,750,316,431

## d) By relationship

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Related parties	450,312	1,835,021	473,938	1,904,283
Non-related parties	790,332,902	3,220,606,576	684,024,925	2,748,412,148
	790,783,214	3,222,441,597	684,498,863	2,750,316,431

## 17. BORROWINGS

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
<i>Current</i>				
Liquidity-Providing collateralised Operation	74,477,460	303,495,650	10,238,458	41,138,124
<b>Total borrowings</b>	<b>74,477,460</b>	<b>303,495,650</b>	<b>10,238,458</b>	<b>41,138,124</b>

The Bank obtained borrowings under a form of liquidity providing collateralised operation (LPCO) from the National Bank of Cambodia with a maturity of less than 12 months. The Bank used Negotiable Certificate of Deposits as the collateral (Note 6)

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Principal amount	73,865,031	301,000,001	10,159,283	40,819,999
Interest payables	612,429	2,495,649	79,175	318,125
	<b>74,477,460</b>	<b>303,495,650</b>	<b>10,238,458</b>	<b>41,138,124</b>

### Changes in liabilities arising from financing activities – borrowings

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
<i>Principal amount</i>				
At 1 January	10,159,283	40,819,999	-	-
Additions	128,053,988	518,874,759	10,159,283	41,094,300
Repayments	(64,348,240)	(260,739,068)	-	-
Currency translation differences	-	2,044,311	-	(274,301)
At 31 December	<b>73,865,031</b>	<b>301,000,001</b>	<b>10,159,283</b>	<b>40,819,999</b>
<i>Interest payables</i>				
At 1 January	79,175	318,125	-	-
Charges during the year	1,395,755	5,655,599	79,175	320,263
Interest payments	(862,501)	(3,494,854)	-	-
Currency translation differences	-	16,779	-	(2,138)
At 31 December 2019	<b>612,429</b>	<b>2,495,649</b>	<b>79,175</b>	<b>318,125</b>

Annual interest rate for borrowings are as follows

	2019	2018
Liquidity-Providing Collateralised Operation	2.60% - 3.55%	2.87% - 3.06%

## 18. SUBORDINATED DEBTS

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Immediate parent (Note 32(e))				
Principal amount – non-current	37,000,000	150,775,000	7,000,000	28,126,000
Interest payables – current	316,479	1,289,652	68,466	275,096
<b>Total subordinated debts</b>	<b>37,316,479</b>	<b>152,064,652</b>	<b>7,068,466</b>	<b>28,401,096</b>

- i) 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 3.00% 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.
- ii) On 15 May 2019, the Bank signed a subordinated debt agreement with CIMB Bank Berhad, the shareholder, and borrowed US\$15 million with a maturity of ten years. The subordinated debt will be payable at the maturity date and bears interest rate of 4.50% per annum. The subordinated debt was also approved by National Bank of Cambodia on 22 April 2019 for the purpose of Tier 2 capital computation.
- iii) On 25 September 2019, the Bank signed a subordinated debt agreement with CIMB Bank Berhad, the shareholder, and borrowed another US\$15 million with a maturity of ten years. The subordinated debt will be payable at the maturity date and bears interest rate of 4.00% per annum. The subordinated debt was also approved by National Bank of Cambodia on 11 September 2019 for the purpose of Tier 2 capital computation.

*Changes in liabilities arising from financing activities – subordinated debts*

	2019		2018	
	US\$	US\$	KHR'000	KHR'000
<i>Principal amount</i>				
At 1 January	7,000,000	28,126,000	7,000,000	28,259,000
Additions	30,000,000	121,560,000	-	-
Currency translation differences	-	1,089,000	-	(133,000)
At 31 December	37,000,000	150,775,000	7,000,000	28,126,000
<i>Interest payables</i>				
At 1 January	68,466	275,096	68,466	276,397
Charges during the year	910,307	3,688,564	239,400	968,373
Withholding tax on interest expense	(112,020)	(453,905)	(29,400)	(118,923)
Interest payment	(550,274)	(2,229,710)	(210,000)	(849,450)
Currency translation differences	-	9,607	-	(1,301)
At 31 December	316,479	1,289,652	68,466	275,096

**19. EMPLOYEE BENEFITS**

	2019		2018	
	US\$	US\$	KHR'000	KHR'000
<i>Non-current</i>				
Staff pension fund	1,935,541	7,887,330	1,487,510	5,976,815
Seniority payments	139,838	569,839	139,838	561,869
	2,075,379	8,457,169	1,627,348	6,538,684

*Other long term employment benefits - staff pension fund*

	2019		2018	
	US\$	US\$	KHR'000	KHR'000
<i>Non-current</i>				
At the beginning of the year	1,487,510	5,976,815	1,056,155	4,263,698
Additions during the year:				
- Bank's contribution	277,554	1,124,649	225,842	913,531
- Employees' contribution	277,554	1,124,649	225,842	913,531
- Interest	68,090	275,901	50,751	205,288
Staff pension fund paid	(153,749)	(622,991)	(71,080)	(287,519)
Adjustment	(21,418)	(86,786)	-	-
Currency translation difference	-	8,307	-	(31,714)
At the end of the year	1,935,541	7,887,330	1,487,510	5,976,815

*Other long term employment benefits - seniority payments*

	2019		2018	
	US\$	US\$	KHR'000	KHR'000
<i>Non-current</i>				
At the beginning of the year	139,838	561,869	-	-
Additions during the year	-	-	139,838	565,645
Currency translation difference	-	7,970	-	(3,776)
At the end of the year	139,838	569,839	139,838	561,869

**20. OTHER LIABILITIES**

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Banker's cheque and other collection accounts (*)	19,401,893	79,062,714	13,528,549	54,357,710
Outstanding outward transactions (**)	803,569	3,274,544	3,367,216	13,529,474
Amount due to suppliers	1,233,959	5,028,383	927,710	3,727,539
Accrued bonus payable	2,354,518	9,594,661	1,668,000	6,702,024
Accrued annual leave	190,564	776,548	95,138	382,264
Accrued tax payable	194,318	791,846	149,662	601,342
Impairment loss for ECL on credit commitment and financial guarantee contracts	161,394	657,681	155,314	624,052
Others	1,302,858	5,309,144	1,597,948	6,420,555
	25,643,073	104,495,521	21,489,537	86,344,960

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Current	25,302,509	103,107,724	21,394,399	85,962,695
Non-current	340,564	1,387,797	95,138	382,265
Total other liabilities	25,643,073	104,495,521	21,489,537	86,344,960

*Loss allowance for ECL on credit commitment and financial guarantee contracts*

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
At the beginning of the year	155,314	624,052	109,841	443,428
Charged to profit or loss	6,080	24,636	45,473	183,938
Currency translation differences	-	8,993	-	(3,314)
At the end of the year	161,394	657,681	155,314	624,052

## 21. SHARE CAPITAL

The registered capital of the Bank as at 31 December 2019 is 75 million shares (31 December 2018: 75 million shares) at a par value of US\$1 per share. All authorised shares are fully paid.

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
<i>Issued and fully paid:</i>				
At the beginning of the year	75,000,000	301,350,000	62,500,000	252,312,500
Additional share capital during the year	-	-	6,200,000	25,079,000
Conversion of retained earnings to share capital	-	-	6,300,000	25,483,500
Currency translation differences	-	4,275,000	-	(1,525,000)
At the end of the year	75,000,000	305,625,000	75,000,000	301,350,000

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.

## 22. REGULATORY RESERVES

As in Note 2.15, the accumulated regulatory provision based on CAS and NBC's guidelines is higher than the accumulated impairment based on CIFRS 9, the 'topping up' are transferred from retained earnings to regulatory reserves presented under equity.

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Regulatory provision based on CAS and NBC's guidelines	9,329,113	38,016,135	7,320,663	29,414,424
Allowance for expected credit loss based on CIFRS 9	(2,084,189)	(8,493,070)	(1,428,947)	(5,741,509)
Other reserves	-	(235,088)	-	131,863
Regulatory reserves transferred from retained earnings	7,244,924	29,287,977	5,891,716	23,804,778

The movement on regulatory reserves are as follows:

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
At the beginning of the year	5,891,716	23,804,778	3,401,551	13,732,061
Additional transfer to regulatory reserves during the year	1,353,208	5,483,199	2,490,165	10,072,717
At the end of the year	7,244,924	29,287,977	5,891,716	23,804,778

## 23. NET INTEREST INCOME

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
<i>Interest income from financial assets at amortised cost:</i>				
Loans and advances	47,048,953	190,642,358	35,165,497	142,244,435
Deposits and placements with the Central Bank	541,941	2,195,945	407,442	1,648,103
Deposits and placements with other banks				
- Local banks	479,680	1,943,663	16,288	65,885
- Overseas banks	832,912	3,374,959	1,457,114	5,894,027
Total interest income	48,903,486	198,156,925	37,046,341	149,852,450
<i>Interest expense on financial liabilities at amortised cost:</i>				
Fixed deposits	10,734,327	43,495,493	8,723,470	35,286,436
Current accounts	2,799,826	11,344,895	2,486,272	10,056,970
Savings accounts	358,604	1,453,063	303,037	1,225,785
Borrowings	1,395,755	5,655,599	79,175	320,263
Subordinated debts	910,307	3,688,564	239,400	968,373
Lease liabilities	228,327	925,181	256,050	1,035,722
Staff pension fund	68,090	275,901	50,751	205,288
Total interest expense	16,495,236	66,838,696	12,138,155	49,098,837
Net interest income	32,408,250	131,318,229	24,908,186	100,753,613



## 24. NET FEE AND COMMISSION INCOME

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
<i>Fee and commission income:</i>				
Remittance fees	2,737,338	11,091,694	2,177,222	8,806,863
Trade finance fees	1,609,010	6,519,709	956,156	3,867,651
Early settlement charge	533,308	2,160,964	457,632	1,851,121
Loan commitment fees	500,820	2,029,323	399,820	1,617,272
Service charge	255,405	1,034,901	171,338	693,062
Fees for telex, fax and phone	287,176	1,163,637	209,471	847,310
Miscellaneous loan fees and charges	213,553	865,317	208,237	842,319
Administration fee	177,767	720,312	147,626	597,147
ATM and credit cards annual fee, advances, and late charges	127,160	515,252	97,179	393,089
Others	454,644	1,842,216	433,920	1,755,207
<b>Total fee and commission income</b>	<b>6,896,181</b>	<b>27,943,325</b>	<b>5,258,601</b>	<b>21,271,041</b>
<b>Fee and commission expense</b>	<b>1,387,595</b>	<b>5,622,535</b>	<b>1,165,086</b>	<b>4,712,773</b>
<b>Net fee and commission income</b>	<b>5,508,586</b>	<b>22,320,790</b>	<b>4,093,515</b>	<b>16,558,268</b>

## 25. CREDIT IMPAIRMENT LOSSES

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
<i>Expected Credit Loss (ECL):</i>				
Loans and advances	654,383	2,651,560	1,790	7,241
Deposits and placements with other banks	(5,220)	(21,151)	(61,655)	(249,394)
Credit commitment and financial guarantee	6,079	24,632	45,474	183,941
	<b>655,242</b>	<b>2,655,041</b>	<b>(14,391)</b>	<b>(58,212)</b>

## 26. PERSONNEL EXPENSES

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Salaries and wages	5,751,027	23,303,161	4,890,645	19,782,659
Bonuses and incentives	2,393,318	9,697,725	1,750,866	7,082,253
Seniority payments	408,169	1,653,901	139,838	565,645
Staff pension fund expense	277,554	1,124,649	225,842	913,531
Staff loans benefits	131,172	531,509	111,028	449,108
Allowances	101,948	413,093	90,540	366,234
Annual leaves	95,426	386,666	29,942	121,115
Employee training expenses	83,088	336,673	77,804	314,717
Other employee benefits	158,339	641,590	155,225	627,885
Others	1,921	7,783	4,836	19,563
	<b>9,401,962</b>	<b>38,096,750</b>	<b>7,476,566</b>	<b>30,242,710</b>

## 27. DEPRECIATION AND AMORTISATION CHARGES

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Depreciation of property and equipment	873,055	3,537,619	837,323	3,386,972
Depreciation of right-of-use assets	1,179,779	4,780,465	1,141,041	4,615,511
Amortisation of intangible assets	104,956	425,281	207,432	839,062
	<b>2,157,790</b>	<b>8,743,365</b>	<b>2,185,796</b>	<b>8,841,545</b>

## 28. OTHER OPERATING EXPENSES

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Repairs and maintenance	684,938	2,775,369	614,701	2,486,466
Advertising and public relations	499,903	2,025,607	638,099	2,581,110
Security expense	315,799	1,279,618	330,925	1,338,592
License fee expenses	315,605	1,278,831	263,967	1,067,747
Rental expenses	247,457	1,002,696	241,861	978,328
Communication expenses	245,134	993,283	284,019	1,148,857
Utilities	282,446	1,144,471	250,856	1,014,713
Travelling and accommodation	170,677	691,583	170,072	687,941
Office supplies	170,008	688,872	173,611	702,256
Legal and professional fees	140,935	571,069	139,641	564,848
Insurance expenses	113,906	461,547	95,401	385,897
Expenses for motor vehicles	113,093	458,253	46,798	189,298
Furniture and fixtures	96,399	390,609	71,072	287,486
Director's fee	96,164	389,657	117,078	473,581
Other expenses	505,377	2,047,787	450,650	1,822,877
	3,997,841	16,199,252	3,888,751	15,729,997

## 29. INCOME TAX

### a) Current income tax liabilities

The movements of the Bank's income tax liabilities are as follows:

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
<i>Current</i>				
At the beginning of the year	3,192,761	12,828,514	1,821,167	7,352,051
Income tax expense	5,123,153	20,759,015	3,682,146	14,894,281
Income tax paid	(3,771,366)	(15,281,575)	(2,310,552)	(9,346,183)
Currency translation differences	-	213,079	-	(71,635)
At the end of the year	4,544,548	18,519,033	3,192,761	12,828,514

### b) Income tax expense

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Current income tax	5,123,153	20,759,015	3,682,146	14,894,281
Deferred tax	(473,432)	(1,918,346)	(409,793)	(1,657,613)
Income tax expense	4,649,721	18,840,669	3,272,353	13,236,668

### c) Reconciliation between accounting profit and income tax expense of the Bank are as follows:

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Profit before income tax	22,862,147	92,637,419	16,324,279	66,031,710
Cambodian tax rate at 20%	4,572,429	18,527,484	3,264,856	13,206,342
<i>Tax effects in respect of:</i>				
Expenses not deductible for tax purposes	77,292	313,185	60,190	243,469
Recognition of previously unrecognised deferred tax	-	-	(52,693)	(213,143)
Income tax expenses	4,649,721	18,840,669	3,272,353	13,236,668

Under the Cambodian tax regulations, the Bank is subject to 20% Income Tax.

