



ANNUAL REPORT | 2014

ANZ ROYAL: CAMBODIA'S LEADING INTERNATIONAL BANK

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Integrity:

Do what is right

Excellence:

Be your best, help people progress, be business-minded

Collaboration:

Connect and work as one for our customers and shareholders

Respect:

Value every voice, bring the customer's view to ANZ Royal

Accountability:

Own your actions, make it happen

ANZ Group

ANZ's history dates back 180 years. We are committed to building lasting partnerships with our customers, shareholders and communities in 34 markets in Australia, New Zealand, Asia Pacific, Europe, America and the Middle East.

ANZ provides a range of institutional, commercial, retail, wealth management and private banking solutions to around 10 million customers and employs 50,000 people worldwide. ANZ's global connections and deep local insights provide customers access to Asia Pacific's expanding trade and investment flows, supporting their domestic requirements and connecting them with ANZ's global expertise.

ANZ Royal (Cambodia)

ANZ Royal has operated in Cambodia since September 2005. The Bank is a joint venture between Australia and New Zealand Banking Group Limited (ANZ), one of the largest banks in the world, and the Royal Group of Companies (RGC), one of Cambodia's largest conglomerates. ANZ holds 55% of ANZ Royal; the remaining 45% is owned by RGC.

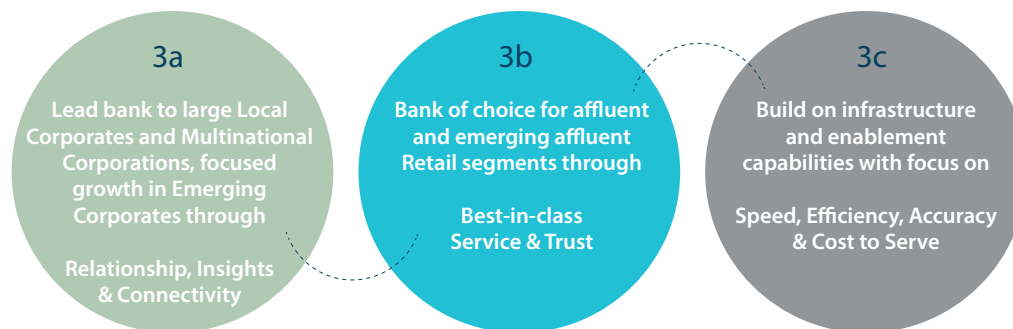
Today, ANZ Royal has 509 dedicated employees and 17 branches nationwide servicing Retail and Institutional Banking customers.

ANZ Royal has revolutionised the Cambodian financial market since its opening, providing a wide range of functionality for Cambodians' banking experience.

Key Awards and Recognition

<p> Top 4 Corporate Bank in Asia by Greenwich Associates</p>	<p>Source: Greenwich Associates Asian Large Corporate Banking Survey 2013</p>
<p> One of the world's top 25 banks by market capitalisation</p>	<p>Based on market capitalisation</p>
<p> Ranked 19th on Global Finance Magazine's World's 50 Safest Banks</p>	<p>As at September 2014</p>
<p> (2006, 2011 & 2013) Bank of the Year</p>	<p>The Financial Times, The Banker Magazine</p>
<p> (2013) Home Lender of the Year</p>	<p>Cambodian Banker</p>
<p> (2014) Bronze for the Top Ranking Performers, Contact Centre World - Best Small Call Centre in Asia Pacific</p>	<p>Contact Centre World – The Global Association for Contact Centre Best Practice & Networking</p>
<p> (2013 & 2014) Most Outstanding Performing Foreign Bank</p>	<p>The Cambodian Banking & MFI Awards</p>
<p> (2015) Best Trade Finance Bank in Cambodia</p>	<p>Global Finance Magazine</p>

1	Our Purpose	To help customers succeed and prosper
2	OUR ASPIRATION: Cambodia's Great International Bank	HOW WE WANT STAKEHOLDERS TO SEE US Shareholders: sustainable, above hurdle return Customers: lead bank status, best service Staff: employer of choice, engaged Regulator: compliant, most respected Community: most respected
3	Our Strategy	To better meet the needs of our target customers, and deliver a superior experience, by utilising the strength of our people, product and platform capabilities, along with 'super-regional connectivity'



4	Disciplined Risk Management	<ul style="list-style-type: none"> • Risk as everyone's responsibility • We take additional risk by growing where we choose to play, not by becoming a riskier bank
5	The Best People	<ul style="list-style-type: none"> • The best-trained, best-connected and most respected bankers in the market • High-performing, with incentives linked to delivery • Stringent adherence to the ICARE Values

Performance

At ANZ Royal, we speak about our vision to be recognised by all of our stakeholders as the Great International Bank of Cambodia. This is a long-term journey, and 2014 marked a further step towards that goal. It was also a year of delivery on strategy for the Bank, in what were more challenging circumstances from a competitive perspective.

The business delivered a very pleasing increase in Profit before Provisions and Tax of just over 20%. This was the result of solid increases in revenue, and extremely well-managed costs. Loan provisions ticked up relative to 2013 - when they had been positive due to very strong recoveries - but were well within our normal historical range.

Growth in the balance sheet was relatively modest compared to the previous year, with Deposit growth of 8% and Loan growth of 7%. This reflected a reasonable degree of refinancing activity in our loan portfolio, with price-based competition very evident.

We continued to develop an increasingly efficient business, with the Operations team delivering a staggering 32% increase in productivity across the year, and volumes across our cash management business up 39%. In that regard, 2014 saw us roll out our new web-based "Transactive Strategic" platform for corporate clients, cementing our position as Cambodia's leading transactional bank.

ANZ Royal was once again awarded the title of Foreign Bank of the Year at the Cambodian Banking Awards, and we have more recently picked up an international accolade, being voted by international clients as Trade Finance Bank of the Year for Cambodia.

We were also very proud to announce our alliance with the microfinance institution Hattha Kaksekar, a first between a commercial bank and an MFI. This partnership sees our two institutions combining our complementary strengths to deliver solutions for customers.

A major challenge for the year related to our People. Turnover was unacceptably high, driven by quite fierce targeting of ANZ Royal staff by both new entrant banks and expanding incumbents. Whilst we have put a number of measures in place to improve retention - and it was pleasing to see that amongst our High Potential programme staff, we had virtually no turnover - it will remain difficult to combat the often extreme salary increases and role inflation that have been part of our competitors' strategies. We will however remain focused on developing from within and putting continued investment into training - as our determination to continue to have the best bankers in the market will always outweigh any concerns on staff poaching.

These challenges aside, we have created a bank which continues to outperform peers in terms of Return on Equity, and represents one of the strongest employment and customer brands in the country. We have a very focused strategy - one which means that we choose to miss out on some pockets of growth in the Cambodian market such as construction and property development - which we believe will ensure long-term success.

Competitive Environment

The competitive tensions of the past few years continued in 2014, and are now being reflected in returns across the commercial banking sector. In fact, I believe returns have now "topped out" in Cambodia for both commercial banks and MFIs, as declining margins are being exacerbated by increased cost bases (especially for personnel). With average Return on Equity for commercial banks falling below 9% on average, there is little headroom for a downcycle if one does occur.

We are proud that ANZ Royal continues to outperform the market in terms of Return on Equity, despite the hugely competitive environment. We remain confident in the ability of the team to continue to deliver solid returns, as our low cost of deposit funds, combined with our very rigorous credit approach and relationship banking model, make ANZ Royal arguably the most sustainable bank in the Cambodian system.

Macro Outlook

The 2014 year was one of two distinct halves from a macroeconomic perspective. An unsettled first half was punctuated by labour disputes and protests, but by the second half of the year much stronger momentum was apparent.

Although growth was strong overall, it was somewhat patchy. Construction became the new driver of the economy, with tourism also strong. Agriculture in contrast had a tough year, with rice exports flat and the rubber industry taking a hit.

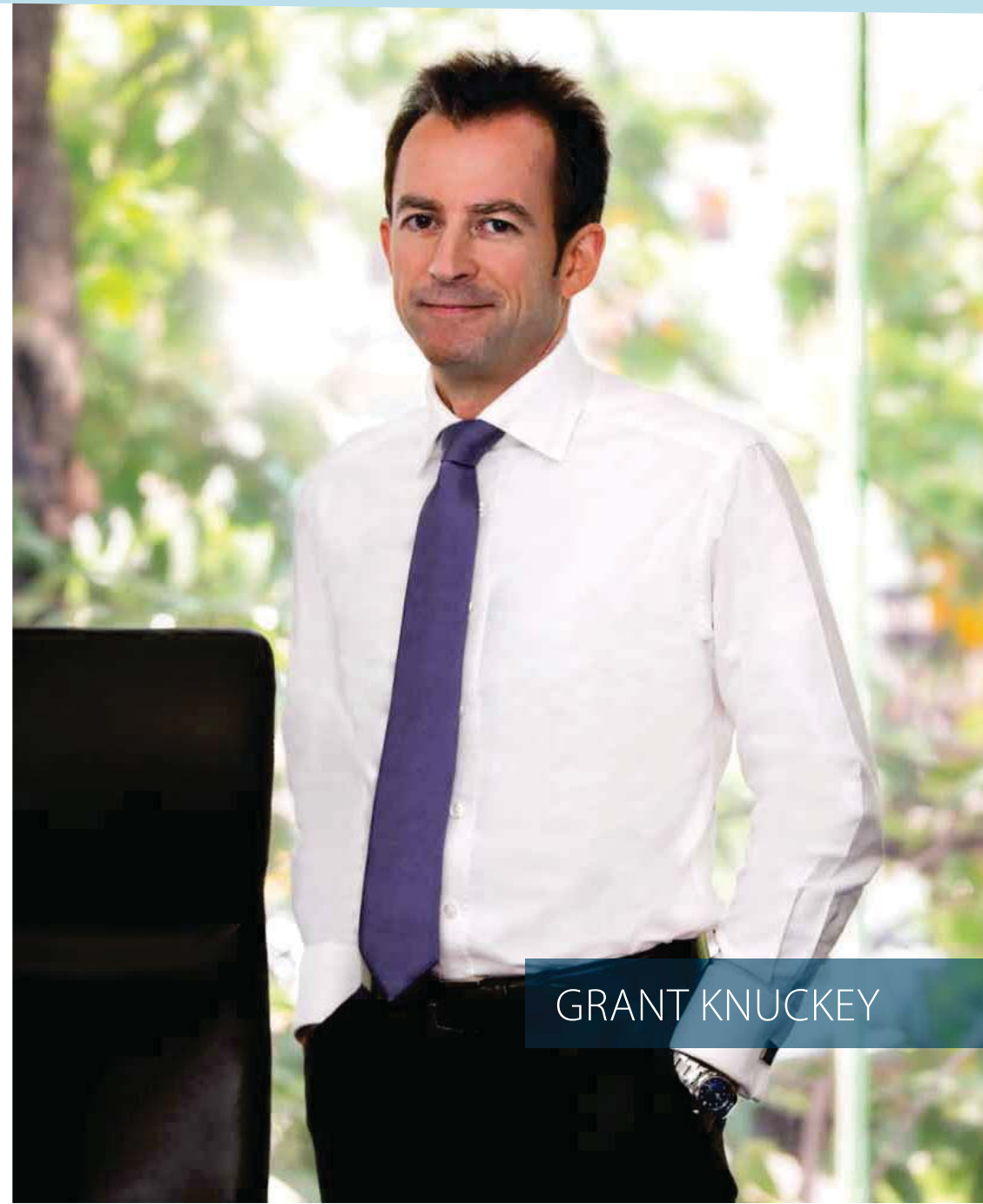
We are confident in the prospects for 2015. The growth drivers from last year - construction and tourism - are likely to continue to have a strong year, and we believe that rice exports are likely to recover strongly. In addition, we have great confidence in continued growth in manufacturing, as productivity increases and energy costs fall.

The government will also play its part, with the pending release of the Industrial Development Policy and the Law on Foreign Investment. We continue to have a positive view on the path being taken by key ministries and the CDC.

Externally, the path towards the ASEAN Economic Community is also likely to be one which creates opportunities for FDI and trade for Cambodia. In short - we have confidence in 2015 being a supportive year for banking success.

In closing, I am always conscious that our customers have a choice of many banking providers, and on behalf of the ANZ Royal team, I would like to thank all of our customers for the choice they have made to bank with us.

To the wonderful ANZ Royal staff, thank you for your unwavering dedication and continued efforts to make ANZ Royal the Great International Bank of Cambodia.



GRANT KNUCKEY

ANZ Royal International Banking is the new title given to our corporate banking business, covering both domestic and foreign companies. The "International" moniker reflects both the fact that we bring international standards to the market, as well as our focus on partnering with enterprises in Cambodia who want to grow in an international and regional context.

We aim to be the lead bank to our target customers, comprising growing and large domestic corporates, as well as multinationals. This will be achieved through the three primary elements of our value proposition:

Relationship

We follow a true 'relationship banking' model, which requires high touch and deep knowledge of the companies we serve, so that we can deliver the right solutions at the right time. That is why we have dedicated Relationship Managers, backed by a supporting team of product specialists, to deliver genuine banking partnerships. Our team understands that going the extra mile for our customers when faced with challenges, and leveraging our extensive experience across the Asia Pacific region, will make a difference for our customers.