### d) Other matter

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.

### 30. CASH AND CASH EQUIVALENTS

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	59,905,313	244,114,150	78,718,236	316,289,872
Deposits and placements with the Central Bank				
Current accounts	107,569,029	438,343,793	81,246,497	326,448,425
Settlement accounts	1,460,296	5,950,707	404,868	1,626,759
Negotiable certificate of deposit with maturity three months or less	-	-	30,000,000	120,540,000
Deposits and placements with other banks				
Current accounts	7,169,441	29,215,472	2,892,900	11,623,673
Savings accounts	1,003,461	4,089,104	1,514,442	6,085,028
Fixed deposits with maturity three months or less	6,163,995	25,118,280	4,057,959	16,304,879
	183,271,535	746,831,506	198,834,902	798,918,636

### 31. CASH FLOWS FROM OPERATING ACTIVITIES

#### (a) Cash used in operations

	Notes	2019		2018	
		US\$	KHR'000	US\$	KHR'000
<b>Cash flows from operating activities</b>					
Profit before income tax		22,862,147	92,637,419	16,324,279	66,031,710
Adjustments for:					
Depreciation and amortisation charges	27	2,157,790	8,743,365	2,185,796	8,841,545
Adjustment of property and equipment	11	-	-	98,554	398,651
Adjustment of intangible asset	12	-	-	(1,225)	(4,955)
Credit impairment losses	25	655,243	2,655,045	(14,392)	(58,216)
Loss on disposals of property and equipment		(11,453)	(46,408)	(34,555)	(139,775)
Adjustment of staff pension fund	19	(21,418)	86,786	-	-
Provision for employee benefits – seniority payments	19	-	-	139,838	565,645
Staff pension fund		555,108	2,249,298	451,684	1,827,062
Staff loans benefits	26	131,172	531,509	111,028	449,108
Annual leaves	26	95,426	386,666	29,942	121,115
Net interest income and expense	23	(32,408,250)	(131,318,229)	(24,908,186)	(100,753,613)
<i>Change in working capital:</i>					
Reserve requirement deposits		(22,359,637)	(90,601,249)	(18,612,937)	(75,289,330)
Deposits and placements with other banks - maturity more than three months		13,650	55,310	(69,765)	(282,199)
Loans and advances		(153,668,253)	(622,663,761)	(136,270,173)	(551,212,850)
Other assets		(1,060,430)	(4,296,862)	(1,491,765)	(6,034,189)
Deposits from banks		12,927,338	52,381,574	10,527,452	42,583,543
Deposits from customers		105,060,563	425,705,401	139,116,761	562,727,298
Other liabilities		3,849,695	15,598,964	(1,006,516)	(4,071,357)
Cash used in operations		(61,221,309)	(247,895,172)	(13,424,180)	(54,300,807)

**(b) Non-cash investing and financing activities**

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Acquisition of property and equipment	41,269	167,222	28,443	115,052
Acquisition of intangible assets	189,510	767,895	-	-
	230,779	935,117	28,443	115,052

These are payables for capital expenditure as at 31 December 2019.

Non-cash financing activities disclosed in note 11 for acquisition of right-of-use assets.

**32. COMMITMENTS AND CONTINGENCIES****a) Loan commitments, guarantees and other financial commitments**

At 31 December 2019, 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:

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Credit-related commitments	169,922,650	692,434,799	99,046,572	397,969,126
Unused portion of overdrafts	58,271,819	237,457,662	48,832,362	196,208,431
Unused portion of credit cards	8,935,932	36,413,923	8,337,070	33,498,347
Term loan commitments	3,990,624	16,261,793	20,054,877	80,580,496
Total exposure	241,121,025	982,568,177	176,270,881	708,256,400

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Credit commitments and financial guarantee contracts subject to ECL	241,121,025	982,568,177	176,270,881	708,256,400
Loss allowance for ECL	(161,394)	(657,681)	(155,314)	(624,052)
Net exposure	240,959,631	981,910,496	176,115,567	707,632,348

**b) Operating lease commitments**

From 1 January 2018, the date of transition to CIFRS, the Bank recognised right-of-use assets and lease liabilities for lease contracts where the Bank is a lessee, except for short-term leases, see Note 2.12.iii) and note 11 for further information. The lease commitments of short-term leases are insignificant.

**33. RELATED-PARTY DISCLOSURES****a) Related parties and relationships**

The Bank is a wholly-owned subsidiary of CIMB Bank Berhad, a licensed bank incorporated in Malaysia. CIMB Group Holdings Berhad, a quoted company incorporated in Malaysia, is the ultimate holding company.

Related party	Relationship
CIMB Group Holdings Berhad	Ultimate parent company
CIMB BANK BERHAD	Immediate parent company
CIMB THAI BANK PUBLIC CO. LIMITED ("CIMB THAI")	Affiliates
PT BANK CIMB NIAGA TBK (CIMB INDONESIA)	Affiliates
CIMB BANK (SINGAPORE)	Affiliates
Key management personnel	Key management personnel of the Bank are all directors of the Bank who make critical decisions in relation to the strategic direction of the Bank and senior management staff (including their close family members).

**b) Deposits and placements with related parties**

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Parent (current accounts)	4,137,573	16,860,610	1,737,535	6,981,416
Parent's foreign bank subsidiaries and branches (current accounts)	2,075,975	8,459,598	861,709	3,462,347
Parent (fixed deposits)	56,222	229,105	70,164	281,919
	6,269,770	25,549,313	2,669,408	10,725,682
Interest income	1,601	6,487	73,452	297,113



Fixed deposits with parent bear interest at rates ranging from 1.20% to 2.45% per annum (2018: 1.15% to 2.45% per annum).

Current accounts with parent and parent's foreign bank subsidiaries and branches bear no interest.

**c) Loans and advances at amortised cost to related parties**

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Directors and key management	874,709	3,564,439	1,096,639	4,406,296
Interest income	65,154	264,004	61,857	250,212

Loans and advances to directors and key management earned annual interest at rates ranging from 3.50% to 11.00% per annum (2018: 3.50% per annum).

**d) Deposits from related parties**

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Parent's foreign bank subsidiaries and branches (current accounts)	109,950	448,046	109,978	441,892
Directors and key management (current accounts)	95,583	389,501	120,235	483,104
Directors and key management (saving accounts)	117,296	477,981	162,730	653,849
Directors and key management (fixed deposits)	237,433	967,539	190,973	767,330
	560,262	2,283,067	583,916	2,346,175
Interest expense on deposits	179,896	728,939	5,924	23,963

Annual interest rate during the year are as follows:

	2019	2018
Parent's foreign bank subsidiaries and branches (current accounts)	0.00%	0.00%
Directors and key management (current accounts)	0.50%	0.00% - 0.50%
Directors and key management (saving accounts)	0.50% - 1.00%	0.00% - 1.68%
Directors and key management (fixed deposits)	2.25% - 4.00%	2.25% - 4.00%

**e) Subordinated debts from related parties**

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Immediate parent	37,316,479	152,064,652	7,068,466	28,401,096
Interest expense	910,307	3,688,564	239,400	968,373

Subordinated debts from immediate parent are unsecured and having annual interest at rates ranging from 3.00% to 4.50% per annum (2018: 3.00% per annum).

**f) Amounts due from related parties**

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Other assets				
Amounts due from immediate parent	89,708	365,560	91,217	366,510
	89,708	365,560	91,217	366,510

**g) Key management personnel compensation**

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Directors' fees	96,164	389,657	117,078	473,581
Salaries and short-term benefits	1,317,038	5,336,638	1,568,890	6,346,160
Other long-term benefits	57,014	231,021	73,709	298,153
	1,374,052	5,567,659	1,642,599	6,644,313

## 34. FINANCIAL RISK MANAGEMENT

The Bank embraces risk management as an integral part of the Bank's business, operations and decision-making process. In ensuring that the Bank achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk-taking process by providing independent inputs, including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward of their propositions, thus enabling risk to be priced appropriately in relation to the return.

Generally, the objectives of the Bank's risk management activities are to:

- identify the various risk exposures and capital requirements;
- ensure risk-taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- create shareholders' value through sound risk management framework.

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
<b>Financial assets</b>				
Financial assets at amortised costs				
Cash on hand	59,905,313	244,114,150	78,718,236	316,289,872
Deposits and placements with the Central Bank	199,656,050	813,598,404	127,642,510	512,867,605
Deposits and placements with other banks	14,389,497	58,637,200	8,526,488	34,259,429
Loans and advances at amortised cost	693,763,906	2,827,087,917	539,635,226	2,168,254,338
Other financial assets	1,358,123	5,534,351	1,390,408	5,586,659
<b>Total financial assets</b>	<b>969,072,889</b>	<b>3,948,972,022</b>	<b>755,912,868</b>	<b>3,037,257,903</b>
<b>Financial liabilities</b>				
Financial liabilities at amortised cost				
Deposits from banks	41,978,946	171,064,205	29,100,967	116,927,685
Deposits from customers	790,783,214	3,222,441,597	684,498,863	2,750,316,431
Borrowings	74,477,460	303,495,650	10,238,458	41,138,124
Subordinated debts	37,316,479	152,064,652	7,068,466	28,401,096
Lease liabilities	5,636,012	22,966,749	5,716,216	22,967,756
Other financial liabilities	22,512,271	91,737,504	18,477,186	74,241,333
<b>Total financial liabilities</b>	<b>972,704,382</b>	<b>3,963,770,357</b>	<b>755,100,156</b>	<b>3,033,992,425</b>
<b>Net financial (liabilities)/assets</b>	<b>(3,631,493)</b>	<b>(14,798,335)</b>	<b>812,712</b>	<b>3,265,478</b>

### 34.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises from deposits and placements with the Central Bank and other banks, loans and advances, other financial assets, and credit commitments and financial guarantee contracts. Credit exposure arises principally in lending activities.

#### (a) Credit risk measurement

Credit risk is managed on a group basis.

For loans and advances and credit commitments, the estimation of credit exposure for risk management purposes requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of default occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) for the purposes of measuring Expected Credit Loss (ECL) under CIFRS 9.

Deposits and placements with the Central Bank and other banks are considered to be low credit risk. The credit ratings of these assets are monitored for credit deterioration. Measurement for impairment is limited to 12-month expected credit loss. Other financial assets at amortised cost are monitored for its credit rating deterioration, and the measurement of impairment follows three-stage approach in note 33.1 (c).

#### (b) Risk limit control and mitigation policies

The Bank operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia. The Bank manages, limits and controls the concentration of credit risk whenever it is identified.

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 (expected credit loss) policies

The measurement of expected credit loss allowance under the CIFRS 9's three-stage approach is to recognise lifetime expected credit loss allowance for financial instrument for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognised with 12-month expected credit loss allowance.

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement in the credit risk.

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit-impaired as at reporting date. For these assets, 12-month expected credit loss allowance are recognised.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit loss allowance are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss allowance are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss allowance is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard on the measurement of allowances are:

(i) Significant increase in credit risk ('SICR')

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan/financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition. A borrower is considered to have credit risk increased significantly since initial recognition if any of the following criteria is met:

- Past due 31 days for short-term on its contractual payment, and
- Past due 90 days for long-term on its contractual payment.

(ii) Definition of default and credit impaired

In alignment with the Bank's internal credit risk management, which is consistent to NBC's definition of default in its Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisions on impairment, the Bank defines a financial instrument as in default which is also credit-impaired when it meets one of the following criteria:

- Where the principal or interest or both of any of the credit facilities is past due for more than 90 days consecutive days or more and/or in actual default. In the case of revolving facilities (e.g. overdraft facilities), the facility shall be classified as impaired where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months. For the purpose of ascertaining the period in arrears:
  - (1) Repayment on each of the instalment amount must be made in full. A partial repayment made on an instalment amount shall be deemed to be in arrears.

- (2) Where a moratorium on loan repayment is granted in relation to the rescheduling and restructuring, the determination of period in arrears shall exclude the moratorium period granted. The moratorium shall be for a period of not more than 6 months from the date of the obligor's/counterparty's application for the moratorium.

- (3) Where repayments are scheduled on intervals of 3 months or longer, the loan is classified as impaired as soon as a default occurs, unless it does not exhibit any weakness that would render it classified according to the credit risk grading policy.

- When an obligor/counterparty has multiple loans with the Bank and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual loan level instead of consolidated obligor/counterparty level.

- Write-off/charged-off accounts.

(iii) Measuring (ECL - inputs, assumptions and estimation techniques)

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The ECL is assessed and measured on collective basis and individual basis.

For collective assessment, the ECL allowance is determined by projecting the PD, LGD and EAD for each future month and for collective segment. The three components are multiplied together to calculate an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

For individual assessment, the ECL allowance is determined by comparing the outstanding exposure with the present value of cash flow which is expected to be received from the borrowers.

The PD represents the likelihood of a borrower will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.

The 12-month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instruments, respectively, based on conditions existing at the reporting date and future economic conditions that affect credit risk.

The PD is derived using historical default rates adjusted for forward-looking information and reflecting current portfolio composition and market data.

For portfolios without sufficient default data, proxy PDs are used.

### Exposure at Default

EAD is the total amount that the Bank is exposed to at the time the borrower defaults.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or remaining maturity.
- For revolving products the exposure at default is the higher of outstanding balance or applicable limit multiply with utilisation rate. Utilisation rate is derived using simplified approach, outstanding sum of portfolio or product divided by total combined available limit of a portfolio or product.

### Loss Given Default

LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

For portfolio without sufficient default data, Proxy LGD is used.

The assumptions underlying the ECL calculation are monitored and reviewed periodically. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

#### (iv) Forward-looking information incorporated into the ECL models

The estimation of ECL incorporates forward-looking information. The Bank has performed statistical analysis based on historical experience and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The relationship of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of PD and LGD. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables are sourced from the Bank's immediate parent's Economics team and external research house.

The Bank applies three economic scenarios to reflect an unbiased probability-weighted range of possible future outcome in estimating ECL:

- Base case: This represents 'most likely outcome' of future economic conditions which is aligned with information used by the Bank for other purposes such as budgeting and stress testing.
- Best and Worst case: This represent the 'upside' and 'downside' outcome of future economic conditions which determined by a combination of statistical analysis and expert credit judgement.

The weightings assigned to each economic scenario as at 1 January 2018, 31 December 2018, and 31 December 2019 are as follows:

All portfolios weightings	
Base	80%
Best	10%
Worst	10%
	100%

As with any economic forecasts, the projections and likelihoods of occurrence are subject to some degree of inherent uncertainty and therefore the actual outcomes may be different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes and are appropriately representative of the range of possible scenarios. The scenario weightage, number of scenarios and their attributes are reassessed periodically.

The Bank has also identified the key economic variables and carried out sensitivity assessment of ECL for loans, advances and financing in relation to the changes in these key economic variables whilst keeping other variables unchanged. The sensitivity factors used are derived based on expected standard deviation determined for each key economic variables to assess the impact on the ECL of the Bank.

#### (v) Grouping of exposure for ECL measured on collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modelling purposes.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk and Modelling team.

#### (vi) Write off policy

Write-off is usually taken when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. When a loan or debt instrument is deemed uncollectible, it is written off against the related allowance for impairment. Such loans are either written off in full or partially after taking into consideration the realisable value of collateral (if any) and when in the judgement of the management, there is no prospect of recovery. All write-offs must be approved by the Board or its delegated authorities.



## (vii) Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assess whether or not the new terms are substantially different to the original terms. The Bank do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significant affect the credit risk associated with the loan.

The risk of default of such loans after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original loans. The Bank monitors the subsequent performance of modified assets. The Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

## (viii) Off-balance sheet exposures

Off-balance sheet exposures are exposures such as trade facilities and undrawn commitments. The Bank applied internal Cash Conversion Factor (CCF) to estimate the EAD of off-balance sheet items. For operational simplification, the Bank assumes CCF for the off-balance sheet exposures as follows:

- 40% CCF is assumed for unused portion of overdraft, unused portion of credit cards and letter of credit;
- 75% CCF is assumed for undrawn trust receipt; and
- 100% CCF is assumed for undrawn term loans

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

The maximum exposure to credit risk for financial assets recognised in the statements of financial position is their carrying amounts. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Bank on financial instruments subject to impairment:

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Credit risk exposure relating to on-balance sheet assets:				
Deposits and placements with other banks	14,393,254	58,652,510	8,535,465	34,295,499
Loans and advances at amortised cost	695,682,944	2,834,907,997	540,899,882	2,173,335,726
Other financial assets	1,358,123	5,534,351	1,390,408	5,586,659
	711,434,321	2,899,094,858	550,825,755	2,213,217,884
Credit risk exposure relating to off-balance sheet items:				
Bank guarantees and letters of credits	169,922,650	692,434,799	99,046,572	397,969,126
Unused portion of overdrafts	58,271,819	237,457,662	48,832,362	196,208,431
Unused portion of credit cards	8,935,932	36,413,923	8,337,070	33,498,347
Term loan commitments	3,990,624	16,261,793	20,054,877	80,580,496
	241,121,025	982,568,177	176,270,881	708,256,400
Total maximum credit risk exposure that are subject to impairment	952,555,346	3,881,663,035	727,096,636	2,921,474,284
Loss allowance (ECL)	(2,084,189)	(8,493,071)	(1,428,947)	(5,741,509)
Total net credit exposure	950,471,157	3,873,169,964	725,667,689	2,915,732,775

The above table represents a worst-case scenario of credit risk exposure to the Bank, since collateral held and/or other credit enhancement attached were not taken into account. For on-balance sheet assets, the exposures set out above are based on gross carrying amounts. As shown above, 73% (2018: 74%) of total maximum exposure is derived from loans and advances. Management is confident of its ability to continue to control and sustain minimal exposure on credit risk resulting from the Bank's loans and advances due to the following:

- Almost all loans and advances are collateralised and loan to collateral value range from 60% to 70%.
- The Bank has a proper credit evaluation process in place for granting of loans and advances to customers.
- 31% of deposits and placements with other banks is held with its parent company, a bank with credit rating Baa1 (2018: 25%). The remaining balances were held with local banks and oversea banks and management has done proper risk assessment and believe there will be no material loss from these local banks and oversea banks.

(e) Credit quality of financial assets

The Bank assess credit quality of loans, advances and financing using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers' judgement.

Credit quality description is summarised as follows:

Credit quality	Description
Standard monitoring	<p>Obligors in this category exhibit strong capacity to meet financial commitments.</p> <p>The Bank monitors obligors in this category by delinquency status. Obligors included in standard monitoring are:</p> <ul style="list-style-type: none"> <li>• those less than 15 days past due on its contractual payments for short-term facilities</li> <li>• those less than 30 days past due on its contractual payments for long-term facilities</li> </ul>
Special monitoring	<p>Obligors in this category have a fairly acceptable capacity to meet financial commitments.</p> <p>The Bank monitors obligors in this category by delinquency status. Obligors included in special monitoring are:</p> <ul style="list-style-type: none"> <li>• those that are from 15 days to 30 days past due on its contractual payments for short-term facilities</li> <li>• those that are from 30 days to 89 days past due on its contractual payments for long-term facilities</li> </ul>
Default/Credit impaired	Obligors assessed to be impaired.

The credit quality of financial instruments other than loans, advances and financing are determined based on the ratings of counterparties as defined equivalent ratings of other international rating agencies as defined below:

Credit quality	Description
Sovereign	Refer to financial asset issued by federal government or guarantee by federal government.
Investment grade	Refers to the credit quality of the financial asset that the issuer is able to meet payment obligation and exposure bondholder to low credit risk of default.
Non-investment grade	Refers to low credit quality of the financial asset that is highly expose to default risk.
No rating	Refers to financial asset which are currently not assigned with ratings due to unavailability of ratings models.
Credit impaired	Refers to the asset that is being impaired.

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

	2019				2018			
	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit-Impaired US\$	Total US\$	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit-Impaired US\$	Total US\$
<b>Deposits and placements with other banks</b>								
Investment grade	12,596,998	-	-	12,596,998	6,742,810	-	-	6,742,810
Non-investment grade	-	-	-	-	-	-	-	-
No rating	1,796,256	-	-	1,796,256	1,792,655	-	-	1,792,655
Gross carrying amount	14,393,254	-	-	14,393,254	8,535,465	-	-	8,535,465
Loss allowance (ECL)	(3,757)	-	-	(3,757)	(8,977)	-	-	(8,977)
Net carrying amount	14,389,497	-	-	14,389,497	8,526,488	-	-	8,526,488
In KHR'000 equivalents	58,637,200	-	-	58,637,200	34,259,429	-	-	34,259,429
<b>Loans and advances at amortised cost</b>								
Standard monitoring	692,902,144	-	-	692,902,144	539,854,802	-	-	539,854,802
Special monitoring	-	1,614,915	-	1,614,915	-	203	-	203
Default	-	-	1,165,885	1,165,885	-	-	1,044,877	1,044,877
Gross carrying amount	692,902,144	1,614,915	1,165,885	695,682,944	539,854,802	203	1,044,877	540,899,882
Less: Expected credit loss	(1,680,521)	(26,237)	(212,280)	(1,919,038)	(1,098,079)	(8)	(166,569)	(1,264,656)
Net carrying amount	691,221,623	1,588,678	953,605	693,763,906	538,756,723	195	878,308	539,635,226
In KHR'000 equivalents	2,816,728,114	6,473,863	3,885,940	2,827,087,917	2,164,724,512	784	3,529,042	2,168,254,338
<b>Off-balance sheet items</b>								
Standard monitoring	241,121,025	-	-	241,121,025	176,270,881	-	-	176,270,881
Special monitoring	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Gross carrying amount	241,121,025	-	-	241,121,025	176,270,881	-	-	176,270,881
Less: Expected credit loss	(161,394)	-	-	(161,394)	(155,314)	-	-	(155,314)
Net carrying amount	240,959,631	-	-	240,959,631	176,115,567	-	-	176,115,567
In KHR'000 equivalents	981,910,496	-	-	981,910,496	707,632,348	-	-	707,632,348

## (f) Loss allowance

## (i) Expected credit loss reconciliation – loans and advances at amortised cost

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not Credit-Impaired	Lifetime ECL Credit-Impaired	Total
	US\$	US\$	US\$	US\$
<b>Expected credit losses</b>				
Loss allowance as at 1 January 2019	1,098,079	8	166,569	1,264,656
<i>Changes due to financial instruments recognised as at 1 January:</i>				
Transfer to stage 1	8	(8)	-	-
Transfer to stage 2	(3,294)	3,294	-	-
Transfer to stage 3	(1,229)	-	1,229	-
Net remeasurement of loss allowance (*)	(33,988)	(784)	70,006	35,234
New financial assets originated or purchased	934,140	23,727	12,662	970,529
Financial assets derecognised during the period other than write off	(313,195)	-	(38,186)	(351,381)
Loss allowance as at 31 December 2019	1,680,521	26,237	212,280	1,919,038
In KHR'000 equivalent	6,848,123	106,916	865,041	7,820,080

(\*) Impact of the measurement of ECL due to changes in EAD and PD during the year arising from regular refreshing of inputs to models.