Insights

Our customers' success in achieving their business objectives is paramount to us – as we say, this is our reason for being, our "purpose". To do this well, we need to provide customers with "insights" – pieces of knowledge that can help them gain an edge. We aim to understand customers' industries, and leverage our extensive experience across Asia Pacific and recommend banking solutions to help customers reach their short and long-term objectives.

Connectivity

As the most international of Cambodia's banks, the connections to international markets we can deliver our customers, as well as to best-in-class products and technology platforms, are unsurpassed locally. The value this "connectivity" creates for customers can be in many different forms. For some customers, this will be about better enabling them to engage in international trade through our diverse offshore client base. For others, this may be about providing a seamless connection between our cash management system and their enterprise systems.

What We Offer

We offer Cambodia's widest and most sophisticated range of banking products and world-class services to our customers through our dedicated relationship management teams and product specialists. These products and services cover Lending; Trade and Supply Chain finance; Payments and Cash Management; and Global Markets (Foreign Exchange, Interest Rates, and Commodities). We have been proud to be the first to introduce a number of corporate banking

products and services to the local market. In addition, the value of ANZ's international network of 34 other countries (including all of the Mekong countries) to clients cannot be overstated.

2014 Key Highlights

Some of the key highlights of International Banking in 2014:

- The launch of "Transactive" – our web-based cash management and payments platform for customers. This is a world-class platform that gives clients a huge range of functionality, visibility and straight-through-processing for their banking cash flows.
- Formed an alliance with the microfinance institution Hattha Kaksekar (HKL), the first of its kind in Cambodia. This gives ANZ Royal customers extended access to the wider network of HKL across the country.
- Did the first-ever commodity hedging transaction in Cambodia, with a petroleum-importing customer. This allowed them to manage their exposure to international fuel prices.
- Launched the ANZ Royal Business Confidence Index, the first of its kind in Cambodia. Working alongside global market research firm TNS, we are producing the first indicator of the Cambodian business climate, published quarterly.
- Conducted numerous seminars on banking products including trade finance products and financial markets products to help improve clients' knowledge and understanding of banking products.
- Promoted the improvement of accounting records and financial reporting among commercial customers.

Our Goals for 2015

We see our goals for 2015 through the lens of our major stakeholders:

- Our Shareholders:** To deliver them an above-expectation return on equity
- Our Customers:** To be their lead bank, the "go to" bank for strategic decisions
- Our Staff:** The employer of choice for Cambodia's corporate bankers
- Our Regulator:** The most compliant, most respected bank in the system
- Our Community:** A bank contributing positively and broadly to Cambodia

If we can meet these goals, we are certain to be helping ANZ Royal towards its goal of being Cambodia's Great International Bank.





At ANZ Royal, our aim is to be the most trusted and respected Retail bank in Cambodia. Our Retail Banking proposition is based on the three pillars of convenience, superior customer service, and connectivity. Below are a few highlights of our achievements in 2014:

Convenience

We have launched a new Visa Debit Card that enables customers to use any national/international ATM and POS terminal where Visa is accepted.

Our 17 Mobile Lending Managers are on call 7 days a week to help customers with their home lending needs.

We have increased and refurbished the number of Priority lounges throughout Cambodia from four to eight.

We have extended our banking hours by opening 30 minutes earlier in the morning.

Our Platinum Credit card provides access to over 180 airport lounges worldwide and offers exclusive use of the Phnom Penh International Airport lounge.

Superior Customer Service

In February 2014, the ANZ Royal Retail leadership team started on a journey to become the best customer service provider in the financial services sector. During the past year, we have introduced iPad exit surveys within our branches that provide us with real-time customer views on our service standards. In addition, we have introduced Mystery Shopping across all Retail distribution points that tell us exactly what we are getting right and wrong. Customer complaints have become an essential element of improving our service and each complaint is solved and escalated to senior management so that a permanent 'fix' can be explored.

Our Products and Services include:

Transactional Products:

Savings, Cheque Accounts, Term Deposits, Visa Debit, Priority Accounts, Cash Management Accounts, Foreign Currency Accounts

Loans:

Home Loans, Home Equity Loans, Home Investment Loans, Personal Loans

Credit Cards:

Platinum Secured and Unsecured

Payments:

Domestic and International Transfers, Foreign Exchange, Bill Payments

Channels:

ATMs, Internet Banking, 24/7 Call Centre

Insurance and Investments:

Bancassurance (Manulife)



Achievements in 2014

- ✔ Launched Visa Platinum Cards and offered the exclusive use of the Phnom Penh International Airport Lounge to our cardholders.
- ✔ Bronze Award at the Asia Pacific Contact Centre Awards for our excellence in customer service
- ✔ Promoted 22% of Retail staff to more senior positions within the Bank
- ✔ Launched Unsecured Personal Loans, the first true unsecured Personal Loan in the Cambodian market
- ✔ Launched Visa Debit, enabling our customers to use national/international ATMs across the globe where Visa is accepted
- ✔ Launched Mystery Shopping across branches, contact centres and Lending Managers. With a 14% improvement over the year and an 88% success rate against 38 measures, we are confident that we offer a consistently high level of service.

Connectivity

ANZ has developed a Regional Centre of Excellence in Singapore for Wealth and Risk products. Our aim is to assist affluent Cambodian clients with their wealth creation goals by introducing them to our experts in Singapore.

ANZ Royal prides itself on being an interconnected team that is focused on identifying customers' needs and matching them with the right expert.

What We Do

Retail Banking is responsible for serving personal and sole trading business customers through our network of 17 branches (including eight Priority Lounges), 105 ATMs, internet banking, a 24/7 Call Centre and Mobile Lending team.

Our Goals for 2015

- ✔ To set the benchmark for customer service in the Banking Industry
- ✔ A leading suite of products and services for our customers
- ✔ Access to wealth products across Asia
- ✔ Electronic banking services that make our customers' lives easier
- ✔ Developing Cambodia's future banking talent
- ✔ A trusted and respected bank for customers to feel secured and valued

The success of the ANZ Royal's strategy is underpinned by sound management of its risks. As ANZ Royal progresses on its strategic path to becoming the best connected and most respected bank across the region, the risks faced by ANZ Royal will evolve in line with the strategic direction.

The success of ANZ Royal's strategy is dependent on its ability to manage the broad range of interrelated risks it is exposed to across our expanding business.

Risk Appetite

ANZ Royal's risk appetite is set by the ANZ Board and integrated within ANZ Royal and ANZ Group's strategic objectives and priorities. The risk appetite framework underpins fundamental principles of strong capitalisation, robust balance sheet and sound earnings, which protects ANZ Royal's franchise and supports the development of an enterprise-wide risk culture. The framework provides an enforceable risk statement on the amount of risk ANZ Royal is willing to accept and it supports strategic and core business activities and customer relationships with the objective of ensuring that:

1. ANZ Royal only engages in permitted activities;
2. The scale of permitted activities, and subsequent risk profile, does not lead to potential losses or earnings volatility that exceeds ANZ Royal approved risk appetite;
3. Risk is expressed quantitatively via limits and tolerances;
4. Management focus is brought to bear on key and emerging risk issues and mitigating actions; and
5. Risk is linked to the business by informing, guiding and empowering the business in executing strategy.

ANZ Royal's risk management is viewed as a core competency and to ensure that risks are identified, assessed and managed in an accurate and timely manner, ANZ Royal has:

1. An independent risk management function together with embedded risk managers within the businesses.
2. Developed frameworks to provide structured and disciplined processes for managing key risks. These frameworks include articulation of the appetite for these risks, portfolio direction, policies, structures, limits and discretions.

Material Risks

All ANZ Royal activities involve, to varying degrees, the analysis, evaluation, acceptance and management of risks or combinations of risks. The material risks facing ANZ Royal and its approach to the management of those risks are described as follows:

Credit Risk – is the risk of financial loss resulting from a counterparty failing to fulfill its obligations, or from a decrease in credit quality of a counterparty resulting in a loss in value. ANZ Royal has a comprehensive framework to manage credit risk. The framework is top down, being defined by credit principles and policies. The effectiveness of the credit risk management framework is assessed through various compliance and monitoring processes. These, together with portfolio selection, define and guide the credit process, organisation and staff.

Market Risk – Market Risk stems from ANZ Royal's trading and balance sheet activities and is the risk to ANZ Royal's earnings arising from changes in interest rates, foreign exchange rates, credit spreads and volatility in other markets.

The key market risk factors for ANZ Royal include:

1. Interest rate risk: the potential loss arising from the change in the value of a financial instrument due to changes in market interest rates or their implied volatilities.
2. Currency rate risk: the potential loss arising from the decline in the value of a financial instrument due to changes in foreign exchange rates or their implied volatilities.

Liquidity and Funding Risk – is the risk that the Group is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt, or that the Group has insufficient capacity to fund increases in assets. The global financial crisis highlighted the importance of differentiating between stressed and normal market conditions in a name-specific crisis and the different behaviour that offshore and domestic wholesale funding markets can exhibit during market stress events.

Operational Risk – is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes legal risk and the risk of reputation loss, or damage arising from inadequate or failed internal processes, people and systems, but excludes strategic risk. The objective of operational risk management is to ensure that risks are identified, assessed, measured, evaluated, treated, monitored and reported in a structured environment with appropriate governance oversight. ANZ Royal does not expect to eliminate all operational risks, but to ensure that the residual risk exposure is managed as low as reasonably practical based on a sound risk/reward analysis in the context of an international financial institution.

Compliance Risk – is the probability and impact of an event that results in a failure to act in accordance with laws, regulations, industry standards and codes, internal policies and procedures and principles of good governance as applicable to ANZ Royal's businesses. ANZ Royal's Compliance Framework is aligned to key industry and global standards and benchmarks. It utilises the concept of a 'risk-based' approach to manage compliance. This allows the Compliance

function to support divisions and businesses by taking a standardised approach to compliance management tasks. This enables ANZ Royal to be consistent in proactively identifying, assessing, managing, reporting and escalating compliance-related risk exposures while respecting the specific obligations of each jurisdiction in which we operate.

Reputation Risk – the risk of loss caused by adverse perceptions of ANZ Royal held by the public, the media, depositors, shareholders, investors, regulators, or rating agencies that directly or indirectly impact earnings, capital adequacy or value. ANZ Royal manages reputation risk through a robust governance process and controls. The ANZ Management Board is the most senior management committee for consideration of potential harm to ANZ Royal's reputation and measures to protect ANZ Royal's reputation. However, some matters are delegated to the ANZ Reputation Risk Committee.

Strategic Risk – Strategic Risks are risks that affect or are created by an organisation's business strategy and strategic objectives. Where the strategy leads to an increase in other Key Material Risks (e.g. Credit Risk, Market Risk, Operational Risk), the risk management strategies associated with these risks form the primary controls. ANZ Royal Management Board members will identify and assess potential strategic risks in the course of making decisions about the future of ANZ Royal. In assessment of strategic risks, the Management Board will consider impacts such as pricing and products; the systems and processes we need to deliver on the proposed strategy; and capital implications.

As a responsible corporate citizen, ANZ Royal has a very strong commitment to our social and environmental responsibilities and to the communities in which we live.

At ANZ Royal, we truly believe in living our values. We believe our values form the underlying foundation that guides our actions and the decisions we make day to day in our business.

Aside from our commitments in growing the business, we are strongly committed to the communities we serve through the provision of financial, in-kind as well as employee volunteering support. Through sustainable partnerships with local non-government organisations and charities, we are focused on enhancing education and employment opportunities for marginalised and disadvantaged individuals.



In 2014, ANZ Royal provided over USD100,000 in financial support to 20 different partners. In addition, our staff participated in over 16 communal projects resulting in an excess of 3,000 hours of volunteer community service.

The momentum carries onto 2015 -- with a more focused approach, we aim to deliver sustainability through education, particularly financial literacy. We aim to strengthen partnerships with selected partners where we believe, as a Bank we can positively contribute to the betterment of Cambodian society as a whole.



At ANZ Royal, we take pride in our growing customer satisfaction and success which are strongly driven by our committed and skilful team. This is why we continue to invest and ensure active measures to provide necessary and relevant development opportunities for our people, so new skills can be enriched and high performance can be enforced and rewarded.

Achievements in 2014

We believe in the inherent strength of a vibrant, diverse and inclusive workforce. We make the most of the ideas, perspectives and capabilities on offer in our team to connect with customers, innovate and progress our business.

We continued to deliver the promise of our employment brand based on the four core propositions of:

1. Long-term and international opportunity
2. Competitive remuneration and benefit packages
3. Performance-based culture that stimulates growth
4. Heavy investment in people through ongoing development

Developing talents from within and providing them with career opportunities remains our focus year on year. In 2014, half of our people experienced career progression in the form of promotions or secondment opportunities.