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not Credit-Impaired	Lifetime ECL Credit-Impaired	Total
	US\$	US\$	US\$	US\$
<b>Gross carrying amount</b>				
Gross carrying amount as at 1 January 2019	539,854,802	203	1,044,877	540,899,882
<i>Changes due to financial instruments recognised as at 1 January:</i>				
Transfer to stage 1	203	(203)	-	-
Transfer to stage 2	(1,672,695)	1,672,695	-	-
Transfer to stage 3	(137,248)	-	137,248	-
New financial assets originated or purchased	376,907,238	238,225	55,819	377,201,282
Financial assets derecognised during the period other than write off	(222,050,156)	(296,005)	(72,059)	(222,418,220)
Gross carrying amount as at 31 December 2019	692,902,144	1,614,915	1,165,885	695,682,944
In KHR'000 equivalent	2,823,576,237	6,580,779	4,750,981	2,834,907,997
<b>Expected credit losses</b>				
Loss allowance as at 1 January 2018	1,105,437	-	157,428	1,262,865
<i>Changes due to financial instruments recognised as at 1 January:</i>				
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	(447)	-	447	-
Net remeasurement of loss allowance	(253,502)	-	21,003	(232,499)
New financial assets originated or purchased	587,777	8	-	587,785
Financial assets derecognised during the period other than write off	(341,186)	-	(12,309)	(353,495)



	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not Credit- Impaired	Lifetime ECL Credit- Impaired	Total
	US\$	US\$	US\$	US\$
Loss allowance as at 31 December 2018	1,098,079	8	166,569	1,264,656
In KHR'000 equivalent	4,412,081	32	669,274	5,081,387
<b>Gross carrying amount</b>				
Gross carrying amount as at 1 January 2018	402,885,303	-	955,029	403,840,332
<i>Changes due to financial instruments recognised as at 1 January:</i>				
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	(176,386)	-	176,386	-
New financial assets originated or purchased	317,526,447	203	34,256	317,560,906
Financial assets derecognised during the period other than write off	(180,380,562)	-	(120,794)	(180,501,356)
Gross carrying amount as at 31 December 2018	539,854,802	203	1,044,877	540,899,882
In KHR'000 equivalent	2,169,136,594	816	4,198,316	2,173,335,726

(ii) Expected credit loss reconciliation – deposits and placements with other banks

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not Credit- Impaired	Lifetime ECL Credit- Impaired	Total
	US\$	US\$	US\$	US\$
<b>Expected credit losses</b>				
Loss allowance as at 1 January 2019	8,977	-	-	8,977
<i>Changes due to exposure as at 1 January:</i>				
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of loss allowance	(2,929)	-	-	(2,929)
New exposure	411	-	-	411
Exposure derecognised or expired	(2,702)	-	-	(2,702)
Loss allowance as at 31 December 2019	3,757	-	-	3,757
In KHR'000 equivalent	15,310	-	-	15,310
<b>Gross carrying amount</b>				
Exposure amount as at 1 January 2019	8,535,465	-	-	8,535,465
<i>Changes due to exposure as at 1 January:</i>				
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
New exposure	6,910,215	-	-	6,910,215
Exposure derecognised or expired	(1,052,426)	-	-	(1,052,426)
Gross carrying amount as at 31 December 2019	14,393,254	-	-	14,393,254
In KHR'000 equivalent	58,652,510	-	-	58,652,510

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not Credit- Impaired	Lifetime ECL Credit- Impaired	Total
	US\$	US\$	US\$	US\$
<b>Expected credit losses</b>				
Loss allowance as at 1 January 2018	70,632	-	-	70,632
<i>Changes due to exposure as at 1 January:</i>				
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New exposure	733	-	-	733
Exposure derecognised or expired	(62,388)	-	-	(62,388)
Loss allowance as at 31 December 2018	8,977	-	-	8,977
In KHR'000 equivalent	36,070	-	-	36,070
<b>Gross carrying amount</b>				
Exposure amount as at 1 January 2018	56,408,811	-	-	56,408,811
<i>Changes due to exposure as at 1 January:</i>				
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
New exposure	1,645,154	-	-	1,645,154
Exposure derecognised or expired	(49,518,500)	-	-	(49,518,500)
Gross carrying amount as at 31 December 2018	8,535,465	-	-	8,535,465
In KHR'000 equivalent	34,295,499	-	-	34,295,499

(iii) Expected credit loss reconciliation – credit commitment and other financial guarantee contracts

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not Credit- Impaired	Lifetime ECL Credit- Impaired	Total
	US\$	US\$	US\$	US\$
<b>Expected credit losses</b>				
Loss allowance as at 1 January 2019	155,314	-	-	155,314
<i>Changes due to exposure as at 1 January:</i>				
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of loss allowance	(3,517)	-	-	(3,517)
New exposure	127,284	-	-	127,284
Exposure derecognised or expired	(117,687)	-	-	(117,687)
Loss allowance as at 31 December 2019	161,394	-	-	161,394
In KHR'000 equivalent	657,681	-	-	657,681

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not Credit- Impaired	Lifetime ECL Credit- Impaired	Total
	US\$	US\$	US\$	US\$
<b>Exposure amount</b>				
Exposure amount as at 1 January 2019	176,270,881	-	-	176,270,881
<i>Changes due to exposure as at 1 January:</i>				
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
New exposure	157,346,032	-	-	157,346,032
Exposure derecognised or expired	(92,495,888)	-	-	(92,495,888)
Gross carrying amount as at 31 December 2019	241,121,025	-	-	241,121,025
In KHR'000 equivalent	982,568,177	-	-	982,568,177
<b>Expected credit losses</b>				
Loss allowance as at 1 January 2018	109,841	-	-	109,841
<i>Changes due to exposure as at 1 January:</i>				
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of loss allowance	5,507	-	-	5,507
New exposure	105,948	-	-	105,948
Exposure derecognised or expired	(65,982)	-	-	(65,982)

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not Credit- Impaired	Lifetime ECL Credit- Impaired	Total
	US\$	US\$	US\$	US\$
Loss allowance as at 31 December 2018	155,314	-	-	155,314
In KHR'000 equivalent	624,052	-	-	624,052
<b>Exposure amount</b>				
Gross carrying amount as at 1 January 2018	144,777,425	-	-	144,777,425
<i>Changes due to exposure as at 1 January:</i>				
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
New exposure	131,900,556	-	-	131,900,556
Exposure derecognised or expired	(100,407,100)	-	-	(100,407,100)
Exposure amount as at 31 December 2018	176,270,881	-	-	176,270,881
In KHR'000 equivalent	708,256,400	-	-	708,256,400

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

## (i) Geographical sector

The following table breaks down the Bank's main credit exposure at their gross carrying amount, as categorised by geographical region as at 31 December 2019. For this table, the Bank has allocated exposure to countries based on the country of domicile of its counterparties.

	Cambodia	Malaysia	Thailand	USA	Singapore	Indonesia	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>At 31 December 2019</b>								
Deposits and placements with other banks	1,810,318	4,196,293	1,757,869	6,310,668	305,700	12,406	-	14,393,254
Loans and advances at amortised cost	695,682,944	-	-	-	-	-	-	695,682,944
Other financial assets	1,209,837	141,219	318	-	3,157	-	3,592	1,358,123
Bank guarantees and letters of credits	169,922,650	-	-	-	-	-	-	169,922,650
Unused portion of overdrafts	58,271,819	-	-	-	-	-	-	58,271,819
Unused portion of credit cards	8,935,932	-	-	-	-	-	-	8,935,932
Term loan commitments	3,990,624	-	-	-	-	-	-	3,990,624
Gross carrying amount	941,324,124	4,337,512	1,770,989	6,310,668	308,857	12,406	3,592	954,068,148
Less: Expected credit loss	(2,080,905)	(1,095)	(459)	(1,647)	(80)	(3)	-	(2,084,189)
Net carrying amount	937,743,219	4,336,417	1,757,728	6,309,021	308,777	12,403	3,592	950,471,157
In KHR'000 equivalents	3,821,303,617	17,670,899	7,162,742	25,709,261	1,258,266	50,542	14,637	3,873,169,964
<b>At 31 December 2018</b>								
Deposits and placements with other banks	1,794,552	1,809,160	496,766	4,070,044	353,957	10,986	-	8,535,465
Loans and advances at amortised cost	540,899,882	-	-	-	-	-	-	540,899,882
Other financial assets	1,299,191	91,217	-	-	-	-	-	1,390,408
Bank guarantees and letters of credits	99,046,572	-	-	-	-	-	-	99,046,572
Unused portion of overdrafts	48,832,362	-	-	-	-	-	-	48,832,362
Unused portion of credit cards	8,337,070	-	-	-	-	-	-	8,337,070
Term loan commitments	20,054,877	-	-	-	-	-	-	20,054,877
Forward exchange contracts	-	-	-	-	-	-	-	-
Gross carrying amount	720,264,506	1,900,377	496,766	4,070,044	353,957	10,986	-	727,096,636
Less: Expected credit loss	(1,421,857)	(1,903)	(522)	(4,281)	(372)	(12)	-	(1,428,947)
Net carrying amount	718,842,649	1,898,474	496,244	4,065,763	353,585	10,974	-	725,667,689
In KHR'000 equivalents	2,888,309,763	7,628,069	1,993,908	16,336,236	1,420,705	44,094	-	2,915,732,775



(ii) Industry sectors

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

	2019					2018				
	Deposits and placements with other banks	Loans and advances at amortised cost	Other assets	Off-balance- sheet items	Total	Deposits and placements with other banks	Loans and advances at amortised cost	Other assets	Off-balance- sheet items	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Financial institutions	14,393,254	35,223,377	590,052	5,064,540	55,271,223	8,535,465	19,783,914	691,825	1,900,000	30,911,204
Mortgage	-	219,057,754	645,418	993,392	220,696,564	-	184,265,139	545,988	2,439,402	187,250,529
Wholesale and retail	-	114,180,293	-	62,604,392	176,784,685	-	82,933,343	-	56,818,371	139,751,714
Import and export	-	105,499,154	-	51,992,461	157,491,615	-	95,010,757	-	43,524,237	138,534,994
Manufacturing	-	51,250,117	-	74,076,703	125,326,820	-	40,779,672	-	39,980,229	80,759,901
Finance, insurance, real estate and business services	-	39,319,462	-	1,221,383	40,540,845	-	27,572,848	-	1,029,265	28,602,113
Other non-financial services	-	37,452,908	-	9,380,379	46,833,287	-	22,930,069	-	7,854,163	30,784,232
Construction	-	32,484,701	-	17,020,703	49,505,404	-	23,713,831	-	5,866,447	29,580,278
Transport, storage and communications	-	22,876,732	-	3,803,953	26,680,685	-	15,619,638	-	3,079,564	18,699,202
Electricity, gas and water	-	7,811,977	9,873	197,193	8,019,043	-	6,073,332	9,867	345,713	6,428,912
Agriculture	-	-	-	1,500,000	1,500,000	-	426,145	-	1,500,000	1,926,145
Others	-	30,526,469	112,780	13,265,926	43,905,175	-	21,791,194	142,728	11,933,490	33,867,412
Gross carrying amount	14,393,254	695,682,944	1,358,123	241,121,025	952,555,346	8,535,465	540,899,882	1,390,408	176,270,881	727,096,636
Less: Expected credit loss	(3,757)	(1,919,038)	-	(161,394)	(2,084,189)	(8,977)	(1,264,656)	-	(155,314)	(1,428,947)
Net carrying amount	14,389,497	693,763,906	1,358,123	240,959,631	950,471,157	8,526,488	539,635,226	1,390,408	176,115,567	725,667,689
In KHR'000 equivalents	58,637,200	2,827,087,917	5,534,351	981,910,496	3,873,169,964	34,259,429	2,168,254,339	5,586,659	707,632,348	2,915,732,775

## (h) Repossessed collateral

Reposessed collaterals are sold as soon as practicable. The Bank does not utilise the reposessed collaterals for its business use.

The Bank did not obtain assets by taking possession of collateral held as security as at 31 December 2019 and 31 December 2018.

## (i) Sensitivity analysis

The Bank have performed ECL sensitivity assessment on loans, advances and financing based on the changes in key macroeconomic variables. The sensitivity factors used are assumptions based on parallel shifts in the key variables to project the impact on the ECL of the Bank.

The table below outlines the effect of ECL on the changes in key variables used while other variables remain constant:

Changes					
Gross domestic product	+/-50%				
		2019		2018	
		US\$	KHR'000	US\$	KHR'000
Total decrease in ECL on the positive changes in key variables		(45,480)	(185,331)	(35,511)	(142,683)
Total increase in ECL on the negative changes in key variables		45,480	185,331	35,511	142,683

### 34.2 Market risk

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

As at 31 December 2019, the Bank did not use derivative financial instruments such as foreign exchange contract and interest rate swaps to hedge its risk exposure. However, the Bank was engaged by counterparties to enter forward exchange contracts.

## (l) Foreign exchange risk

The Bank operate in Cambodia and transacts in many currencies, and is exposed to various currency risks, primarily with respect to Khmer Riel, Euro and Thai Baht.

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.

Management monitors foreign exchange risk against the Bank's functional currency. However, the Bank do not hedge its foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts.

The Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The table below summarises the Bank's exposure to foreign currency exchange rate risk. Included in the table are the Bank's financial instruments at their gross carrying amounts by currency in US\$ equivalent.

In US\$ equivalent										
	USD	KHR	EUR	THB	AUD	SGD	GBP	MYR	Others	Total
<b>As at 31 December 2019</b>										
<b>Financial assets</b>										
Cash on hand	57,388,870	2,516,443	-	-	-	-	-	-	-	59,905,313
Deposits and placements with the central bank	182,903,172	16,752,878	-	-	-	-	-	-	-	199,656,050
Deposits and placements with other banks	7,914,343	775,942	2,712,679	1,757,450	356,917	305,758	186,304	100,926	279,178	14,389,497
Loans and advances at amortised cost	624,322,034	69,441,872	-	-	-	-	-	-	-	693,763,906
Other financial assets	1,279,444	20,141	17,394	318	-	3,157	8,589	25,508	3,572	1,358,123
Total financial assets	873,807,863	89,507,276	2,730,073	1,757,768	356,917	308,915	194,893	126,434	282,750	969,072,889
<b>Financial liabilities</b>										
Deposits from banks	41,449,292	521,328	5,657	2,669	-	-	-	-	-	41,978,946
Deposits from customers	780,288,868	8,478,350	1,222,054	53,547	313,470	68,515	192,184	-	166,226	790,783,214
Borrowings	-	74,477,460	-	-	-	-	-	-	-	74,477,460
Subordinated debts	37,316,479	-	-	-	-	-	-	-	-	37,316,479
Lease liabilities	5,636,012	-	-	-	-	-	-	-	-	5,636,012
Other financial liabilities	19,857,820	322,492	-	1,605,637	35,448	273,653	2,312	264,348	150,561	22,512,271
Total financial liabilities	884,548,471	83,799,630	1,227,711	1,661,853	348,918	342,168	194,496	264,348	316,787	972,704,382
Net on-balance sheet position	(10,740,608)	5,707,646	1,502,362	95,915	7,999	(33,253)	397	(137,914)	(34,037)	(3,631,493)
In KHR'000 equivalents	(43,767,978)	23,258,657	6,122,125	390,854	32,596	(135,506)	1,618	(562,000)	(138,701)	(14,798,335)
<b>Off-balance sheet items</b>										
Bank guarantees and letters of credits	169,825,063	-	-	-	-	97,587	-	-	-	169,922,650
Unused portion of overdrafts	57,346,679	925,140	-	-	-	-	-	-	-	58,271,819
Unused portion of credit cards	8,935,932	-	-	-	-	-	-	-	-	8,935,932
Term loan commitments	3,396,564	594,060	-	-	-	-	-	-	-	3,990,624
	239,504,238	1,519,200	-	-	-	97,587	-	-	-	241,121,025
In KHR'000 equivalents	975,979,770	6,190,740	-	-	-	397,667	-	-	-	982,568,177





### Sensitivity analysis

The Bank take on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on their financial position and cash flows. The table below sets out the principal structure of foreign exchange exposures of the Bank:

	2019	2018
	US\$	US\$
<b>Asset/(Liability)</b>		
Khmer Riel ("KHR")	(101,838)	5,441,669
Euro ("EUR")	2,001,945	189,608
Thai Baht ("THB")	3,592	(209,977)
Singapore Dollar ("SGD")	3,131	(229,322)
Great Britain Pound ("GBP")	1,055	(230,841)
Malaysian Ringgit ("MYR")	1,021	(121,526)
Australian Dollar ("AUD")	948	(137,004)
Japanese Yen ("JPY")	325	(156,670)
Others	707	(80,364)
	1,910,886	4,465,573
In KHR'000 equivalent	7,786,860	17,942,672

An analysis of the exposures to assess the impact of a three per cent change in the foreign currency exchange rates to the profit after tax are as follows:

	2019	2018
	US\$ KHR'000	US\$ KHR'000
<b>Increase/(Decrease)</b>		
<b>-3%</b>		
Khmer Riel ("KHR")	(2,520)	(10,269)
Euro ("EUR")	49,533	201,847
Thai Baht ("THB")	89	363
Singapore Dollar ("SGD")	77	314
Great Britain Pound ("GBP")	26	106
Malaysian Ringgit ("MYR")	25	102
Australian Dollar ("AUD")	23	94
Japanese Yen ("JPY")	8	33
Others	15	61
	47,276	192,651
	1,114,167	4,476,723

	2019	2018
	US\$ KHR'000	US\$ KHR'000
<b>Increase/(Decrease)</b>		
<b>+3%</b>		
Khmer Riel ("KHR")	2,373	9,670
Euro ("EUR")	(46,647)	(190,087)
Thai Baht ("THB")	(84)	(342)
Singapore Dollar ("SGD")	(73)	(297)
Great Britain Pound ("GBP")	(25)	(102)
Malaysian Ringgit ("MYR")	(24)	(98)
Australian Dollar ("AUD")	(22)	(90)
Japanese Yen ("JPY")	(8)	(33)
Others	(16)	(65)
	(44,526)	(181,444)
	841,159	3,379,778

#### (ii) Price risk

The Bank is not exposed to a securities price risk because it does not have any investment held and classified on the statement of financial position at fair value.

#### (iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise. The management of the Bank at this stage does not have a policy to set limits on the level of mismatch of interest rate repricing that may be undertaken; however, the management regularly monitors the mismatch.

The table below summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest rate sensitive	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>As at 31 December 2019</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	59,905,313	59,905,313
Deposits and placements with National Bank of Cambodia	18,324,768	33,454,257	38,847,700	-	-	109,029,325	199,656,050
Deposits and placements with other banks	7,165,720	-	56,207	-	-	7,167,570	14,389,497
Loans and advances at amortised cost	27,292,474	50,085,804	65,680,183	216,600,428	334,105,017	-	693,763,906
Other financial assets	-	-	-	-	-	1,358,123	1,358,123
<b>Total financial assets</b>	<b>52,782,962</b>	<b>83,540,061</b>	<b>104,584,090</b>	<b>216,600,428</b>	<b>334,105,017</b>	<b>177,460,331</b>	<b>969,072,889</b>
<b>Financial liabilities</b>							
Deposits from banks	1,743,958	28,812,916	7,792,953	-	-	3,629,119	41,978,946
Deposits from customers	326,921,734	139,395,557	182,880,308	-	-	141,585,615	790,783,214
Borrowings	6,168,182	31,461,373	36,847,905	-	-	-	74,477,460
Subordinated debts	-	-	-	-	37,316,479	-	37,316,479
Lease liabilities	98,089	197,181	887,859	3,250,423	1,202,460	-	5,636,012
Other financial liabilities	-	-	-	-	-	22,512,271	22,512,271
	334,931,963	199,867,027	228,409,025	3,250,423	38,518,939	167,727,005	972,704,382
<b>Total interest rate re-pricing gap</b>	<b>(282,149,001)</b>	<b>(116,326,966)</b>	<b>(123,824,935)</b>	<b>213,350,005</b>	<b>295,586,078</b>	<b>9,733,326</b>	<b>(3,631,493)</b>
In KHR'000 equivalents	(1,149,757,179)	(474,032,386)	(504,586,610)	869,401,270	1,204,513,268	39,663,302	(14,798,335)
<b>As at 31 December 2018</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	78,718,236	78,718,236
Deposits and placements with National Bank of Cambodia	35,609,551	5,266,437	5,115,157	-	-	81,651,365	127,642,510
Deposits and placements with other banks	5,566,540	-	70,090	-	-	2,889,858	8,526,488
Loans and advances at amortised cost	8,614,415	35,558,960	76,605,059	166,387,859	252,468,933	-	539,635,226
Other financial assets	-	-	-	-	-	1,390,408	1,390,408
<b>Total financial assets</b>	<b>49,790,506</b>	<b>40,825,397</b>	<b>81,790,306</b>	<b>166,387,859</b>	<b>252,468,933</b>	<b>164,649,867</b>	<b>755,912,868</b>
<b>Financial liabilities</b>							
Deposits from banks	8,375,356	9,087,997	6,720,432	-	-	4,917,182	29,100,967
Deposits from customers	353,740,562	104,744,844	132,819,812	-	-	93,193,645	684,498,863
Borrowings	-	5,220,796	5,017,662	-	-	-	10,238,458
Subordinated debts	-	-	-	-	7,068,466	-	7,068,466
Lease liabilities	102,943.00	165,991.00	764,202.00	3,032,289.00	1,650,791.00	-	5,716,216
Other liabilities	-	-	-	-	-	18,477,186	18,477,186
	362,218,861	119,219,628	145,322,108	3,032,289	8,719,257	116,588,013	755,100,156
<b>Net interest repricing gap</b>	<b>(312,428,355)</b>	<b>(78,394,231)</b>	<b>(63,531,802)</b>	<b>163,355,570</b>	<b>243,749,676</b>	<b>48,061,854</b>	<b>812,712</b>
In KHR'000 equivalents	(1,255,337,130)	(314,988,020)	(255,270,780)	656,362,680	979,386,198	193,112,531	3,265,479

The interest rate sensitivity shows the impact on profit after tax and equity of financial assets and financial liabilities bearing floating interest rates and fixed rate financial assets and financial liabilities carried at fair value.

The Bank's interest-bearing financial assets and financial liabilities are contracted under the fixed interest rate. Therefore, the Bank has no exposure to the risk of changes in interest rate in the future.

### 34.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence of this may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

#### (a) Liquidity risk management process

The Bank's management monitors balance sheet liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and project for the next day, week and month respectively, as these are key periods for liquidity management. The management monitors the movement of the main depositors and projection of their withdrawals.

#### (b) Funding approach

The Bank's main sources of liquidities arise from shareholder's paid-up capital, borrowings, subordinated debts and deposits from banks and customers. The sources of liquidity are regularly reviewed daily through management's review of maturity of term deposits and key depositors.

#### (c) Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities based on remaining contractual maturities 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.

The following table shows the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural 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\$
<b>As at 31 December 2019</b>						
<b>Financial assets</b>						
Cash on hand	59,905,313	-	-	-	-	59,905,313
Deposits and placements with the central bank	127,359,307	33,503,433	38,978,347	-	-	199,841,087
Deposits and placements with other banks	14,333,560	-	56,777	-	-	14,390,337
Loans and advances at amortised cost	43,316,927	72,664,628	161,291,972	382,694,947	211,390,917	871,359,391
Other financial assets	500,344	1,026	177,248	323,642	355,863	1,358,123
Total financial assets	245,415,451	106,169,087	200,504,344	383,018,589	211,746,780	1,146,854,251
<b>Financial liabilities</b>						
Deposits from banks	5,373,076	28,975,286	7,792,953	-	-	42,141,315
Deposits from customers	468,525,880	140,112,869	187,381,230	-	-	796,019,979
Borrowings	6,175,174	31,635,233	37,339,486	-	-	75,149,893
Subordinated debts	-	405,000	1,080,000	5,940,000	43,260,425	50,685,425
Lease liabilities	98,089	197,181	887,859	3,250,423	1,202,460	5,636,012
Other financial liabilities	20,295,127	758,448	1,458,696	-	-	22,512,271
Total financial liabilities	500,467,346	202,084,017	235,940,224	9,190,423	44,462,885	992,144,895
Net financial assets/(liabilities)	(255,051,895)	(95,914,930)	(35,435,880)	373,828,166	167,283,895	154,709,356
In KHR'000 equivalents	(1,039,336,472)	(390,853,340)	(144,401,211)	1,523,349,776	681,681,872	630,440,625
<b>Off-balance sheet items</b>						
Bank guarantees and letters of credits	22,548,459	56,457,551	89,395,356	1,521,284	-	169,922,650
Unused portion of overdrafts	58,271,819	-	-	-	-	58,271,819
Unused portion of credit cards	8,935,932	-	-	-	-	8,935,932
Term loan commitments	-	-	-	3,990,624	-	3,990,624
	89,756,210	56,457,551	89,395,356	5,511,908	-	241,121,025
In KHR'000 equivalents	365,756,556	230,064,520	364,286,076	22,461,025	-	982,568,177



	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total contractual cash flows
	US\$	US\$	US\$	US\$	US\$	US\$
<b>As at 31 December 2018</b>						
<b>Financial assets</b>						
Cash on hand	78,718,236	-	-	-	-	78,718,236
Deposits and placements with the central bank	117,263,510	5,277,708	5,157,630	-	-	127,698,848
Deposits and placements with other banks	8,456,732	-	71,802	-	-	8,528,534
Loans and advances at amortised cost	20,822,476	50,777,135	142,650,845	130,214,886	314,363,818	658,829,160
Other financial assets	600,608	-	165,158	371,779	252,863	1,390,408
Total financial assets	225,861,562	56,054,843	148,045,435	130,586,665	314,616,681	875,165,186
<b>Financial liabilities</b>						
Deposits from banks	13,297,236	9,115,997	6,876,389	-	-	29,289,622
Deposits from customers	446,993,881	105,322,636	135,944,981	-	-	688,261,498
Borrowings	-	5,256,243	5,129,916	-	-	10,386,159
Subordinated debts	-	105,000	105,000	840,000	7,421,726	8,471,726
Lease liabilities	102,943	165,991	764,202	3,032,289	1,650,791	5,716,216
Other financial liabilities	17,055,250	191,677	1,230,259	-	-	18,477,186
Total financial liabilities	477,449,310	120,157,544	150,050,747	3,872,289	9,072,517	760,602,407
Net financial assets/(liabilities)	(251,587,748)	(64,102,701)	(2,005,312)	126,714,376	305,544,164	114,562,779
In KHR'000 equivalents	(1,010,879,571)	(257,564,653)	(8,057,344)	509,138,363	1,227,676,451	460,313,246
<b>Off-balance sheet items</b>						
Bank guarantees and letters of credits	14,234,453	32,096,981	50,656,154	4,096,629	200,000	101,284,217
Unused portion of overdrafts	48,832,362	-	-	-	-	48,832,362
Unused portion of credit cards	8,337,070	-	-	-	-	8,337,070
Term loan commitments	-	-	1,558,984	16,258,248	-	17,817,232
	71,403,885	32,096,981	52,215,138	20,354,877	200,000	176,270,881
In KHR'000 equivalents	286,900,810	128,965,670	209,800,424	81,785,896	803,600	708,256,400

### 34.4 Fair value of financial assets and liabilities

#### (a) Financial instruments measured at fair value

The Bank did not have financial instruments measured at fair value.