We have in place the development pathway and we have a strong focus on building our people capability in Credit, Sales and Service and Leadership. As a result, our people completed more than 100 courses, which constitutes to more than 17,000 learning hours via online or face-to-face sessions.

Priorities in 2015

To support our continued efforts to provide a working environment that is conducive to high performance and where people feel a sense of ownership and produce impressive efforts, the following are our key focus points for 2015:

- Connecting our Bankers across the region and within Cambodia to develop banking capabilities
- Building Core Capability and Benchmark Strength in Products, Insights and Leadership
- Embed the ANZ Culture of High Performance and Customer Centricity

Alistair Marshall Bulloch

Chairman

Alistair joined ANZ in 2008 as CEO North East Asia and CEO Hong Kong. In 2010, he was appointed as Managing Director/Senior Advisor, Asia Pacific, Europe & America. Alistair is responsible for developing critical government and other relationships, taking a lead role in management across Asia Pacific, Europe and America on behalf of the Group.

Alistair has more than 20 years of banking experience and was previously Head of Wholesale Banking in Korea and Head of Client Relationships in both China and Taiwan for Standard Chartered Bank. He spent his childhood and a considerable part of his earlier career in Hong Kong and has also worked in the Middle East and Ireland.

Neak Oknha Kith Meng

Director

Neak Oknha Kith Meng is Chairman and Chief Executive Officer of the Royal Group of Companies. Meng has been the driving force behind bringing international business into Cambodia. Through alliances with leading global players, he has brought international quality service to the telecoms, media, banking, insurance, logistics and hospitality industries. He is a passionate entrepreneur who is committed to the development of the Cambodian economy through direct foreign investment.

He holds numerous significant roles in Cambodia, including President of the Cambodian Chamber of Commerce, the Phnom Penh Chamber of Commerce and holds the Cambodian seat at the ASEAN Business Advisory Council.

Mark Hanna

Director

Mark Hanna is an experienced international senior finance and operations executive. Mark joined the Royal Group in July 2007 and is responsible for the financial management and performance of the Group's diverse business interests. Prior to joining the Royal Group, Mark held several CEO & CFO roles throughout Asia in the telecoms and manufacturing industries.

Mark has a Bachelor's Degree in Accounting and is a member of the Chartered Institute of Management Accountants.

Oknha Kith Thieng

Director

Oknha Kith Thieng is Managing Director of the Royal Group of Companies. Being an integral and primary figure in the establishment and growth of the Group since its formation, he is actively involved in the Group with special interests in the media and entertainment, construction, property investment and service industries.

Steven Odgers

Director

Steven Odgers is Head of Business Management/Chief of Staff to CEO Asia Pacific based in Hong Kong. His previous role was Vice President of ANZ SRCB Partnership, Shanghai. Earlier roles included Head of Strategy, Institutional Asia & NE Asia based in Hong Kong/Melbourne.

Grant Knuckey

Director

Grant Knuckey joined ANZ Royal as CEO in June 2012. He also has executive responsibility for ANZ's presence in Laos and in Myanmar, where the Bank was recently one of nine foreign banks awarded a licence.

Grant has been with ANZ Banking Group for 20 years, 12 years of which have been spent in Asia. His previous role was Head of Institutional and Commercial Banking and Deputy CEO of ANZ China, based in Shanghai. Earlier roles included running ANZ's Global Markets business across North Asia, based in Hong Kong; and as Head of Strategy for ANZ's Institutional business across Asia, based in Singapore. Prior to his time in Asia, Grant worked for ANZ in the Global Markets business in New Zealand. This mix of experiences across the ANZ network provides a true 'super regional' perspective to ANZ Royal's strategic leadership.

Grant holds a Bachelor of Commerce (Economics major) and a Bachelor of Law, both from Victoria University in Wellington, NZ. He also holds a Master of Business Administration (First Class Honours) from Trinity College. He is active in the local business community, currently serving as the President of the Australian Chamber of Commerce; as well as the Treasurer and Chairman of the Education Committee and of the Interbank Market Working Group of the Association of Banks in Cambodia.

Mr. Hugues De l'Epine

Director

Hugues joined ANZ in 2010 as General Manager, Group Wholesale Credit, Hong Kong. In 2014, he was appointed as Chief Risk Officer, Asia. He is responsible for Retail, Commercial, Institutional, Market, Operational and Compliance Risk for ANZ in Asia as well as managing all the Asia Country CROs.

Hugues has 20 years of banking experience and was previously Chief Risk Officer of HSBC based in Taiwan and Head of Credit Risk Management based in Japan. He has enormous banking experience in different countries, i.e. Hong Kong, London and France. Before joining the banking industry, his first career was as a junior officer for the French Army – Tank Arm in 1993 for around one year.

Mrs. Ratana Phurik-Callebaut

Independent Director

Mrs. Ratana Phurik-Callebaut is the executive director of EuroCham Cambodia, the European Chamber of Commerce.

She holds dual French and Cambodian citizenship. She grew up in France, where she graduated both in Industrial Economics and International Trade & Finance at La Sorbonne University. After several years spent in Geneva in the private banking sector as a portfolio manager, she moved back to Cambodia in 2003. Since then, she has filled different positions including General Manager of the French-Cambodian Chamber of Commerce (CCFC), Managing Partner of the private equity fund Cambodia Emerald, and more recently as a business consultant for DFDL, a regional law firm. For more than 10 years, she developed an expertise in investment in Cambodia. She is a Chartered Financial Analyst (CFA).



Seated from left to right: Gareth Coleman, Chenda Khak, David Parrott, Pheakdey Pok and Robert Snaddon.

Standing from left to right: Saly Lor, Sochal Dith, Gethin Jones, Grant Knuckey, David Sok Dara Marshall and Deline Sieng.



Grant Knuckey

Chief Executive Officer

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Saly Lor

Acting Chief Operating Officer

Saly joined ANZ Royal in May 2005 as Senior Personal Banker, then moved to several senior management roles including Senior Business Development, Branch Manager, Regional Manager, Head of Mortgages and Head of Retail Operations. In May 2014, he was appointed Acting Chief Operating Officer.

As Acting Chief Operating Officer, Saly oversees the Bank's operations, which encompasses a diverse range of functions inclusive of Retail Operations, Institutional & Commercial Operations, Projects & Transformation, Information Technology, Operational Risk Management and Governance, and Property and Procurement.

Prior to joining ANZ Royal, Saly held a management role in the hospitality field and was a lecturer of a private university.

Saly was an AusAID scholarship winner and holds a Master of Education and Training from Victoria University, Australia.

David Sok Dara Marshall

Head of Multinational Corporations and Financial Institutions

David Marshall joined ANZ Royal in May 2005 and currently leads the Multinational Corporations and Financial Institutions business, which covers relationship banking for ANZ Royal's top-tiered corporate and financial institutions such as banks, insurance companies, and state-owned enterprises. He has over 19 years of banking experience within Cambodia, Canada and Singapore across a range of different businesses including Retail, Wealth Management, Operations and Project Management.

Roles within ANZ Royal included Relationship Manager, Corporate & Institutional Banking; Head of Small and Medium Enterprises and Head of Retail Lending; and Head of Transaction Banking. He was appointed to his current role in June 2014 and currently leads a team of Relationship Managers, who leverage capabilities from key product partners in Markets/Foreign Exchange, Trade and Supply Chain, and Payments and Cash Management to provide tailored solutions to suit individual client needs.

David holds a Bachelor in Sociology as well as completing several securities courses in Canada, including the Canadian Investment Funds Institute of Canada, Canadian Securities Course and Derivatives Fundamentals Course from the Canadian Securities Institute.



David Parrott

Head of Retail Banking

David (Dave) joined ANZ Royal in May 2011 and is responsible for the overall retail operation covering our network of 17 branches, our Premier banking segment, Credit Cards/POS business, 24/7 Call Centre and leads our retail strategy.

Dave commenced with ANZ in 2004 and, in a career spanning 19 years, has covered all general branch retail banking roles including a number of years as Branch Manager before moving into Area Management and Regional Management roles within New Zealand.

Dave holds a Bachelor of Business Studies, majoring in Employment Relations, from the Open University of New Zealand. Having worked in England, New Zealand and now Southeast Asia, Dave brings extensive worldwide banking experience to ANZ Royal. Currently, he is also a treasurer for the Cambodian European Chamber of Commerce.





Sochal Dith

Head of Local Corporates

Sochal joined ANZ Royal in May 2005 as the Trade Relationship Manager. In early 2008, he was offered the role of Relationship Manager with the ANZ National Bank based in Auckland, New Zealand. After returning from New Zealand in late 2009, he was appointed Head of SME Banking and then Head of Commercial Banking.

As Head of Commercial Banking since July 2011, Sochal works closely with a dedicated team of Relationship Managers, ensuring they help manage and grow commercial client bases.

Prior to joining ANZ Royal, Sochal was with the National Bank of Cambodia as an onsite examiner and with PricewaterhouseCoopers as an auditor. Sochal holds a Bachelor of Management (Accounting major) from Chea Sim Kamchaymea University and a Master of Business Administration from the School of Management, Wuhan University of Technology, China.



Pheakdey Pok

Head of Finance

Pheakdey is leading the Finance unit of ANZ Royal following her appointment as Head of Finance of the Bank in April 2010. She is responsible for managing the overall financial performance and position of the Bank, incorporating strategic financial direction in the business performance projections, as well as ensuring the Bank's compliance with local regulatory and group financial governance, accounting policies and requirements.

Pheakdey joined ANZ Royal back in May 2008 as Finance Manager, bringing to the Bank strong professional experience in Audit and Finance through her work with KPMG Cambodia and British American Tobacco (Cambodia) of more than seven years. She holds a Bachelor of Finance and Accounting from the National Institute of Management Cambodia and is currently pursuing her degree from the ACCA (the Association of Chartered Certified Accountants).

Gethin Jones

Chief Risk Officer

Gethin joined ANZ Royal as Chief Risk Officer in January 2014. He has 18 years of experience across Banking, Finance and Advisory and has worked on the ground in Asia, the Middle East, US, Europe and Australia/NZ. He previously led the Debt & Equity Restructuring team for Lloyds International with responsibility for a portfolio comprising Leveraged Finance, Property, Institutional, Asset Finance and Project Finance assets. He also sat on the board of Lloyds' Australian equity investment vehicle, which managed property developments with ASX-listed developers and private development funds.

Gethin is ACCA qualified and started his career with Ernst & Young globally in their Corporate Restructuring team, undertaking advisory assignments with clients across a wide range of industries and geographies. Gethin also spent a year in industry as Commercial Director and CFO of Octagon UK (subsidiary of NYSE-listed Interpublic Group), an athlete representation and sponsorship consulting agency.

Gethin holds responsibility for chairing the various risk committees and aligning business growth with risk appetite.



Chenda Khak

Head of Human Resources

Chenda joined ANZ Royal in March 2008 as the Training and Development Manager. In mid-2009, she was given further responsibilities as a Human Resources Consultant for the Institutional business, and was promoted to Head of Human Resources.

Prior to joining ANZ Royal, Chenda spent four years as a Political Assistant in the Diplomatic Community with the Embassy of the United States of America. During the course of her studies, she taught English in Cambodia and Japan, worked as a telemarketer in Japan and briefly dabbled in newscasting for a local TV station in Phnom Penh.

She holds a Bachelor of Arts degree in Sociology and a Bachelor of Education degree in the English Language, both from the Royal University of Phnom Penh. In addition, Chenda was awarded a two-year Japanese Government Funded Scholarship where she earned her Master's Degree in International Relations from Sophia University, Japan.





Deline Sieng

Head of Legal & Compliance and Company Secretary

Deline heads up the Legal & Compliance unit for ANZ Royal, managing all legal and compliance works and also acts as company secretary, overseeing corporate governance matters of the Bank.

Deline joined ANZ Royal in June 2010 and has spent his last 13 years all in the legal and compliance career space. Prior to joining ANZ Royal, Deline's career covered being the Official of the National Bank of Cambodia involved in legal and regulatory preparation work; Legal Researcher of the Economic Institute of Cambodia, focusing his research on trade-related laws during Cambodia's first entry into the WTO; and Associate at Sciaroni & Associates, providing practical legal advice to its business clients. Deline also spent more than nine years in legal teaching as a part-time lecturer in several universities and professional training centres in Phnom Penh.

Deline holds a Master of Public Administration and a "Maîtrise" of Private Law from the University Lyon 2 in France. He also holds two Bachelors of Law, one in French "private" law from the same university and one in Cambodian "public" law from the Royal University of Law and Economics in Phnom Penh.



Robert Snaddon

Head of Research & Analysis

Rob joined ANZ Royal in April 2013 and, as Head of Research & Analysis, leads the team responsible for credit writing and deal structuring in partnership with the Relationship Managers to support the International Banking client base.

Rob has worked with ANZ Banking Group for over 10 years. Having joined the Bank's Graduate Programme in 2004, Rob has gained extensive experience working with a large number of business customers from a number of industries and segments. Rob has held analytics and relationship roles within the SME, Commercial and Large Corporate divisions in both Auckland and Wellington. He has also undertaken experience with ANZ in China.

Rob holds a Bachelor of Commerce (First Class Honours) in International Business and Commercial Law and a Bachelor of Arts in Public Policy from Victoria University of Wellington.

Gareth Coleman

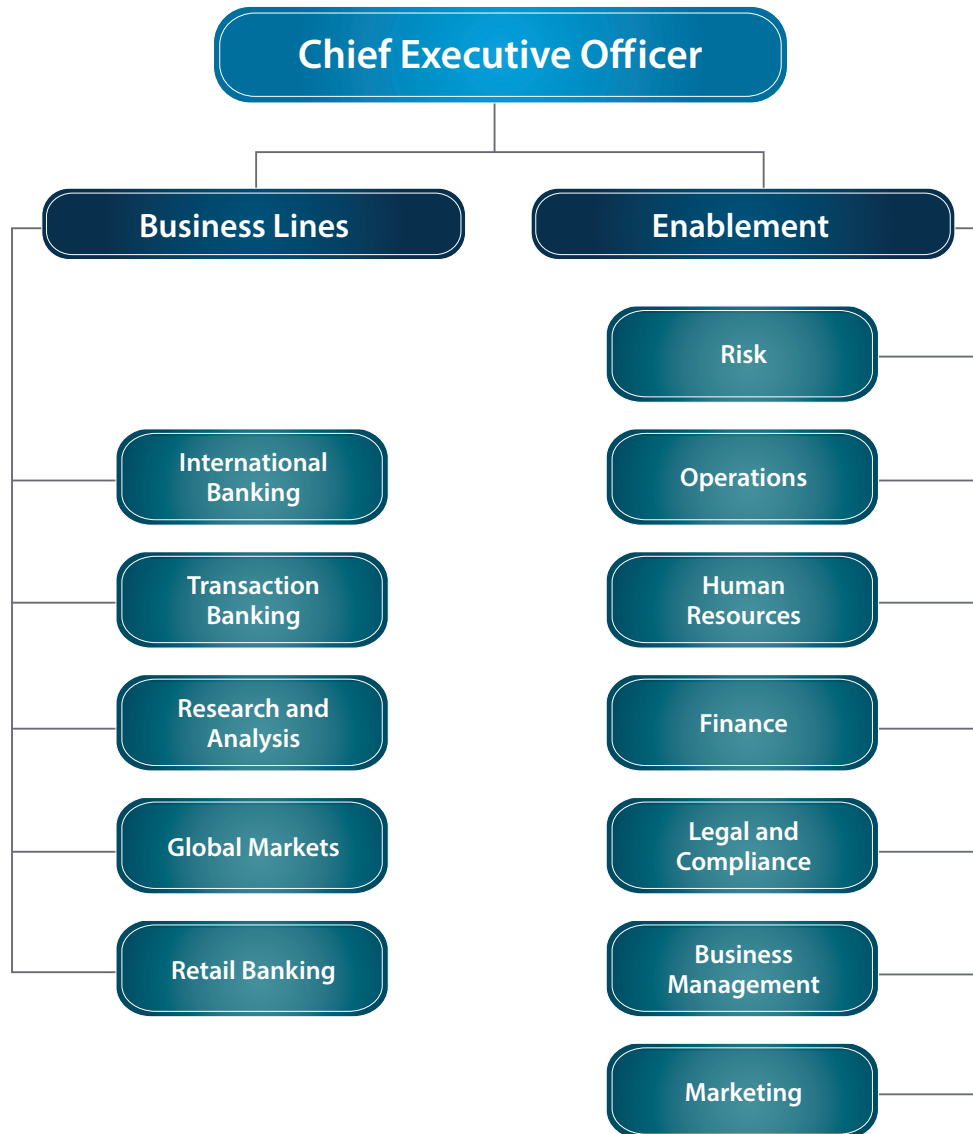
Head of Transaction Banking

Gareth joined ANZ Royal in September 2014 as the Head of Transaction Banking. The Transaction Banking business covers both the Trade and Supply Chain and Payments and Cash Management suite of products and is thus core to both ANZ's super-regional strategy and ANZ Royal's value proposition as Cambodia's most connected, and trade-enabled international bank.

Prior to joining ANZ Royal, Gareth was the Head of Trade & Supply Chain for ANZ in Papua New Guinea and in that role also had responsibility for ANZ's Trade & Supply Chain businesses in Timor Leste, Solomon Islands, Vanuatu and Guam. Prior to relocating to PNG, Gareth held senior Trade and Supply Chain sales roles with ANZ in Australia after joining the organisation in 2009. Gareth's 17-year banking and finance career has been spent predominantly in customer-facing Trade Finance sales roles. During this time, he has managed client portfolios within all corporate client segments, from commercial banking to multinational commodity traders.

Gareth holds a Bachelor of International Business, a Graduate Diploma in Applied Finance from the Securities Institute of Australia, and a Master of Business Administration majoring in International Business from Monash University in Melbourne.





Financial Highlights

Financial Performance (\$M)	2014	2013	Movt %
Net interest income	29.9	28.2	6.1%
Other operating income	19.2	17.7	8.6%
Operating income	49.1	45.9	7.0%
Operating expenses	(23.6)	(24.6)	-4.1%
Profit before credit impairment and income tax	25.5	21.3	19.9%
Provision for credit impairment	(2.7)	1.7	Large
Profit before income tax	22.9	23.0	-0.4%
Income tax expense	(5.1)	(4.9)	4.5%
Net profit after tax	17.8	18.1	-1.7%

Growth 2014 v 2013

Growth by LOBs	Income	Expenses
International Banking	+6.5%	+1.6%
Retail Banking	+8.3%	+11.8%
Enablement	-	-9.3%

Growth by products	Income	Expenses
Global Loan	-6.3%	+0.8%
Payment & Cash Management	+11.1%	+0.6%
Trade & Supply Chain	+5.7%	+2.0%
Global Markets	+19.7%	+5.4%
Retail Banking	+8.3%	+11.8%
Enablement	-	-9.3%

Operating Income +7.0%

Operating Expense -4.1%

Key Highlights

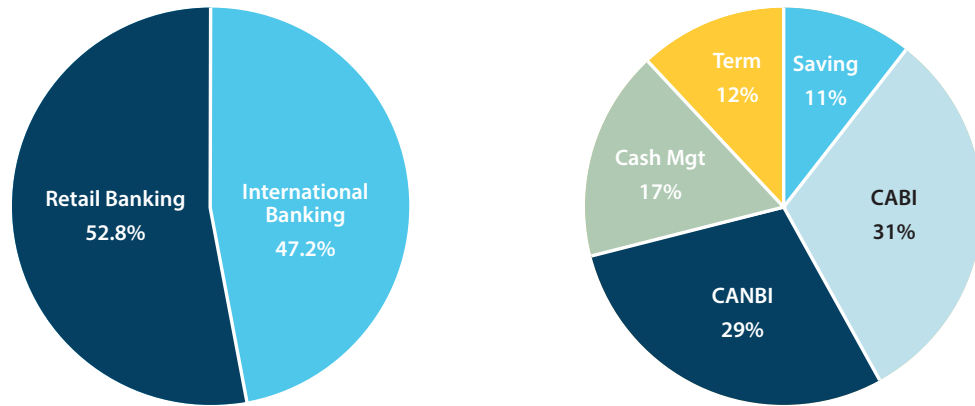
- Operating income increased by 7.0% year-on-year.
- Cost to income ratio dropped by 5.6% from 53.6% to 48.0%
- Profit before Tax and Provisions increased 19.9%
- The provision charge increased significantly compared to FY13, as a result of growth in the loan portfolio and lower collections from non-performing loan accounts.

Balance Sheet

The ANZ Royal balance sheet maintains a conservative funding approach and a stable funding mix. We have strong liquidity and capital management, with a capital ratio of 20.3% in FY14, and a 10% increase in CASA deposit volumes.

- Loan growth of 6.6% to \$450m
- Deposit growth of 7.4% to \$880m

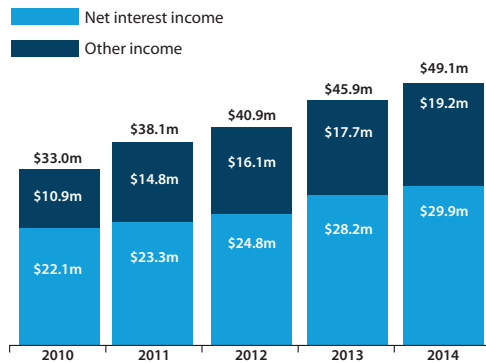
Customer Deposits by LOBs and Products



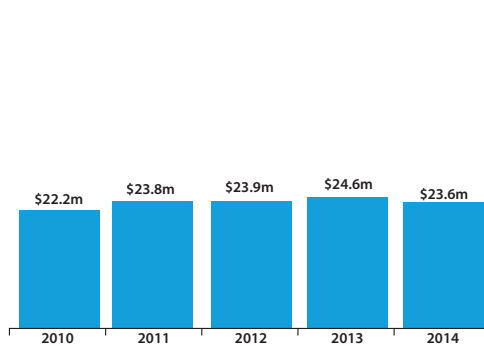
Credit Quality

- Credit quality remains strong, and prudently provided for with a 5.2% non-performing loan provision over the loan book. Gross impaired assets across the loan book increased by 2% year-on-year, which was mainly a function of legacy assets from 2009-11, and the deterioration in the rubber market (where ANZ Royal's overall exposure is very light).

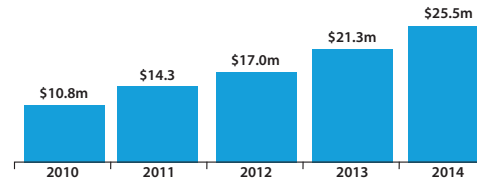
Total Revenue 2010-2014 (USD millions)



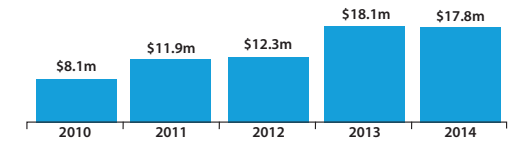
Total Operating Expenses 2010-2014 (USD millions)



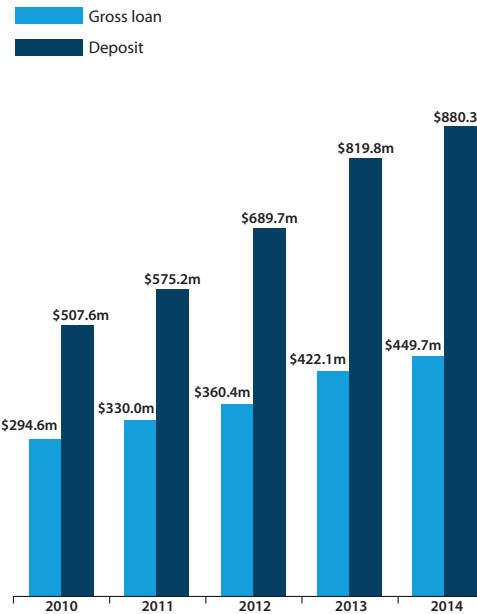
Profit before Provision and Tax 2010 - 2014 (USD millions)



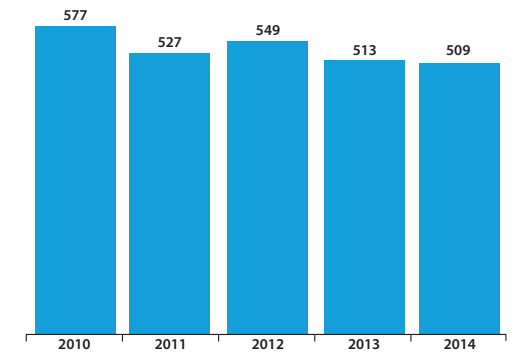
Profit after Provision and Tax 2010 - 2014 (USD millions)



Gross Loan and Deposit 2010 - 2014



Staff Numbers - FTE 2010 - 2014



FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
AND
REPORT OF THE INDEPENDENT AUDITORS

Bank	ANZ Royal Bank (Cambodia) Ltd.
Registration No.	Co. 2135E/2004
Registered Office	20 EF-E0 Corner Kramoun Sar and Street 67, Sangkat Phsar Thmey I, Khan Daun Penh, Phnom Penh, Cambodia
Shareholders	ANZ Funds Pty Ltd. Royal Group Finance Co., Ltd.
Directors	Neak Oknha Kith Meng Oknha Kith Thieng William Mark Hanna Alistair Marshall Bulloch Grant Knuckey Steven Odgers Ratana Phurik-Callebaut (appointed on 5 September 2014) Hugues Eric Marie De l'Epine (appointed on 17 December 2014) Charles David Campbell Savage (resigned on 17 December 2014)
Management Team	Grant Knuckey , Chief Executive Officer Lor Saly , Acting Chief Operating Officer Pok Pheakdey , Head of Finance Gethin Jones , Chief Risk Officer Sieng Deline , Head of Legal and Compliance Khak Chenda , Head of Human Resources David James Parrott , Head of Retail Banking Dith Sochal , Head of Commercial Banking David Sok Dara Marshall , Head of Corporate & Institutional Banking Rohan George , Head of Markets Gareth Coleman , Head of Transaction Banking Robert Snaddon , Head of Research & Analysis
Auditor	KPMG Cambodia Ltd.