#### (b) Financial instruments not measured at fair value

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:

##### i. Deposits and placements with the Central Bank and other banks

The carrying amounts of deposits and placements with the Central Bank and other banks approximate their fair values, since these accounts consist mostly of current, savings and short-term deposits.

##### ii. Loans and advances to customers

For fixed rate loans with remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using a current lending rate as the prevailing market rates of loans with similar credit risks and maturities have been assessed as insignificantly different to the contractual lending rates. As a result, the fair value of non-current loan and advances to customers might approximate to their carrying value as reporting date.

##### iii. Deposits from banks and customers

The fair value of deposits from banks and customers with maturities of less than one year approximate their carrying amount due to the relatively short maturity of these instruments. The fair value of deposits from banks and customers with remaining maturities of more than one year are expected to approximate their carrying amount due to the Bank offered similar interest rate of the instrument with similar maturities and terms.

The estimated fair value of deposits with no stated maturities, which includes non-interest bearing deposits, deposits payable on demand is the amount payable at the reporting date.

##### iv. Other financial assets and other financial liabilities

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

##### v. Borrowings and subordinated debts

Borrowings and subordinated debts are not quoted in active market and their fair value approximates their carrying amount.

### 34.5 Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' shown on the 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 continue to provide a return for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support business development.

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

The table below summarises the composition of regulatory capital:

	2019		2018	
	US\$	KHR'000	US\$	KHR'000
<b>Tier 1 capital</b>				
Share capital	75,000,000	305,625,000	75,000,000	301,350,000
Retained earnings	33,957,375	137,372,906	17,098,157	69,059,355
Less: Intangible assets	(1,376,227)	(5,608,125)	(616,976)	(2,479,010)
Less: Loans to related parties	(1,082,064)	(3,564,439)	(1,096,639)	(4,406,296)
	106,499,084	433,825,342	90,384,542	363,524,049
<b>Tier 2 complementary capital</b>				
General provision	8,355,788	34,049,836	6,373,296	25,607,903
Subordinated debts	37,000,000	150,775,000	7,000,000	28,126,000
	45,355,788	184,824,836	13,373,296	53,733,903
	151,854,872	618,650,178	103,757,838	417,257,952

### 35. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The novel coronavirus (COVID-19) declared as pandemic has spread into Cambodia since late January 2020. Since then, the country is facing sustained risk of further national spread causing disruption to business and economic activity. The Bank considers this pandemic to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, management does not consider it practicable to provide a quantitative estimate of the potential impact of this pandemic on the Bank. The impact of this pandemic on the macroeconomic forecasts will be incorporated into the Bank's CIFRS 9 estimates of expected credit loss provisions in 2020.

## SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY THE NATIONAL BANK OF CAMBODIA

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### STATEMENT BY DIRECTORS

I, the undersigned, being the Executive Director and Chief Executive Officer of CIMB Bank PLC, do hereby state that in my opinion, the accompanying supplementary financial information consisting of the disclosure requirements set by the relevant Prakas of the National Bank of Cambodia, is properly drawn up so as to reflect fairly the required financial information of the Bank as at 31 December 2019. Information and data contained herein are the responsibility of the Bank's management. This supplementary financial information and the financial statements are consistent with one another, and this information does not contain any material misstatements.

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



Mr. Bun Yin

Executive Director/Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

15 May 2020



FOR THE YEAR ENDED 31 DECEMBER 2019

This note does not form part of the audited financial statements.

### 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 fulfil the LCR limits as determined in accordance with the following timeline:

Effect from	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 2019, the Bank's Liquidity Coverage Ratio was 112.78%.

The Liquidity Coverage Ratio calculation is detailed in Schedule 1.

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

The Central Bank's Prakas No. B7-016-117 on the minimum registered capital of banks and financial institutions requires the commercial banks established under the foreign branch banks that have the parent company with the investment rating scaled by a reputable rating agency must have minimum capital equal to at least KHR200 billion (or US\$50 million) and commercial banks incorporated as locally companies or as the subsidiaries of foreign banks must have minimum capital of at least KHR300 billion (or US\$75 million) within two years, starting from signing date 22 March 2016.

As at 31 December 2019, the Bank had 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 2019 amounted to US\$151,854,872 as computed in Schedule 2.

Banks must maintain their net worth at least equal to the minimum capital. As at 31 December 2019, the Bank's net worth of US\$151,854,872 was higher by US\$76,854,872 compared to the minimum capital of US\$75,000,000.

The Net Worth calculation is detailed in Schedule 2.

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

Banks are required to maintain a Solvency Ratio of at least 15%.

As at 31 December 2019, the Bank maintained a Solvency Ratio of 19.54% of net worth as a percentage of its risk-weighted assets and off-balance sheet items.

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 2019, 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 purchases and sales of foreign currencies relating to spot transactions (with a completion period of two days) and forward foreign exchange transactions.

As at 31 December 2019, the Bank had commitments of this nature for forward foreign exchange transactions, and the Bank was in compliance with this Prakas.

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

Banks are required, under the conditions of the above Prakas, to maintain their 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 twenty percent (20%) of Banks' net worth.

As at 31 December 2019, the Bank did not have net open position in foreign currencies exceeding 20% of the Bank's net worth as detailed in Schedule 5.

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

The Bank's financial facilities classification and provisioning policy is in accordance with the Central Bank's guidelines. The amount of the provision for impairment losses on financial facilities determined as at 31 December 2019 is in accordance with the requirements of this Prakas.

The details of the computation of the required financial facilities provision are provided in Schedule 4.

## 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 2019, 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 net worth as computed in Schedule 2. The Bank got approval from NBC on 16 June 2017 on the large credit exposure.

For large exposure to net worth, please refer to Schedule 7, ratio 20 on other ratio computations.

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

The Bank is required to maintain total weighted outstanding of loans to related parties to be not more than 10% of the Bank's net worth.

As at 31 December 2019, loans to related parties exposure did not exceed 10% of the net worth as computed in Schedule 2.

For loans to related parties to net worth, please refer to Schedule 7, ratio 19 on other ratio computations.

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

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

As at 31 December 2019, the Bank's fixed assets amounting to US\$4,323,511 (including intangible assets of US\$1,376,227) was equivalent to 2.85% 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 be in compliance 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 2019, the Bank's rents were for its operations and rental prepayment did not exceed one year rent.

## 12. 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 2019, the Bank's capital buffer is 12.04% which is already exceed the required capital conservation buffer of 2.5%. Please refer to Schedule 6 for detail.

# SCHEDULE 1

LIQUIDITY COVERAGE RATIO AS AT 31 DECEMBER 2019

In US\$			Non weighted amounts				Weighted amounts			Total
ASSETS			KHR	USD	Other currencies	KHR	USD	Other currencies		
HQLA	1.11	1	Notes and coins	2,516,443	57,388,870	-	2,516,443	57,388,870	-	59,905,313
	1.12	1	Reserves requirement with the NBC > minimum reserve requirement				-	-	-	
	1.13	1	Reserves requirement with the NBC in KHR	1,924,184			1,924,184	-	-	1,924,184
	1.14	0.7	Reserves requirement with the NBC in USD		105,102,000		-	73,571,400	-	73,571,400
	1.15	1	Amounts deposited at the NBC excluding settlement account and capital guarantee account	16,253,824	87,557,896	-	16,253,824	87,557,896	-	103,811,720
	1.16	1	NCDs (and any other securities) issued by the NBC	-	-	-	-	-	-	-
	1.17	1	Market value of unencumbered marketable debt securities on or guaranteed by sovereigns and central banks, with rating comprised between AAA and AA- included BIS, IMF, ECB, EU, and MDBs when rated AAA				-	-	-	-
	Total 1 = Σ (1.11 ; 1.17)			20,694,451	250,048,766	-	20,694,451	218,518,166	-	239,212,617
OLA	1.21	0.85	Market value of unencumbered marketable debt securities on or guaranteed by sovereigns and central banks, with rating between A+ and A-	-	-	-	-	-	-	-
	1.22	0.85	Market value of unencumbered marketable debt securities on or guaranteed by Public Sector Entities (PSEs) and MDBs not included in 1.17 with rating higher or equal to A-	-	-	-	-	-	-	-
	1.23	0.85	Unencumbered eligible debt securities (including commercial paper) and covered bonds, with rating higher or equal to AA-	-	-	-	-	-	-	-
	1.24	0.75	Gold for own account			17,371	-	-	13,028	13,028
	Total 2 = Minimum [OLA ; 40% (HQLA+OLA)]			-	-	6,948	-	-	5,211	5,211
Total assets		Total 3 = Total 1 + Total 2		20,694,451	250,048,766	6,948	20,694,451	218,518,166	5,211	239,217,828

In US\$			Non weighted amounts			Weighted amounts			Total
			KHR	USD	Other currencies	KHR	USD	Other currencies	
NET CASH OUTFLOWS = expected cash outflows - expected cash inflows									
<b>OUTFLOWS</b>									
<i>Retail cash outflows (regardless of amount) and qualifying SME deposits (less than or equal to USD 100,000 or equivalent)</i>									
2.11	0.05	Stable deposits	-	-	-	-	-	-	-
2.12	0.15	Less stable deposits	5,837,030	563,211,464	1,225,330	875,555	84,481,720	183,800	85,541,075
<i>Unsecured wholesale funding</i>									
2.21	0.25	operational deposits (unsecured funding generated by clearing, custody and cash management activities)	25,688,416			-	6,422,104	-	6,422,104
2.22	0.4	non operational deposits from non-financial corp. not qualifying for reporting in 2.11 to 2.12	2,641,320	216,925,688	790,666	1,056,528	86,770,275	316,266	88,143,069
2.23	0.4	non operational deposits from sovereigns, central banks, and PSEs				-	-	-	-
2.24	1	non operational deposits from banks and financial institutions (as defined in Annex 2)	521,677	4,877,867	8,325	521,677	4,877,867	8,325	5,407,869
2.25	1	non operational deposits from all other legal entities	-	-	-	-	-	-	-
2.26	1	any other unsecured wholesale funding including debt securities	-	-	-	-	-	-	-
<i>Secured funding</i>									
2.31	0	secured funding transactions backed by HQLA	6,168,182	-	-	-	-	-	-
2.32	0.15	secured funding transactions backed by OLA other than Gold	-	-	-	-	-	-	-
2.33	0.25	secured funding transactions backed by Gold for own account	-	-	-	-	-	-	-
2.34	1	all other secured funding transactions	-	-	-	-	-	-	-
<i>Increased liquidity needs related to derivatives and other transactions</i>									
2.41	1	derivative payables	-	-	-	-	-	-	-
2.42	1	outflows from market valuation changes of collateral for derivative transactions	-	-	-	-	-	-	-

CASH  
OUTFLOWS



In US\$			Non weighted amounts			Weighted amounts			Total
			KHR	USD	Other currencies	KHR	USD	Other currencies	
NET CASH OUTFLOWS = expected cash outflows - expected cash inflows									
<b>OUTFLOWS</b>									
2.43	1	other derivative cash outflows	-	-	-	-	-	-	-
<i>Committed facilities</i>									
<i>for the undrawn portion of committed credit and liquidity facilities</i>									
to retails and SMEs									
2.51	0.05	credit facilities	-	9,832,495	-	-	491,625	-	491,625
2.52	0.05	liquidity facilities	-	-	-	-	-	-	-
to non financial corporates, sovereigns and central banks									
2.53	0.1	credit facilities	1,519,200	166,706,845	-	151,920	16,670,685	-	16,822,605
2.54	0.3	liquidity facilities	-	-	-	-	-	-	-
to banks and financial institutions (as defined in Annex 2)									
2.55	0.4	credit facilities	-	-	-	-	-	-	-
2.56	0.4	liquidity facilities	-	-	-	-	-	-	-
to other financial institutions									
2.57	0.4	credit facilities	-	-	-	-	-	-	-
2.58	1	liquidity facilities	-	-	-	-	-	-	-
to other legal entities									
2.59	1	credit facilities	-	-	-	-	-	-	-
2.60	1	liquidity facilities	-	-	-	-	-	-	-
<i>Other contingent funding obligations (whether contractual or not)</i>									
2.71	0.1	unconditional revocable credit and liquidity facilities' agreements	-	35,197,454	-	-	3,519,745	-	3,519,745
2.72	1	trade finance related obligations (report average of monthly net outflows in last 12 month period)	-	27,168,283	-	-	27,168,283	-	27,168,283
2.73	0.5	Guarantees and letters of credit other than trade finance related obligations (report average of monthly net outflows in last 12 month period)	-	-	-	-	-	-	-
2.81	1	<b>Other contractual outflows</b>	-	<b>75,045</b>	-	-	<b>75,045</b>	-	<b>75,045</b>
<b>Total 4 = Σ ( 2.11 ; 2.81)</b>			<b>16,687,409</b>	<b>1,049,683,557</b>	<b>2,024,321</b>	<b>2,605,680</b>	<b>230,477,349</b>	<b>508,391</b>	<b>233,591,420</b>

In US\$				Non weighted amounts			Weighted amounts			Total
				KHR	USD	Other currencies	KHR	USD	Other currencies	
CASH INFLOWS	INFLOWS									
	Outstanding Reverse repos and securities borrowing with remaining maturities within 30 days									
	where the collateral received is not re-hypothecated									
	3.11	0	covered by HQLA	-	-	-	-	-	-	-
	3.12	0.25	covered by OLA	-	-	-	-	-	-	-
	3.13	1	covered by other assets	-	-	-	-	-	-	-
	where the collateral received is re-hypothecated									
	3.14	0	covered by HQLA	-	18,324,768	-	-	-	-	-
	3.15	0	covered by OLA	-	-	-	-	-	-	-
	3.16	0	covered by other assets	-	-	-	-	-	-	-
	Undrawn committed facilities from banks and financial institutions as defined in Annex 2									
	3.21	0	Committed facilities from banks and financial institutions other than those reported in 3.22	-	-	-	-	-	-	-
	3.22	1	Committed fund facilities with parent bank	-	-	-	-	-	-	-
	Other contractual inflows, either secured or unsecured, within 30 days									
	3.31	0.5	from retail customers	597,130	20,082,669		298,565	10,041,335	-	10,339,900
	3.32	0.5	from SMEs	-	-	-	-	-	-	-
	3.33	0.5	from non financial corporates	694,350	4,994,410		347,175	2,497,205	-	2,844,380
	3.34	1	from central banks	-	-	-	-	-	-	-
	3.35	1	from banks and financial institutions as defined in Annex 2	1,685,816	835,000		1,685,816	835,000	-	2,520,816
	3.36	0.5	from other financial institutions as defined in Annex 2	-	-	-	-	-	-	-
	3.37	0.5	from other legal entities	-	-	-	-	-	-	-
	3.38	0.5	from sovereigns	-	-	-	-	-	-	-
	3.39	1	deposits with banks and financial institutions as defined in Annex 2	-	6,162,386	-	-	6,162,386	-	6,162,386
	derivative cash inflows									
	3.50	1	net contractual derivative cash inflows within 30 days	-	-	-	-	-	-	-
	3.60	1	Contractual inflows from other securities maturing within 30 days	-	-	-	-	-	-	-
	3.70	0	Any other contractual inflows due in the next 30 days	-	-	-	-	-	-	-
	Total 5 = Σ ( 3.11 ; 3.70)			2,977,296	50,399,233	-	2,331,556	19,535,926	-	21,867,482
	TOTAL NET CASH OUTFLOWS									
	Total 6 = Total 4 - Min (Total 5; 75% Total 4)			13,710,113	999,284,324	2,024,321	651,420	210,941,423	508,391	212,101,234
LIQUIDITY COVERAGE RATIO										
LCR= Total 3/Total 6			-	-	-	3176.82%	103.59%	1.02%	112.78%	

## SCHEDULE 2

NET WORTH AS AT 31 DECEMBER 2019

NET WORTH CALCULATION	in US\$	In Million KHR
<b>Tier 1: (Core Capital)</b>		
I. Sub-total A		
+ Paid-in capital/Capital endowment	75,000,000	305,625
+ Reserves (other than revaluation reserves)	-	-
+ Audited Net Profit (last financial year)	16,859,218	68,701
+ Retained Earnings	17,098,157	69,675
+ Other Items (to be detailed and supported by and NBC approval to be referred to)		
1. Provide reference of NBC's authority/approval	-	-
2. Provide reference of NBC's authority/approval	-	-
<b>Sub-Total A</b>	<b>108,957,375</b>	<b>444,001</b>
+ Limited check on retained earnings (max. 20% of Sub-Total A)	15.69%	15.69%
II. Sub-total B (Deduction)		
+ Own shares held (at Book Value)	-	-
+ Accumulated losses	-	-
+ Intangible assets to be deducted	1,376,227	5,608
+ Shareholders, Directors, Related Parties (deduct)	1,082,064	4,409
1. Unpaid portion(s) of capital (a)	-	-
2. Loans, overdrafts and other advances (b)	1,082,064	4,409
3. Debt instruments held bearing signature of Shareholders, Directors, Related Parties (c)	-	-
+ Other losses	-	-
(a), (b), and (c) to be itemised in an attachment	-	-
<b>Sub-Total B</b>	<b>2,458,291</b>	<b>10,017</b>
<b>Total Tier 1 (Core Capital) (A) - (B)</b>	<b>106,499,084</b>	<b>433,984</b>
<b>Tier 2: (Complementary Capital)</b>		
III. Sub-Total C		
+ Re-evaluation reserves (NBC's Approval ref.)	-	-
+ Provisions for general banking risks (NBC's Approval ref.)	-	-
+ 1% General provision (Prakas on Asset Class)	8,355,788	34,050
+ Subordinated Debts Instruments (Provided complying with condition set forth in article 7)	37,000,000	150,775
+ Other items (to be detailed and supported)	-	-
1. Provide reference of NBC's authority/approval	-	-
2. Provide reference of NBC's authority/approval	-	-
<b>Sub-Total C</b>	<b>45,355,788</b>	<b>184,825</b>
+ Limit check on Subordinated Debts (max. 50 % of Tier 1 Capital)	34.74%	34.74%
IV. Sub-Total D (Tier 2, Deductions)		
+ Equity participation banking & Fin. Institution	-	-
+ Other items to be deducted (def. charge...)	-	-
<b>Sub-Total D</b>	<b>-</b>	<b>-</b>
<b>Total Tier 2 (Complementary Capital) (C) - (D)</b>	<b>45,355,788</b>	<b>184,825</b>
+ Limit check on Tier 2 capital (Tier 2 = max. 100 % of Tier 1)	42.59%	42.59%
<b>Regulatory Net Worth (A)- (B) + (C) - (D)</b>	<b>151,854,872</b>	<b>618,809</b>

## SCHEDULE 3

SOLVENCY RATIO AS AT 31 DECEMBER 2019

	in US\$	Weighting	in US\$	In Millions of KHR
<b>I- Balance Sheet Items, weighted by degree of Counter-Party Risks</b>				
1- Weighting 0% on Assets with low Risk	375,229,722		-	-
1.1- Cash	59,905,313	0%	-	-
1.2- Gold	17,371	0%	-	-
1.3- Claims on the National Bank of Cambodia	314,182,234	0%	-	-
1.4- Assets collateralised by Deposits 100% lodged with Banks	1,124,804	0%	-	-
1.5- Claims on or Guaranteed by Sovereigns rated AAA to AA- or equivalent	-	0%	-	-
2- Weighting 20% on Assets with Moderate Risk	6,172,519		1,234,504	5,031
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	6,172,519	20%	1,234,504	5,031
3- Weighting 50% on Assets with Medium Risk	4,637,317		2,318,659	9,449
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	4,637,317	50%	2,318,659	9,449
4- Weighting 100% on Assets with Full Risk	710,366,916		710,366,916	2,894,745
4.1- All other Assets, besides mentioned above	710,366,916	100%	710,366,916	2,894,745
<b>Total (I) = (1) + (2) + (3) + (4)</b>	<b>1,096,406,474</b>		<b>713,920,079</b>	<b>2,909,225</b>
<b>II- Off-Balance Sheet items, weighted by degree of Counter-Party Risk</b>				
1- Weighting 0% on Operations with low Risk	115,624,530		-	-
1.1- Undrawn Facilities, particularly overdrafts and commitments to lend, which are for an initial term of not more than one year	114,111,728	0%	-	-
1.2- Other items carrying a low risk	1,512,802	0%	-	-
2- Weighting 20% on Operations with Moderate Risk	1,042,691		208,538	850
2.1- Documentary credits is sued or confirmed where the underlying goods serve as collateral and other similar transactions	1,042,691	20%	208,538	850
2.2- Other Items carrying moderate risk	-	20%	-	-
3- Weighting 50% on Operations with Medium Risk	125,966,606		62,983,303	256,657
3.1- Commitments to pay resulting from documentary credits, issued or confirmed, where the underlying goods do not serve as collateral	121,975,982	50%	60,987,991	248,526
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	3,990,624	50%	1,995,312	8,131
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%	-	-
<b>Total (II) = (1) + (2) + (3) + (4)</b>	<b>242,633,827</b>		<b>63,191,841</b>	<b>257,507</b>
<b>III- Total Assets and Operations after weighting Risk = (I) + (II)</b>			<b>777,111,920</b>	<b>3,166,732</b>
<b>Solvency Ratio = Total Net Worth / III ( &gt;15% )</b>			<b>19.54%</b>	<b>19.54%</b>



## SCHEDULE 4

CLASSIFICATION OF AND PROVISIONING FOR BAD AND DOUBTFUL FINANCIAL FACILITIES  
AS AT 31 DECEMBER 2019

The Bank	Financial facilities amount	The Central Bank requirement Classification	Estimated Collateral Value	The Central Bank's Provision	The Central Bank's Required Provision	Provision Recorded by the Bank	Difference in Provision Amount
	US\$		US\$	Rate	US\$	US\$	US\$
Financial facilities	835,578,751	Normal	2,973,117,556	1%	8,355,788	8,355,788	-
Financial facilities	1,604,714	Special mention	4,055,890	3%	48,141	48,141	-
Financial facilities	132,057	Substandard	756,040	20%	26,411	26,411	-
Financial facilities	-	Doubtful	-	50%	-	-	-
Financial facilities	898,772	Loss	2,506,343	100%	898,772	898,772	-
Total	838,214,294		2,980,435,829		9,329,112	9,329,112	-

## SCHEDULE 5

NET OPEN POSITION  
AS AT 31 DECEMBER 2019

No	Currency	Elements after deduction of affected provision				Net open position	Net open position/ net worth	Limit	Excess
		Assets	Liabilities and capital	Currency receivables	Currency payables				
				Off-balance sheet	Off-balance sheet				
		1	2	3	4	5=1-2+3-4			
1	USD	999,020,097	1,000,930,983	241,017,040	241,017,040	<b>(1,910,886)</b>	-1.26%	20%	No
2	KHR	93,879,563	93,981,401	1,519,200	1,519,200	<b>(101,838)</b>	-0.07%	20%	No
3	EUR	2,730,073	728,128	-	-	<b>2,001,945</b>	1.32%	20%	No
4	SGD	308,915	305,784	97,587	97,587	<b>3,131</b>	0.00%	20%	No
5	HKD	(8)	-	-	-	<b>(8)</b>	0.00%	20%	No
6	THB	1,757,768	1,754,176	-	-	<b>3,592</b>	0.00%	20%	No
7	JPY	104,049	103,724	-	-	<b>325</b>	0.00%	20%	No
8	PHP	-	-	-	-	-	0.00%	20%	No
9	AUD	356,897	355,949	-	-	<b>948</b>	0.00%	20%	No
10	CAD	147	147	-	-	-	0.00%	20%	No
11	GBP	194,893	193,838	-	-	<b>1,055</b>	0.00%	20%	No
12	CNY	5,137	5,032	-	-	<b>105</b>	0.00%	20%	No
13	KRW	-	-	-	-	-	0.00%	20%	No
14	VND	-	-	-	-	-	0.00%	20%	No
15	OTHERS	299,879	298,248	-	-	<b>1,631</b>	0.00%	20%	No
	<b>Total</b>	<b>1,098,657,410</b>	<b>1,098,657,410</b>	<b>242,633,827</b>	<b>242,633,827</b>	<b>-</b>			

## SCHEDULE 6

DETERMINATION OF CAPITAL BUFFER  
AS AT 31 DECEMBER 2019

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 Tier1 solvency ratio =		7.5
Capital conservation buffer (%) =		2.5
Countercyclical buffer (%) =		0
Buffer to be built	Amount	as % of RWA
Capital conservation buffer	19,427,798	2.50
Countercyclical capital buffer	-	-
Total capital buffer	19,427,798	2.50
Tier 1 Capital	106,499,084	13.70
Tier 2 Capital	45,355,788	5.84
Total Capital (Net Worth)	151,854,872	19.54
Risk Weighted Assets - RWA	777,111,920	
Tier 1 capital needed for Minimum Solvency ratio	71,183,452	9.16
Available Tier 1 Capital for Capital Buffer	35,315,632	4.54
Additional Tier 1 Capital buffer to be built up	-	-
Minimum Tier 1 capital ratio + available Tier 1 capital for capital buffer		12.04
Minimum Capital Conservation ratio (expressed as percentage of earnings)		