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Statement of Changes in Equity	36
Statement of Cash Flows	37
Notes to the Financial Statements	38

The Directors have pleasure in submitting their report together with the audited financial statements of ANZ Royal Bank (Cambodia) Ltd ("the Bank") for the year ended 31 December 2014.

Principal activities

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

There were no significant changes to these principal activities during the financial year.

Financial results

The financial results of the Bank for the year ended 31 December 2014 were as follows:

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Profit before income tax	22,875,086	93,215,976	22,959,782
Income tax expense	(5,118,932)	(20,859,648)	(4,899,282)
Net profit for the year	17,756,154	72,356,328	18,060,500

Dividends

No dividend was declared or paid and the Directors do not recommend any dividend to be paid for the year under review.

Share capital

There were no changes in the registered and issued share capital of the Bank during the year.

Reserves and provisions

There were no material movements to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

Bad and doubtful loans and advances

Before the financial statements of the Bank were prepared, the Directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of any bad loans and advances and the making of allowance for doubtful loans and advances, and satisfied themselves that all known bad loans and advances had been written off and adequate allowance had been made for bad and doubtful loans and advances.

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

Current assets

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

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to the current assets in the financial statements of the Bank misleading.

Valuation methods

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Bank misleading or inappropriate.

Contingent and other liabilities

At the date of this report, there does not exist:

- any 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, or
- any 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 the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank to meet its obligations as and when they fall 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.

Items of unusual nature

The results of the operations of the Bank for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

Directors

The Directors who served since the date of the last report are:

Neak Oknha Kith Meng
Oknha Kith Thieng
William Mark Hanna
Alistair Marshall Bulloch
Grant Knuckey
Steven Odgers

Ratana Phurik-Callebaut (appointed on 5 September 2014)
Hugues Eric Marie De l'Epine (appointed on 17 December 2014)
Charles David Campbell Savage (resigned on 17 December 2014)

Directors' interests

None of the Directors held or dealt directly or indirectly in the shares of the Bank during the financial year, except for the information disclosed in Note 1.

Directors' benefits

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

During the financial year, no Director of the Bank has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Bank or a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial

position of the Bank as at 31 December 2014, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- (ii) comply with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements or, if there have been any departures in the interest of true and fair presentation, ensure that 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) control and direct effectively the Bank in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Board of Directors confirms that it has complied with the above requirements in preparing the financial statements.

Approval of the financial statements

We hereby approve the accompanying financial statements which present fairly, in all material respects, the financial position of the Bank as at 31 December 2014, and its financial performance and its cash flows for the year then ended, in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

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



William Mark Hanna
Director



Alistair Marshall Bulloch
Director

Phnom Penh, Kingdom of Cambodia
23 March 2015

To the shareholders ANZ Royal Bank (Cambodia) Ltd.

We have audited the accompanying financial statements of ANZ Royal Bank (Cambodia) Ltd ("the Bank"), which comprise the balance sheet as at 31 December 2014, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 34 to 67.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements, 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.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ANZ Royal Bank (Cambodia) Ltd as at 31 December 2014 and its financial performance and its cash flows for the year then ended, in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

For **KPMG Cambodia Ltd.**



Phnom Penh, Kingdom of Cambodia
23 March 2015

BALANCE SHEET

As at 31 December 2014

	Note	2014		2013
		US\$	KHR'000 (Note 4)	US\$
Assets				
Cash and bank balances	5	143,913,363	586,446,954	218,673,985
Deposits and placements with banks	6	317,600,000	1,294,220,000	202,100,000
Net loans and advances	7	429,405,679	1,749,828,142	404,934,176
Statutory deposits	8	120,535,600	491,182,570	106,604,340
Other assets	9	6,856,094	27,938,583	3,910,576
Intangible assets	10	4,975	20,273	14,679
Premises and equipment	11	5,212,181	21,239,638	6,351,410
Deferred tax asset, net	12	396,768	1,616,830	310,561
Total assets		1,023,924,660	4,172,492,990	942,899,727
Liabilities and shareholders' funds				
Liabilities				
Deposits from other banks		29,997	122,238	51,566
Deposits from customers	13	880,279,755	3,587,140,002	819,793,950
Income tax liability	12	4,521,497	18,425,100	4,668,310
Payables and other liabilities	14	10,157,424	41,391,503	7,206,068
Total liabilities		894,988,673	3,647,078,843	831,719,894
Shareholders' funds				
Share capital	15	71,000,000	289,325,000	71,000,000
General reserves	16	17,000,000	69,275,000	-
Retained earnings		40,935,987	166,814,147	40,179,833
Total shareholders' funds		128,935,987	525,414,147	111,179,833
Total liabilities and shareholders' funds		1,023,924,660	4,172,492,990	942,899,727

The accompanying notes form an integral part of these financial statements.

INCOME STATEMENT

For the year ended 31 December 2014

ANZ ROYAL ANNUAL REPORT 2014

	Note	2014		2013
		US\$	KHR'000 (Note 4)	US\$
Interest income	17	34,723,771	141,499,367	32,970,171
Interest expense	18	(4,790,692)	(19,522,070)	(4,751,614)
Net interest income		29,933,079	121,977,297	28,218,557
Net fee, commission income and foreign exchange earnings	19	19,191,718	78,206,251	17,676,083
Operating income		49,124,797	200,183,548	45,894,640
Operating expenses	20	(23,579,545)	(96,086,646)	(24,588,106)
(Allowance)/reversal of allowance for bad and doubtful loans and advances	7	(2,670,166)	(10,880,926)	1,653,248
Profit before income tax		22,875,086	93,215,976	22,959,782
Income tax expense	12	(5,118,932)	(20,859,648)	(4,899,282)
Net profit for the year		17,756,154	72,356,328	18,060,500

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share Capital	General reserves	Retained Earnings	Total
	US\$	US\$	US\$	US\$
Balance as at 1 January 2013	71,000,000	-	22,119,333	93,119,333
Net profit for the year	-	-	18,060,500	18,060,500
Balance as at 31 December 2013	71,000,000	-	40,179,833	111,179,833
Balance as at 1 January 2014	71,000,000	-	40,179,833	111,179,833
Net profit for the year	-	-	17,756,154	17,756,154
Transfer to general reserves	-	17,000,000	(17,000,000)	-
Balance as at 31 December 2014	71,000,000	17,000,000	40,935,987	128,935,987
Balance as at 31 December 2014 (KHR'000 equivalents – Note 4)	289,325,000	69,275,000	166,814,147	525,414,147

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

ANZ ROYAL ANNUAL REPORT 2014

	Note	2014 US\$	2013 KHR'000 (Note 4)	2013 US\$
Cash flows from operating activities				
Net cash generated from				
operating activities	21	67,618,621	275,545,880	120,532,218
Cash flows from investing activities				
Purchase of premises and equipment		(779,243)	(3,175,415)	(714,189)
Net cash used in investing activities		(779,243)	(3,175,415)	(714,189)
Net increase in cash and cash equivalents		66,839,378	272,370,465	119,818,029
Cash and cash equivalents				
at beginning of the year		374,673,985	1,526,796,489	254,855,956
Cash and cash equivalents				
at end of the year	22	441,513,363	1,799,166,954	374,673,985

The accompanying notes form an integral part of these financial statements.

1. Organisation and principal activities

ANZ Royal Bank (Cambodia) Ltd (“the Bank”) is domiciled in Cambodia. The Bank is a joint venture between Australia and New Zealand Banking Group Limited (“ANZ”), a public company incorporated in Australia, through its wholly owned subsidiary ANZ Funds Pty Ltd., with a 55% interest in the joint venture, and Royal Group Finance Co., Ltd., with a 45% interest in the joint venture, which is ultimately owned by two private individuals in Cambodia who are Directors of the Bank.

The principal activity of the Bank is the provision of comprehensive banking and related financial services in Cambodia.

The registered office of the Bank is currently located at 20 EF-E0 Corner Kramoun Sar and Street 67, Sangkat Phsar Thmey I, Khan Daun Penh, Phnom Penh, the Kingdom of Cambodia.

The Bank had 509 employees as at 31 December 2014 (2013: 513 employees).

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Cambodian Accounting Standards (“CAS”) and the guidelines of the National Bank of Cambodia (“NBC”) relating to the preparation and presentation of financial statements.

The financial statements of the Bank were authorised for issue by the Board of Directors on 23 March 2015.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

The national currency of Cambodia is the Khmer Riel (“KHR”). However, as the Bank transacts and maintains its accounting records primarily in United States Dollars (“US\$”), management have determined the US\$ to be the Bank’s functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Bank.

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US\$ at the balance sheet date are translated into US\$ at the rates of exchange ruling at that date. Exchange differences arising on translation are recognised in the income statement.

(d) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

Key accounting estimates and judgements applied in the preparation of the financial statements include estimates of recoverable amount for loans and advances which have a separate accounting policy stated in Note 3(e).

3. Significant accounting policies

The following significant accounting policies have been adopted by the Bank in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Financial instruments

The Bank’s financial assets and liabilities include cash and cash equivalents, originated loans and receivables, deposits, and other receivables and payables. The accounting policies for the recognition and measurement of these items are disclosed in the respective accounting policies.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, demand deposits and short-term highly liquid investments with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

(c) Deposits and placements with banks

Deposits and placements with banks are carried at cost.

(d) Loans and advances

All loans and advances to customers are stated in the balance sheet at the amount of principal, less any amounts written off, and allowance for bad and doubtful loans and advances.

Loans are written off when there is no realistic prospect of recovery. Recoveries on loans previously written off and reversals of previous provisions are disclosed separately together with the net movement in the provision for bad and doubtful loans and advances in the income statement.

(e) Allowance for bad and doubtful loans and advances

In compliance with NBC Guidelines, all loans and advances are classified according to the repayment capacity of the counterparty. This repayment capacity is assessed through past payment experience, financial condition of the borrower, business prospective and cash flow projections, borrowers’ ability and willingness to repay, financial environment, and quality of documentation.

In addition to the above qualitative information, number of days past due is taken into account as follows:

Classification	Number of days past due	Provision
Normal/standard	<30 days	1%
Special mention	> 30 days – 90 days	3%
Substandard	> 90 days – 180 days	20%
Doubtful	> 180 days – 360 days	50%
Loss	More than 360 days	100%

The minimum percentage of allowance for doubtful loans and advances is to be maintained according to the assigned classifications. Where reliable information suggests that losses are likely to be more than these minimum requirements, larger allowance is made.

In determining the above allowance, any collateral value other than cash deposits which has been pledged is disregarded except that, in the case of a loan classified as “loss”, all collateral may be utilised, at market values approved by the NBC.

An uncollectible loan or portion of a loan classified as bad is written off after taking into consideration the realisable value of the collateral, if any, when in the judgement of the management there is no prospect of recovery.

(f) Interest in suspense

Interest in suspense represents interest on non-performing loans and advances that is recorded as a provision rather than income until it is realised on a cash basis.

Interest in suspense is presented as a deduction from loans and advances.

(g) Statutory deposits

Statutory deposits are maintained with the NBC in compliance with the Cambodian Law on Banking and Financial Institutions and are determined by defined percentages of minimum share capital and customers’ deposits as required by the NBC. Statutory deposits are stated at cost.

(h) Other assets

Other assets are stated at the lower of cost and estimated realisable value. An estimate is made for doubtful receivables based on a review of outstanding amounts at the reporting date.

(i) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Upon initial recognition, the leased assets are measured at an amount equal to the lower of its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases. Operating leases are recognised as an expense on a straight-line basis over the lease term.

(j) Intangible assets

Intangible assets comprise of software including costs incurred in acquiring and building software, which is not integral to the operation of hardware, and is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Software costs are amortised over the expected useful lives of 3 years.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalised.

(k) Premises and equipment

(i) Items of premises and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of premises and equipment comprises major components having different useful lives, they are accounted for as separate items of premises and equipment.

(ii) Depreciation of premises and equipment is charged to the income statement on a straight-line basis over the useful lives of the individual assets as follows:

Computers	5 – 8 years
Furniture and equipment	10 years
Motor vehicles	5 years
Leasehold improvements	10 years

(iii) Work in progress is not depreciated until such time as the items are completed and put into operational use.

3. Significant accounting policies (continued)

(k) Premises and equipment (continued)

(iv) Subsequent expenditure relating to an item of premises and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Bank. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

(v) Gains or losses arising from the retirement or disposal of an item of premises and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognised in the income statement on the date of retirement or disposal.

(vi) Fully depreciated premises and equipment are retained in the financial statements until disposed of or written off.

(l) Impairment of assets

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimate future cash flows of that asset. This does not apply to loans and advances which has a separate accounting policy stated in Note 3(e).