## SCHEDULE 7

OTHER RATIO COMPUTATIONS  
AS AT 31 DECEMBER 2019

CAPITAL		US\$	ASSET QUALITY		US\$
1	Equity to total assets (A/B)	10.58%	11	Banking reserve to total assets (A/B)	0.00%
	A – Equity	116,202,299		A – Banking reserves	-
	B – Total assets	1,098,657,410		B – Total assets	1,098,657,410
2	Capital Tier I to total assets (A/B)	9.69%	12	Non-performing loans to total loans (A/B)	0.15%
	A – Capital Tier 1	106,499,084		A – Non-performing loans	1,030,829
	B – Total assets	1,098,657,410		B – Total loans (gross)	695,682,944
3	Capital Tier I to risk weighted assets (A/B)	13.70%	13	Non-performing loans to total assets (A/B)	0.09%
	A – Capital Tier 1	106,499,084		A – Non-performing loans	1,030,829
	B – Risk weighted assets	777,111,920		B – Total assets	1,098,657,410
4	Capital Tier I + Tier II to risk weighted assets (A/B)	19.54%	14	Classified assets to total loans (A/B)	0.15%
	A – Capital Tier I + Tier II	151,854,872		A – Classified assets	1,030,829
	B – Risk weighted assets	777,111,920		B – Total loans (gross)	695,682,944
5	Net worth to assets (A/B)	13.82%	15	Classified assets to total assets (A/B)	0.09%
	A – Net worth	151,854,872		A – Classified assets	1,030,829
	B – Total assets	1,098,657,410		B – Total assets	1,098,657,410
6	Solvency ratio (A/B)	19.54%	16	Classified assets to equity (A/B)	0.89%
	A – Net worth	151,854,872		A – Classified assets	1,030,829
	B – Risk weighted assets	777,111,920		B – Equity	116,202,299
7	Debt to total assets (A/B)	89.42%	17	Loans to related parties to total loans (A/B)	0.16%
	A – Total liabilities	982,455,111		A – Loans to related parties	1,082,064
	B – Total assets	1,098,657,410		B – Total loans (gross)	695,682,944
8	Debt to equity (A/B)	845.47%	18	Large exposure to total loans (A/B)	14.85%
	A – Total liabilities	982,455,111		A – Large exposure	103,281,498
	B – Equity	116,202,299		B – Total loans (gross)	695,682,944
9	Dividend to net profit (A/B)	0.00%	19	Loans to related parties to net worth (A/B)	0.71%
	A – Dividend	-		A – Loans to related parties	1,082,064
	B – Net profit	18,212,426		B – Net worth	151,854,872
ASSET QUALITY		US\$	20	Large exposure to net worth (A/B)	68.01%
10	Banking reserve to total loans (A/B)	0.00%		A – Large exposure	103,281,498
	A – Banking reserves	-		B – Net worth	151,854,872
	B – Total loans (gross)	695,682,944	21	General provision to total loans (A/B)	1.20%
				A – General provision	8,355,788
				B – Total loans (gross)	695,682,944
			22	Specific provision to total loans (A/B)	0.14%
				A – Specific provision	973,324
				B – Total loans (gross)	695,682,944



ASSET QUALITY		US\$
23	Specific provision to non-performing loans (A/B)	94.42%
	A – Specific provision	973,324
	B – Non performing loans	1,030,829
24	All allowances to total assets (A/B)	0.85%
	A – Total all allowances	9,329,112
	B – Total assets	1,098,657,410
25	Loans to deposits (A/B)	83.52%
	A – Total loans to non-bank customers (gross)	660,459,567
	B – Customer's deposits	790,783,214
EARNINGS		US\$
26	Return on assets(ROA) (A/B)	1.66%
	A – Net profit	18,212,426
	B – Total assets	1,098,657,410
27	Return on equity (ROE) (A/B)	15.67%
	A – Net profit	18,212,426
	B – Equity	116,202,299
28	Gross yield (A/B)	4.45%
	A – Interest income	48,903,486
	B – Total assets	1,098,657,410
29	Net interest margin (NIM) to total assets ((A-B)/C)	2.95%
	A – Interest income	48,903,486
	B – Interest expense	16,495,236
	C – Total assets	1,098,657,410
30	Other income (OTINC) to total assets = (A/B)	0.73%
	A – Other incomes	8,033,924
	B – Total assets	1,098,657,410
31	Provision to total assets (A/B)	0.85%
	A – Provision	9,329,112
	B – Total assets	1,098,657,410
32	Overhead to total assets = (A/B)	1.54%
	A – Non-interest expense	16,945,188
	B – Total assets	1,098,657,410
33	Net income before tax (NIBT) to total assets = (A/B)	2.08%
	A – Net income before tax	22,862,147
	B – Total assets	1,098,657,410

EARNINGS		US\$
34	Tax to total assets (A/B)	0.42%
	A – Tax	4,649,721
	B – Total assets	1,098,657,410
35	Interest margin to gross income ((A-B)/C)	56.92%
	A – Interest income	48,903,486
	B – Interest expense	16,495,236
	C – Gross income	56,937,410
36	Non-interest income to gross income (A/B)	14.11%
	A – Non-interest income	8,033,924
	B – Gross income	56,937,410
37	Non-interest expense to gross income (A/B)	29.76%
	A – Non-interest expense	16,945,188
	B – Gross income	56,937,410
38	Times interest earned ((A+B)/C)	238.60%
	A – Income before tax	22,862,147
	B – Interest expense	16,495,236
	C – Interest expense	16,495,236

LIQUIDITY		US\$
39	Liquid assets to total assets (A/B)	28.48%
	A – Liquid assets	312,926,601
	B – Total assets	1,098,657,410
40	Short-term liabilities to total assets (A/B)	85.43%
	A – Short-term liabilities (less than one year)	938,586,285
	B – Total assets	1,098,657,410
41	Net Liquid assets ((A-B)/C)	-63.68%
	A – Liquid assets	312,926,601
	B – Short-term liabilities (less than one year)	938,586,285
	C – Total liabilities	982,455,111
42	Quick ratio (A/B)	33.34%
	A – Quick assets	312,926,601
	B – Current liabilities	938,586,285
43	Deposit to total loans (A/B)	119.73%
	A – Total customers' deposits	790,783,214
	B – Total loans to non-bank customers (gross)	660,459,567



# CORPORATE DIRECTORY

**168** Branch Network

**170** Group Corporate Directory 2019



## BRANCH NETWORK



### 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

#### Exchange Square Branch

Ground Floor, Exchange  
Square, Street 51-61 &  
102-106, Sangkat Wat Phnom,  
Khan Daun Penh, Phnom Penh

#### Krong Preah Sihanouk Branch

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

#### Krong Siem Reap Branch

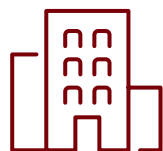
38-39-40, Sivatha Street,  
Sangkat Svay Dangkom,  
Krong Siem Reap, Siem Reap  
Province

#### Krong Battambang Branch

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

#### Krong Kampong Cham Branch

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





### Phnom Penh International Airport

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

### AEON Mall

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

### AEON Mall Sen Sok

Second 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

Ground Floor, Exchange  
Square, Street 51-61 & 102-  
106, Sangkat Wat Phnom, Khan  
Daun Penh, Phnom Penh

### Naga World I & Naga World II

Samdech Techo Hun Sen Park,  
Phnom Penh

### The Park Community Mall

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

### Royal Inn

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

### PTT (Pochentong)

No. 230, Russian Boulevard,  
Sangkat Kakab, Khan  
Posenchey, Phnom Penh

### Lim Long (Veng Sreng)

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

### Total (Kampuchea Krom)

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

### Total (Phnom Penh Thmey)

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

### Total (Monivong)

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

### Total (Road 271)

Street 271, Sangkat Toul Tom  
Poung II, Khan Chamkarmorn,  
Phnom Penh

### EDEN Garden

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

### Raintree

#299, Street Preah Ang Duong,  
Sangkat Wat Phnom, Khan  
Daun Penh, Phnom Penh

### The Bridge

The Bridge SoHo Tower,  
National Assembly Street,  
Sangkat Tonle Bassac, Khan  
Chamkarmorn, Phnom Penh

### SAMAI Square Mall

#02, Street 337, Sangkat  
Boeung Kok 1, Khan Toul Kork,  
Phnom Penh

### Cambrew (Preah Sihanouk Province)

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

### Angkor Market (Siem Reap Province)

National Road 6, Phum  
Salakanseng, Sangkat Svay  
Dongkum, Krong Siem Reap,  
Siem Reap 17252

### Makro Mall Siem Reap

National Road No. 6, Koak  
Tnout Village, Kandaek  
Commune, Prasat Bakorng  
District, Siem Reap

## GROUP CORPORATE DIRECTORY 2019

### ■ CIMB Group Holdings Berhad

Level 13, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur, Malaysia

Tel: 603 2261 8888  
Fax: 603 2261 8899  
Website: www.cimb.com

### ■ CIMB Bank Berhad

Level 17, Menara CIMB  
Jalan Stesen Sentral 2  
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### ■ CIMB Investment Bank Berhad

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Website: www.cimb.com

### ■ PT Bank Cimb Niaga Tbk

16th Floor, Ji. Jend  
Sudirman Kav. 58  
Graha CIMB Niaga  
Jakarta 12190, Indonesia

Tel: 6221 250 5252  
Fax: 6221 252 6749  
Website: www.cimbniaga.com

### ■ CIMB Thai Bank Public Company Limited

44, Langsuan Road  
Lumpini, Pathumwan  
Bangkok 10330, Thailand

Tel: 662 638 8000  
662 626 7000  
Fax: 662 657 3333  
Website: www.cimbthai.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

### ■ CIMB Bank (Vietnam) Limited

Level 2, CornerStone Building  
16 Phan Chu Trinh  
Hoan Kiem District  
Hanoi, Vietnam

Tel: 84 4 3266 3388  
Fax: 84 4 3266 3389  
Website: www.cimbbank.com.vn

### ■ CIMB Bank (L) Limited

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 Bank Berhad

#### Singapore Branch

#09-01, Singapore Land Tower  
50, Raffles Place 048623  
Singapore

Tel: 65 6337 5115  
Fax: 65 6337 5335  
Website: www.cimb.com

### ■ CIMB Bank Berhad

#### London Branch

Ground Floor, 27, Knightsbridge  
London SW1X 7LY  
United Kingdom

Tel: 44 0 20 7201 3150  
Fax: 44 0 20 7201 3151  
Website: www.cimb.com

### ■ CIMB Bank Berhad

#### Shanghai Branch

Unit 1805-1807, AZIA Centre  
1233, Lujiazui Ring Road  
Pudong New District  
Shanghai 200120, China

Tel: 86 21 2026 1888  
Fax: 86 21 2026 1988  
Website: www.cimb.com

### ■ 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  
Website: www.cimb.com

### ■ CIMB Bank Berhad

#### Philippines Branch

Ground Floor, ORE Central  
Building 9th Avenue Corner  
31st Street Bonifacio Global  
City, Taguig 1634 Philippines

Tel: 63 2 249 9000  
Fax: NIL  
Website: www.cimb.com

### ■ 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 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.cimb.com

#### ■ Touch 'N Go Sdn. Bhd.

Tower 6, Avenue 5,  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia

Tel : 603 2714 8000

Fax : 603 2714 8001

Website : www.touchngo.com.my

#### ■ CIMB Trust Limited

Level 14(A), Main Office Tower  
Financial Park Labuan  
Jalan Merdeka  
87000 W P Labuan, Malaysia

Tel : 6087 414 252

Fax : 6087 411 855

Website: www.cimb.com

#### ■ CIMB Islamic Trustee Berhad

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Kuala Lumpur Sentral  
50470 Kuala Lumpur, Malaysia

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Fax : 603 2261 8899

Website: www.cimb.com

#### ■ CIMB Commerce Trustees Berhad

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Tel : 603 2261 8888

Fax : 603 2261 8899

Website: www.cimb.com

#### ■ iCIMB (Malaysia) Sdn. Bhd.

19th Floor, Tower 5, Avenue 7  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia

Tel : 603 2180 7198

Fax : 603 2180 7100

Website: www.cimb.com

#### ■ iCIMB (MSC) Sdn. Bhd.

19th Floor, Tower 5, Avenue 7  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia

Tel : 603 2180 7198

Fax : 603 2180 7100

Website: www.cimb.com

#### ■ CIMB Foundation

Level 17, Menara CIMB  
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Kuala Lumpur Sentral  
50470 Kuala Lumpur, Malaysia

Tel: 603 2261 8888

Fax: 603 2261 8889

Website: www.cimbfoundation.com

#### ■ CIMB Bancom Capital Corporation

28th Floor, ORE Central Building  
9th Avenue Corner 31st Street  
Bonifacio Global City  
Taguig, 1634 Philippines

Tel: NIL

Fax: NIL

Website: www.cimb.com

#### ■ CIMB Investment Bank (Private) Limited

Level 33, West Tower  
World Trade Centre,  
Echelon Square  
Colombo 01, Sri Lanka

Tel: 94 11 234 8888

Fax: 94 11 244 1801

Website: www.cimb.com

#### ■ CGS-CIMB Holdings Sdn Bhd

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Kuala Lumpur Sentral  
50470 Kuala Lumpur, Malaysia

Tel: 603 2261 8888

Fax: 603 2261 8899

Website: www.cimb.com

#### ■ CGS-CIMB Securities International Pte. Ltd.

#16-02, Singapore Land Tower  
50, Raffles Place 048623  
Singapore

Tel: 65 6225 1228

Fax: 65 6225 1522

Website: www.cimb.com

#### ■ CIMB Bank Berhad

##### Yangon Representative Office

1008, Level 10, Sakura Tower  
Kyauktada Township  
Yangon, Myanmar

Tel: 951 8255 430

Fax: 951 8255 430

Website: www.cimb.com

#### ■ CIMB Bank Berhad

Mumbai Representative Office  
Plot No.C-59, G – Block, Platina  
Office No.603A, 6th Floor  
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Bandra (East), Mumbai 400051  
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91 02 2650 0330

Fax: NIL

Website: www.cimb.com

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**CIMB Bank PLC**

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