An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial assets

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

(m) Deposits from customers and banks

Deposits from customers and banks are stated at cost.

(n) Payables and other liabilities

Payables and other liabilities are stated at their costs.

(o) General reserves

General reserves are set up for any overall financial risk of the Bank. The Board of Directors exercises its discretion for the use and maintenance of the general reserves.

(p) Provisions

A provision is recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(q) Income recognition

Interest income on performing loans and advances, and deposits and placements with banks are recognised on a daily accrual basis. Interest on non-performing loans is recorded as interest in suspense rather than income until it is realised on a cash basis.

Fee and commission received that are integral to the effective interest rate of a financial asset are recognised using the effective interest method. For example, loan commitment fees (together with related direct costs) are deferred and recognised as an adjustment to the effective interest rate on a loan once drawn.

Non yield-related application and activation lending fees received are recognised as income no later than when the loan is disbursed or the commitment to lend expires.

Fees charged for providing ongoing services that represent the recoupment of the costs of providing service (for example, maintaining and administering existing facilities) are recognised as income when service is provided.

(r) Interest expense

Interest expense on deposits from customers is recognised on a daily accrual basis.

(s) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

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

(t) Derivative financial instruments

Derivative financial instruments are contracts whose value is derived from one or more underlying price, index or other variable. They include swaps, forward rate agreements, futures, options and combinations of these instruments.

Derivative financial instruments are recognised initially at fair value with gains or losses from subsequent measurement at fair value being recognised in profit or loss.

(u) Employee benefits

(i) Unutilised annual leave

The amounts expected to be paid in respect of employees' entitlements to annual leave are accrued at expected salary rates.

(iii) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate bank account. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees at a rate of 5% on gross salary per month for those who have worked with the Bank for less than 5 years and 8% on gross salary per month for those who have worked with the Bank for longer than 5 years.

The fund will be fully paid to the employee upon their resignation/termination of employment with the Bank.

(v) Related parties

Parties are considered to be related to the Bank if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Bank and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Under the Law on Banking and Financial Institutions, related parties include individuals who hold directly or indirectly a minimum of 10% of the capital of the Bank or voting rights therefore, or who participates in the administration, direction, management or the design and implementation of the internal controls of the Bank.

4. Translation of United States Dollars into Khmer Riel

The financial statements are stated in United States Dollars. The translations of United States Dollars amounts into Khmer Riel are included solely for compliance with the guidelines issued by the NBC regarding the preparation and presentation of financial statements and have been made using the prescribed official exchange rate of US\$1 to KHR4,075 published by the NBC on 31 December 2014. These convenience translations should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into Khmer Riel at this or any other rate of exchange.

5. Cash and bank balances

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
In Cambodia:			
Cash on hand	45,614,184	185,877,800	48,142,792
Cash at banks			
National Bank of Cambodia	69,001,664	281,181,781	155,801,872
Other banks	2,873,706	11,710,352	7,378,353
	117,489,554	478,769,933	211,323,017
Outside Cambodia:			
Cash at banks			
Related parties	26,423,809	107,677,021	7,350,968
	143,913,363	586,446,954	218,673,985

The above amounts are analysed as follows:

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
(a) By currency:			
US Dollars	120,500,942	491,041,339	201,635,795
Khmer Riel	10,972,683	44,713,683	14,431,546
Other	12,439,738	50,691,932	2,606,644
	143,913,363	586,446,954	218,673,985

(b) By interest rates (per annum):

	2014	2013
Related parties	0% - 2.14%	0% - 2.14%
Other	0% - 1.10%	0% - 1.10%

6. Deposits and placements with banks

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
In Cambodia:			
National Bank of Cambodia	5,600,000	22,820,000	10,000,000
Other local banks	154,000,000	627,550,000	71,000,000
Outside Cambodia (related parties):			
ANZ Singapore	158,000,000	643,850,000	116,100,000
ANZ Laos	-	-	5,000,000
	317,600,000	1,294,220,000	202,100,000

The above amounts are analysed as follows:

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
(a) By maturity:			
Within 1 month	142,600,000	581,095,000	151,000,000
2 to 3 months	155,000,000	631,625,000	51,100,000
4 to 6 months	20,000,000	81,500,000	-
	317,600,000	1,294,220,000	202,100,000
(b) By currency:			
US Dollars	317,600,000	1,294,220,000	202,100,000

6. Deposits and placements with banks (continued)

The above amounts are analysed as follows (continued):

(c) By interest rates (per annum):

	2014	2013
National Bank of Cambodia	0.07% - 1.28%	0.12%
Other local banks	0.07% - 1.30%	0.70% - 1.30%
ANZ Singapore	0.11% - 0.77%	0.15% - 0.84%
ANZ Laos	-	1.90% - 2.10%

7. Net loans and advances

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Term loans	149,554,096	609,432,941	151,353,978
Overdrafts	42,237,011	172,115,820	39,243,171
Housing loans	87,302,539	355,757,846	79,540,877
Trade finance loans	169,567,082	690,985,859	150,483,711
Credit cards	1,036,332	4,223,053	1,457,755
	449,697,060	1,832,515,519	422,079,492
Allowance for bad and doubtful loans and advances	(12,836,953)	(52,310,583)	(10,193,682)
Interest in-suspense	(7,454,428)	(30,376,794)	(6,951,634)
	429,405,679	1,749,828,142	404,934,176

7. Net loans and advances (continued)

The above amounts are analysed as follows (continued):

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
(a) By maturity:			
Within 1 month	56,673,483	230,944,443	49,216,200
2 to 3 months	115,410,958	470,299,654	109,474,160
4 to 6 months	80,073,493	326,299,484	59,422,417
7 to 12 months	28,656,568	116,775,514	39,706,237
1 to 3 years	77,231,589	314,718,725	60,578,113
4 to 5 years	13,512,681	55,064,175	35,511,385
More than 5 years	78,138,288	318,413,524	68,170,980
	449,697,060	1,832,515,519	422,079,492
(b) By performance:			
Standard loans			
Secured	402,372,120	1,639,666,389	377,959,357
Unsecured	9,361,772	38,149,221	20,325,452
Special mention loans			
Secured	14,654,794	59,718,285	10,688,388
Unsecured	2,397	9,768	3,839
Sub-standard loans			
Secured	8,778,105	35,770,778	30,209
Doubtful loans			
Secured	402,788	1,641,361	11,642
Loss loans			
Secured	14,125,084	57,559,717	13,028,473
Unsecured	-	-	32,132
	449,697,060	1,832,515,519	422,079,492
(c) By economic sectors:			
Commercial			
Overdrafts	42,237,011	172,115,820	39,243,171
Loans	149,554,096	609,432,941	151,353,978
Trade finance loans	169,567,082	690,985,859	150,483,711
Consumer			
Loans	87,302,539	355,757,846	79,540,877
Credit cards	1,036,332	4,223,053	1,457,755
	449,697,060	1,832,515,519	422,079,492

7. Net loans and advances (continued)

The above amounts are analysed as follows (continued):

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
(d) By industry:			
Services	25,033,437	102,011,256	33,916,341
Wholesale and retail	224,570,750	915,125,806	208,020,784
Consumer items	78,471,081	319,769,655	70,555,463
Real estate	568,446	2,316,417	2,569,721
Construction	14,539,183	59,247,171	12,035,785
Food industries	47,421,701	193,243,432	43,276,610
Manufacturing	35,606,646	145,097,082	30,340,512
Staff loans	9,194,369	37,467,054	9,262,520
Others	14,291,447	58,237,646	12,101,756
	449,697,060	1,832,515,519	422,079,492
(e) By currency:			
US Dollars	449,697,060	1,832,515,519	422,079,492
(f) By residency status:			
Residents	449,697,060	1,832,515,519	422,079,492
(g) By relationship:			
Third parties	439,584,356	1,791,306,251	412,178,411
Staff loans	9,194,369	37,467,053	8,171,078
Related parties	918,335	3,742,215	1,730,003
	449,697,060	1,832,515,519	422,079,492
(h) By exposure:			
Large exposures	58,340,610	237,737,986	113,907,385
Non-large exposures	391,356,450	1,594,777,533	308,172,107
	449,697,060	1,832,515,519	422,079,492

7. Net loans and advances (continued)

The above amounts are analysed as follows (continued):

(h) By exposure (continued)

A "large exposure" is defined under NBC Prakas as the overall gross exposure of the aggregate balance of loans and advances with one single beneficiary, which exceeds 10% of the Bank's net worth. The gross exposure is the higher of the outstanding loans or commitments and the authorised loans or commitments.

(i) By interest rates (per annum):

	2014	2013
Overdrafts	2.00% - 15.00%	5.00% - 15.00%
Commercial loans	3.40% - 11.00%	3.70% - 12.00%
Consumer loans	7.00% - 14.00%	7.50% - 12.00%

The movement in the allowance for bad and doubtful loans and advances is as follows:

	2014	2013	
	US\$	KHR'000 (Note 4)	US\$
At beginning of year	10,193,682	41,539,254	11,869,051
Allowance for/(reversal of) bad and and doubtful loans and advances	2,670,166	10,880,926	(1,653,248)
Written off	(26,895)	(109,597)	(22,121)
At end of year	12,836,953	52,310,583	10,193,682

All loans and advances have been reviewed at year end in accordance with the NBC guidelines, and in the opinion of the Directors and management, net balances are considered recoverable.

8. Statutory deposits

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Statutory deposits on:			
Minimum share capital	7,100,000	28,932,500	7,100,000
Customers' deposits	113,435,600	462,250,070	99,504,340
	120,535,600	491,182,570	106,604,340

(a) Statutory deposit on minimum capital

This is a capital guarantee deposit of 10% of the registered capital under the Article 1 of the Prakas No. B7-01-136 on banks' capital guarantee dated 15 October 2001. This capital guarantee, which is placed with the National Bank of Cambodia in US\$, is refundable only when the Bank ceases its operations in Cambodia. During the year, the interest earned at six-month fixed rate of 0.08% per annum (31 December 2013: 0.11% to 0.12% per annum).

(b) Statutory deposit on customers' deposits

This is a reserve requirement which fluctuates depending on the level of the Bank's customers' deposits. It is maintained in compliance with the National Bank of Cambodia's Prakas No. B7-012-140 dated 13 September 2012 at the rates of 8% of customers' deposits in KHR and 12.5% in currency other than KHR. 4.5% of statutory deposit on customers' deposits in currency other than KHR earns interest at 1/2 LIBOR (one month) while the remaining 8% and the statutory deposit on customers' deposits in KHR do not earn interest.

9. Other assets

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Interest receivable			
Related parties	86,117	350,927	195,487
Other	788,551	3,213,345	715,407
Deposits and prepayments	1,319,579	5,377,284	1,001,698
Due from related parties	66,115	269,419	(17,954)
Others	4,595,732	18,727,608	2,015,938
	6,856,094	27,938,583	3,910,576

10. Intangible assets

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Computer and banking software			
Cost			
At 1 January	737,769	3,006,409	737,769
Transfers from work in progress	6,120	24,939	-
At 31 December	743,889	3,031,348	737,769
Less: Accumulated amortisation			
At 1 January	723,090	2,946,592	700,141
Amortisation	15,824	64,483	22,949
At 31 December	738,914	3,011,075	723,090
Carrying amounts			
At 31 December	4,975	20,273	14,679

11. Premises and equipment

2014

	Computers	Furniture and equipment	Motor vehicles	Leasehold improvements	Work in progress	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 4)
Cost							
At 1 January 2014	10,249,984	3,646,130	608,838	9,978,181	391,678	24,874,811	101,364,855
Additions	-	-	-	-	779,243	779,243	3,175,415
Transfers	892,044	175,389	-	(290,118)	(783,435)	(6,120)	(24,939)
Written off	(35,725)	(1,809)	-	-	-	(37,534)	(152,951)
At 31 December 2014	11,106,303	3,819,710	608,838	9,688,063	387,486	25,610,400	104,362,380
Less: Accumulated depreciation							
At 1 January 2014	9,338,046	2,458,298	520,030	6,207,027	-	18,523,401	75,482,859
Depreciation	476,276	394,000	50,022	988,023	-	1,908,321	7,776,408
Transfers	129,780	83,485	-	(213,265)	-	-	-
Written off	(32,020)	(1,483)	-	-	-	(33,503)	(136,525)
At 31 December 2014	9,912,082	2,934,300	570,052	6,981,785	-	20,398,219	83,122,742
Carrying amounts							
At 31 December 2014	1,194,221	885,410	38,786	2,706,278	387,486	5,212,181	21,239,638

11. Premises and equipment (continued)

2013

	Computers	Furniture and equipment	Motor vehicles	Leasehold improvements	Work in progress	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Cost							
At 1 January 2013	10,157,164	3,542,698	608,838	9,677,232	205,985	24,874,811	24,191,917
Additions	-	-	-	-	714,189	714,189	714,189
Transfers	117,279	110,182	-	301,035	(528,496)	-	-
Written off	(24,459)	(6,750)	-	(86)	-	(31,295)	(31,295)
At 31 December 2013	10,249,984	3,646,130	608,838	9,978,181	391,678	24,874,811	24,874,811
Less: Accumulated depreciation							
At 1 January 2013	8,700,168	2,093,985	432,602	5,180,866	-	16,407,621	16,407,621
Depreciation	659,192	369,388	87,428	1,026,247	-	2,142,255	2,142,255
Written off	(21,314)	(5,075)	-	(86)	-	(26,475)	(26,475)
At 31 December 2013	9,338,046	2,458,298	520,030	6,207,027	-	18,523,401	18,523,401
Carrying amounts							
At 31 December 2013	911,938	1,187,832	88,808	3,771,154	391,678	6,351,410	6,351,410

12. Income tax

(a) Deferred tax assets/(liabilities), net

Deferred tax assets/(liabilities) comprise:

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Provisions	1,195	4,870	1,195
Depreciation	414,542	1,689,259	360,444
Other	(18,969)	(77,299)	(51,078)
	396,768	1,616,830	310,561

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

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Balance at beginning of year	310,561	1,265,537	-
Credit from profit or loss	86,207	351,293	310,561
Balance at end of year	396,768	1,616,830	310,561

(b) Income tax liability

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Balance at beginning of year	4,668,310	19,023,363	3,421,832
Current tax expense	5,205,139	21,210,941	5,209,843
Income tax paid	(5,351,952)	(21,809,204)	(3,963,365)
Balance at end of year	4,521,497	18,425,100	4,668,310

12. Income tax (continued)

(c) Income tax expense

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Current tax expense	5,205,139	21,210,941	5,209,843
Deferred tax credit	(86,207)	(351,293)	(310,561)
	5,118,932	20,859,648	4,899,282

In accordance with Cambodian law, the Bank bears corporate income tax of the profit tax at the rate of 20% of taxable profits or the minimum tax at 1% of gross revenue whichever is higher.

The reconciliation of income taxes computed at the statutory tax rate to the current income tax expense in respect to the current year is as follows:

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Profit before income tax	22,875,086	93,215,976	22,959,782
Income tax using statutory rate	4,575,017	18,643,194	4,591,956
Effect of non-deductible expense	428,778	1,747,271	307,326
Under provision in prior year	115,137	469,183	-
	5,118,932	20,859,648	4,899,282

13. Deposits from customers

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Current accounts	550,007,440	2,241,280,318	488,528,153
Savings deposits	225,272,282	917,984,549	214,235,747
Fixed deposits	105,000,033	427,875,135	117,030,050
	880,279,755	3,587,140,002	819,793,950

13. Deposits from customers (continued)

The above amounts are analysed as follows:

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
(a) By maturity:			
Within 1 month	803,134,984	3,272,775,060	732,899,660
2 to 3 months	34,778,380	141,721,898	43,979,655
4 to 6 months	18,796,742	76,596,724	20,993,639
7 to 12 months	23,499,649	95,761,070	21,753,946
1 to 3 years	70,000	285,250	167,050
	880,279,755	3,587,140,002	819,793,950
(b) By type of customer:			
Domestic corporations	420,178,870	1,712,228,895	408,408,113
Foreign corporations	11,296,861	46,034,709	14,628,235
Individuals	447,294,979	1,822,727,040	394,848,774
Other	1,509,045	6,149,358	1,908,828
	880,279,755	3,587,140,002	819,793,950
(c) By residency status:			
Residents	865,602,418	3,527,329,854	802,476,879
Non-residents	14,677,337	59,810,148	17,317,071
	880,279,755	3,587,140,002	819,793,950
(d) By relationship:			
Third parties	836,330,264	3,408,045,826	792,444,246
Related parties	43,949,491	179,094,176	27,349,704
	880,279,755	3,587,140,002	819,793,950
(e) By currency:			
US Dollars	849,285,146	3,460,836,970	790,384,649
Khmer Riel	26,002,499	105,960,184	25,522,426
Other	4,992,110	20,342,848	3,886,875
	880,279,755	3,587,140,002	819,793,950
(f) By interest rates (per annum):			
	2014	2013	
Current accounts***	0.20% - 1.00%	0.20% - 1.00%	
Savings deposits	0.40% - 1.00%	0.40% - 1.00%	
Fixed deposits	0.10% - 5.50%	0.50% - 5.50%	

***: This rate is applied only to Cash Management accounts.

14. Payables and other liabilities

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Employee entitlements	1,508,310	6,146,363	1,428,145
Unearned revenue	668,663	2,724,802	632,649
Accruals	967,209	3,941,377	899,678
Interest payable	897,878	3,658,853	933,569
Banker's cheques	834,466	3,400,449	418,649
Due to related parties	619,023	2,522,519	1,046,063
Other tax payable	1,614,057	6,577,282	1,621,557
Others	3,047,818	12,419,858	225,758
	10,157,424	41,391,503	7,206,068

15. Share capital

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Shares of US\$100 each:			
Issued and fully paid 710,000 shares	71,000,000	289,325,000	71,000,000

16. General reserves

On 29 January 2014, the Board of Directors approved to transfer undistributed retained earnings of US\$17,000,000 to the general reserves account. Subsequently, the Bank has notified the National Bank of Cambodia through letter dated 2 September 2014.

17. Interest income

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Loans and advances	33,061,645	134,726,204	31,680,029
Placements with banks	511,349	2,083,747	759,475
Placements with National Bank of Cambodia	1,150,777	4,689,416	530,667
	34,723,771	141,499,367	32,970,171

18. Interest expense

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Fixed deposits	2,520,025	10,269,102	2,875,927
Savings deposits	950,088	3,871,609	825,574
Current deposits	1,320,579	5,381,359	1,050,113
	4,790,692	19,522,070	4,751,614

19. Net fee, commission income and foreign exchange earnings

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Fee and commission income:			
Trade and payment income	9,129,175	37,201,388	8,893,343
Lending fees	777,251	3,167,298	825,883
Other fees	5,707,629	23,258,588	5,374,649
	15,614,055	63,627,274	15,093,875
Fee and commission expense	(1,308,524)	(5,332,235)	(1,333,271)
Net fee and commission income	14,305,531	58,295,039	13,760,604
Foreign exchange earnings	4,886,187	19,911,212	3,915,479
	19,191,718	78,206,251	17,676,083

20. Operating expenses

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
(a) Personnel			
Salaries and wages	7,985,507	32,540,941	7,939,107
Performance reward scheme	2,080,588	8,478,396	2,322,877
Pension fund	312,133	1,271,942	309,624
Others	1,105,277	4,504,004	779,625
	11,483,505	46,795,283	11,351,233
(b) Premises			
Rental	1,287,974	5,248,494	1,087,881
Utilities and other outgoings	1,115,318	4,544,921	1,138,413
Depreciation of leasehold improvements	988,023	4,026,194	1,026,247
Others	153,942	627,314	202,835
	3,545,257	14,446,923	3,455,376
(c) Computer			
Data communication	589,365	2,401,662	529,826
Depreciation and amortisation	492,100	2,005,308	682,141
Computer-related expenses	884,716	3,605,217	814,952
	1,966,181	8,012,187	2,026,919
(d) Other operating expenses			
Advertising	392,409	1,599,067	738,711
Depreciation of motor vehicles, furniture and equipment	444,022	1,809,390	456,816
Inter-group expenses	1,364,865	5,561,825	1,230,428
Withholding tax	770,845	3,141,193	904,586
Bank charges	1,552,913	6,328,121	1,488,040
Travel	351,770	1,433,463	422,840
Postage and stationery	193,626	789,026	259,687
Professional fees	6,366	25,941	171,786
Telephone	186,234	758,903	229,928
Freight and cartage	51,529	209,981	47,406
Non-lending losses, frauds and forgeries	32,375	131,928	118,988
Others	1,237,648	5,043,415	1,685,362
	6,584,602	26,832,253	7,754,578
	23,579,545	96,086,646	24,588,106

21. Net cash generated from operating activities

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Profit before income tax	22,875,086	93,215,976	22,959,782
Adjustments for:			
Amortisation	15,824	64,483	22,949
Depreciation	1,908,321	7,776,408	2,142,255
Premises and equipment written off	4,031	16,426	4,820
Allowance/(reversal of) for doubtful debt	2,670,166	10,880,926	(1,653,248)
	27,473,428	111,954,219	23,476,558
Changes in:			
Deposits and placements with banks	26,100,000	106,357,500	47,000,000
Loans and advances	(27,774,318)	(113,180,346)	(60,910,669)
Statutory deposits	(13,931,260)	(56,769,885)	(11,877,325)
Other assets	(2,945,518)	(12,002,986)	(1,430,648)
Deposits from customers	60,464,236	246,391,762	128,959,685
Payables and other liabilities	3,584,005	14,604,820	(722,018)
Net cash generated from operations	72,970,573	297,355,084	124,495,583
Income tax paid	(5,351,952)	(21,809,204)	(3,963,365)
Net cash generated from operating activities	67,618,621	275,545,880	120,532,218

22. Cash and cash equivalents

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Cash and bank balances (Note 5)	143,913,363	586,446,954	218,673,985
Deposits and placements with banks			
(with original maturities of 3 months or less)	297,600,000	1,212,720,000	156,000,000
	441,513,363	1,799,166,954	374,673,985

23. Commitments and contingencies
(a) Operations

In the normal course of business, the Bank makes various commitments and incurs certain contingencies with legal recourse to its customers. No material losses are anticipated from these transactions, which consist of:

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Bank guarantees	34,054,500	138,772,088	32,489,608
Letters of credit	116,035,556	472,844,891	130,998,152
Unused portion of loans and advances	44,387,821	180,880,371	45,932,063
Foreign exchange commitments	6,810,033	27,750,884	7,243,398
	201,287,910	820,248,234	216,663,221

(b) Lease commitments

The Bank has operating lease commitments in respect of office and house rentals as follows:

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Within 1 year	1,156,612	4,713,194	1,344,400
2 to 3 years	1,639,596	6,681,354	2,402,201
4 to 5 years	300,230	1,223,437	608,187
More than 5 years	47,500	193,562	-
	3,143,938	12,811,547	4,354,788

(c) Taxation contingencies

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

24. Related party balances and transactions

(a) Identity of related parties

The Bank has a related party relationship with its direct and ultimate shareholders (Note 1), with entities owned and controlled by direct and ultimate shareholders, with its other Directors and with senior officers.

(b) Balances with related parties

Balances with related parties are disclosed in Notes 5, 6, 7(g), 9, 13(d) and 14.

(c) Other related party transactions

During the year, there were the following significant transactions with related parties:

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Interest income	701,802	2,859,843	926,449
Interest expense	161,159	656,723	109,809
Rental expense	330,000	1,344,750	330,000
Purchase/transfer technology from ANZ Banking Group Limited	2,333,982	9,510,977	1,464,330

25. Financial risk management

Introduction and overview

The Bank has exposure to the following risks from financial instruments:

- Operational risk
- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Asset and Liability (ALCO), Risk Management and Audit and Risk committees, which are responsible for developing and monitoring Bank risk management policies in their specified areas. All committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Audit and Risk Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank.

The Audit and Risk Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

25. Financial risk management (continued)

(a) Operational risk

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The operational risk is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units, and oversight provided by the senior management of the Bank.

The Bank's operational risk management entails the establishment of clear organisational structures, roles and control policies. Various internal control policies and measures have been implemented, including the establishment of signing authorities, defining system parameters controls, streamlining procedures and documentation, and compliance with regulatory and other legal requirements.

(b) Credit risk

Credit risk is the risk of the financial loss to the Bank if a borrower or counterparty fails to meet its contractual obligations, and arises principally from the loans and advances.

(i) Management of credit risk

The lending activities are guided by the Bank's credit policy to ensure that the overall objectives in the area of lending are achieved; i.e., that the loan portfolio is strong and healthy and credit risks are well diversified. The credit policy documents the lending policy, collateral policy and credit approval processes, including the Bank's own internal grading system, and procedures implemented to ensure compliance with NBC Guidelines.

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

Risk ratings are reviewed and updated on an annual basis, and in the event of (i) change of loan terms and conditions including extension; (ii) repayment irregularities or delinquencies and (iii) adverse information relating to the borrower or transaction.

(ii) Exposure to credit risk

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Loans and advances			
Individually impaired	23,356,219	95,176,593	13,102,456
Past due but not impaired	14,657,191	59,728,053	10,692,227
Neither past due nor impaired	411,683,650	1,677,610,873	398,284,809
	449,697,060	1,832,515,519	422,079,492
Allowance for bad and doubtful loans and advances	(12,836,953)	(52,310,583)	(10,193,682)
Interest in-suspense	(7,454,428)	(30,376,794)	(6,951,634)
	429,405,679	1,749,828,142	404,934,176

25. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Exposure to credit risk (continued)

Impaired loans and advances

Individually impaired loans and advances are loans and advances for which the Bank determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loans and advances. In compliance with NBC Guidelines, an allowance for doubtful loans and advances is made for loans and advances with payment overdue more than 90 days. A minimum level of specific provision for impairment is made depending on the classification concerned, unless other information is available to substantiate the repayment capacity of the counterparty.

Past due but not impaired loans and advances

Past due but not impaired loans and advances are those for which contractual interest or principal payments are past due more than 30 days but less than 90 days, unless other information is available to indicate otherwise. In compliance with NBC Guidelines, such loans are classified as special mention with a specific provision of 3%.

Loans with renegotiated terms/restructured loans

Loans with renegotiated terms are loans that have been rescheduled or refinanced in accordance with an agreement setting forth a new repayment schedule on a periodic basis occasioned by weaknesses in the borrower's financial condition and/or inability to repay the loan as originally agreed. Loans to be restructured are analysed on the basis of the business prospects and repayment capacity of the borrower according to new cash flow projections supported by updated business perspectives and overall market conditions being based on realistic and prudent assumptions.

Once the loan is restructured, it remains in the same category independent of satisfactory performance after restructuring. The classification is not improved unless there are no arrears in repayment of principal and interest within three instalments periods and within a period of not less than 3 months.

Write-off policy

In compliance with NBC Guidelines, the Bank shall remove a loan/advance or a portion of a loan from its financial statements when the Bank loses control of the contractual rights over the loan or when all or part of a loan is deemed uncollectible; or there is no realistic prospect of recovery.

Collateral

The Bank holds collateral against loans and advances in the form of mortgage interests over property and/or guarantees. Estimates of value are based on the value of collateral assessed on an annual basis.

25. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Exposure to credit risk (continued)

An estimate of the value of collateral held against loans and advances is shown below:

	2014		2013
	US\$	KHR'000 (Note 4)	US\$
Against individually impaired:			
Land	17,806,191	72,560,228	25,409,176
Buildings	2,080,595	8,478,424	2,122,814
Past due but not impaired:			
Land	1,870,090	7,620,617	223,640
Buildings	339,130	1,381,955	107,700
	22,096,006	90,041,224	27,863,330

There are no non-financial assets obtained by the Bank during the year by taking possession of collateral held as security against loans and advances.

Concentration of credit risk

The analysis of concentrations of credit risk from loans and advances are shown in Note 7 to the financial statements.

(c) Market risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk.

Market risk arising from the trading activities is controlled by marking to market the trading positions against their predetermined market risk limits.

(i) Foreign currency exchange risk

Foreign currency exchange risk refers to the adverse exchange rate movements on foreign currency exchange positions taken from time to time. The Bank maintains a policy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored against the operating requirements, predetermined position limits and cut-loss limits.

As of 31 December 2014, balances in monetary assets and liabilities denominated in currencies other than US\$ are not significant. Therefore, no sensitivity analysis for foreign currency exchange risk was presented.

(ii) Interest rate risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing, cost of funds and through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavourable interest rate movement is monitored against the risk tolerance limits set.

An analysis of the interest rate risk pertaining to the Bank's assets and liabilities is disclosed below.

25. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

31 December 2014	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive	Total	Weighted average interest
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	%
Assets									
Cash and bank balances	23,481	-	-	-	-	-	120,432	143,913	0%
Deposits and placements with banks	142,600	155,000	20,000	-	-	-	-	317,600	0.66%
Loans and advances	15,700	25,119	17,615	52,338	31,021	307,904	-	449,697	7.74%
- Allowance for bad and doubtful loans and advances	-	-	-	-	-	-	(12,837)	(12,837)	0%
- Interest in-suspense	-	-	-	-	-	-	(7,454)	(7,454)	0%
Other assets	-	-	-	-	-	-	6,856	6,856	0%
	181,781	180,119	37,615	52,338	31,021	307,904	106,997	897,775	-
Liabilities									
Deposits from other banks	-	-	-	-	-	-	30	30	0%
Deposits from customers	253,128	34,778	18,797	23,500	70	-	550,007	880,280	0.54%
Payables and other liabilities	-	-	-	-	-	-	10,157	10,157	0%
	253,128	34,778	18,797	23,500	70	-	560,194	890,467	-
Maturity gap	(71,347)	145,341	18,818	28,838	30,951	307,904	(453,197)	7,308	-

25. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

31 December 2013	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive	Total	Weighted average interest
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	%
Assets									
Cash and bank balances	4,415	-	-	-	-	-	214,259	218,674	-
Deposits and placements with banks	151,000	51,100	-	-	-	-	-	202,100	0.56%
Loans and advances	49,216	109,474	59,422	39,706	96,090	68,171	-	422,079	8.13%
- Allowance for bad and doubtful loans and advances	-	-	-	-	-	-	(10,194)	(10,194)	-
- Interest in-suspense	-	-	-	-	-	-	(6,952)	(6,952)	-
- Other assets	-	-	-	-	-	-	3,911	3,911	-
	204,631	160,574	59,422	39,706	96,690	68,171	201,024	829,618	-
Liabilities									
Deposits from other banks	-	-	-	-	-	-	52	52	-
Deposits from customers	244,372	43,980	20,994	21,754	167	-	488,527	819,794	4.55%
Payables and other liabilities	-	-	-	-	-	-	7,206	7,206	-
	244,372	43,980	20,994	21,754	167	-	495,785	827,052	-
Maturity gap	(39,741)	116,594	38,428	17,952	95,923	68,171	(294,761)	2,566	-

Fair value sensitivity analysis for fixed rate instruments

The Bank does not account for any fixed rate liabilities at fair value through profit or loss, and the derivatives as at year end are not significant. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The Bank does not have significant variable-rate instruments. Therefore, no cash flow sensitivity analysis for variable-rate instruments was presented.

25. Financial risk management (continued)
(d) Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

In addition to full compliance of all liquidity requirements, the management of the Bank closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Movements in loans and customers' deposits are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

The following table provides an analysis of the financial liabilities of the Bank into relevant maturity groupings based on the remaining periods to repayment.

31 December 2014	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	No fixed terms	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Financial liabilities							
Deposits from other banks	-	-	-	-	-	30	30
Deposits from customers	803,135	34,778	42,297	70	-	-	880,280
Payables and other liabilities	-	-	-	-	-	10,157	10,157
Total	803,135	34,778	42,297	70	-	10,187	890,467

31 December 2013	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	No fixed terms	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Financial liabilities							
Deposits from other banks	-	-	-	-	-	52	52
Deposits from customers	732,899	43,980	42,748	167	-	-	819,794
Payables and other liabilities	-	-	-	-	-	7,206	7,206
Total	732,899	43,980	42,748	167	-	7,258	827,052

25. Financial risk management (continued)
(e) Capital management
(i) Regulatory capital

The Bank's lead regulator, the National Bank of Cambodia ("NBC"), sets and monitors capital requirements for the Bank as a whole.

The Bank's policy is to maintain a strong capital base so as to maintain market confidence and to sustain further development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognised the need to maintain a balance between the higher returns that might be possible with greater gearing and advantages and security afforded by a sound capital position.

The Bank and its individually regulated operations have complied with all externally imposed capital requirement throughout the year.

(ii) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital.

26. Fair values of financial assets and liabilities

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arm's length basis. As verifiable market prices are not available, market prices are not available for a significant proportion of the Bank's financial assets and liabilities. Fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the management, the carrying amounts of the financial assets and liabilities included in the balance sheet are a reasonable estimation of their fair values.

The following calculations of other ratios are based on the audited financial statements of the Bank and are presented as required by the NBC in their Prakas No. B7-04-204 dated 29 December 2004.

No.	Other Ratios	Formula by NBC		2014			2013
				Calculation (in figure)		Ratio	Ratio
		Numerator	Denominator	Numerator (A)	Denominator (B)	A/B	A/B
		A	B	US\$	US\$	%	%
CAPITAL							
1	Equity to total assets	Equity	Total assets	133,132,254	1,028,120,927	12.95%	12.18%
2	Capital tier 1 to total assets	Capital tier 1	Total assets	128,012,677	1,028,120,927	12.45%	11.56%
3	Capital tier 1 to risk weighted assets	Capital tier 1	Risk weighted assets	128,012,677	652,637,989	19.61%	18.25%
4	Capital tier 1 + tier 2 to risk weighted assets	Capital tier 1 + tier 2	Risk weighted assets	132,208,944	652,637,989	20.26%	18.93%
5	Net worth to total assets	Net worth	Total assets	132,208,944	1,028,120,927	12.86%	11.99%
6	Solvency ratio	Net worth	Risk weighted assets	132,208,944	652,637,989	20.26%	18.93%
7	Debts to total assets	Total liabilities	Total assets	894,988,673	1,028,120,927	87.05%	88.25%
8	Debt to equity	Total liabilities	Equity	894,988,673	133,132,254	672.26%	724.72%
9	Dividend to net profit	Dividend	Net profit	-	17,756,154	-	-
ASSET QUALITY							
10	Banking reserve to total loans	Banking reserves	Total loans (gross)	4,196,267	449,697,060	0.93%	0.96%
11	Banking reserve to total assets	Banking reserves	Total assets	4,196,267	1,028,120,927	0.41%	0.43%
12	NPL to total loans	NPL	Total loans (gross)	23,305,977	449,697,060	5.18%	3.10%
13	NPL to total assets	NPL	Total assets	23,305,977	1,028,120,927	2.27%	1.38%
14	Classified assets to total loans	Classified assets	Total loans (gross)	23,305,977	449,697,060	5.18%	3.10%
15	Classified assets to total assets	Classified assets	Total assets	23,305,977	1,028,120,927	2.27%	1.38%
16	Classified assets to equity	Classified assets	Equity	23,305,977	133,132,254	17.51%	11.37%
17	Loan to related parties to total loans	Loan to related parties	Total loans (gross)	918,335	449,697,060	0.20%	0.41%
18	Large exposure to total loans	Large exposure	Total loans (gross)	132,244,734	449,697,060	29.41%	48.29%
19	Loan to related parties to net worth	Loan to related parties	Net worth	918,335	132,208,944	0.69%	1.52%
20	Large exposure to net worth	Large exposure	Net worth	132,244,734	132,208,944	100.03%	179.60%
21	General provision to total loans	General provision	Total loans (gross)	4,196,267	449,697,060	0.93%	0.96%
22	Specific provision to total loans	Specific provision	Total loans (gross)	8,640,686	449,697,060	1.92%	1.45%
23	Specific provision to NPL	Specific provision	NPL	8,640,686	23,305,977	37.07%	46.84%
24	All allowances to total assets	Total all allowances	Total assets	12,836,953	1,028,120,927	1.25%	1.08%
25	Loans to deposits	Total loans to non-bank customers (gross)	Customers' deposits	449,697,060	880,279,755	51.09%	51.48%

No.	Other Ratios	Formula by NBC		2014			2013
				Calculation (in figure)		Ratio	Ratio
		Numerator	Denominator	Numerator (A)	Denominator (B)	A/B	A/B
		A	B	US\$	US\$	%	%
EARNINGS							
26	Return on assets	Net profit	Total assets	17,756,154	1,028,120,927	1.73%	1.91%
27	Return on equity	Net profit	Equity	17,756,154	133,132,254	13.34%	15.67%
28	Gross yield	Interest income	Total assets	34,723,771	1,028,120,927	3.38%	3.48%
29	Net interest margin to total assets	Interest income-interest expense	Total assets	29,933,079	1,028,120,927	2.91%	2.98%
30	Other income to total assets	Other incomes	Total assets	20,500,242	1,028,120,927	1.99%	2.01%
31	Provision to total assets	Provisions	Total assets	12,836,953	1,028,120,927	1.25%	1.08%
32	Overhead to total assets	Non-interest expenses	Total assets	24,888,069	1,028,120,927	2.42%	2.74%
33	Net income before tax to total assets	Net income before tax	Total assets	22,875,086	1,028,120,927	2.22%	2.43%
34	Taxes to total assets	Taxes	Total assets	5,118,932	1,028,120,927	0.50%	0.52%
35	Interest margin to gross income	Interest income – Interest expense	Gross income	29,933,079	55,224,013	54.20%	54.29%
36	Non-interest income to gross income	Non-interest income	Gross income	20,500,242	55,224,013	37.12%	36.57%
37	Non-interest expense to gross income	Non-interest expense	Gross income	24,888,069	55,224,013	45.07%	49.87%
38	Times interest earned	Profit before tax + interest expense	Interest expense	27,665,778	4,790,692	5.77 times	5.83 times
LIQUIDITY							
39	Liquid asset	Liquid asset	Total assets	461,513,363	1,028,120,927	44.89%	44.46%
40	Short-term liabilities	Short-term liabilities (less than one year)	Total assets	894,988,673	1,028,120,927	87.05%	88.25%
41	Net liquid assets	Liquid assets – short-term liabilities	Total liabilities	(433,475,310)	894,988,673	-48.43%	-49.62%
42	Quick ratio	Quick assets*	Current liabilities	461,513,363	894,988,673	51.57%	50.38%
43	Deposits to total loans	Total customers' deposit	Total loans to non-bank customers (gross)	880,279,755	449,697,060	195.75%	194.24%

(*): Quick assets = cash + gold + deposits with the NBC (excluding capital guarantee and reserve requirement) + deposits with other banks.

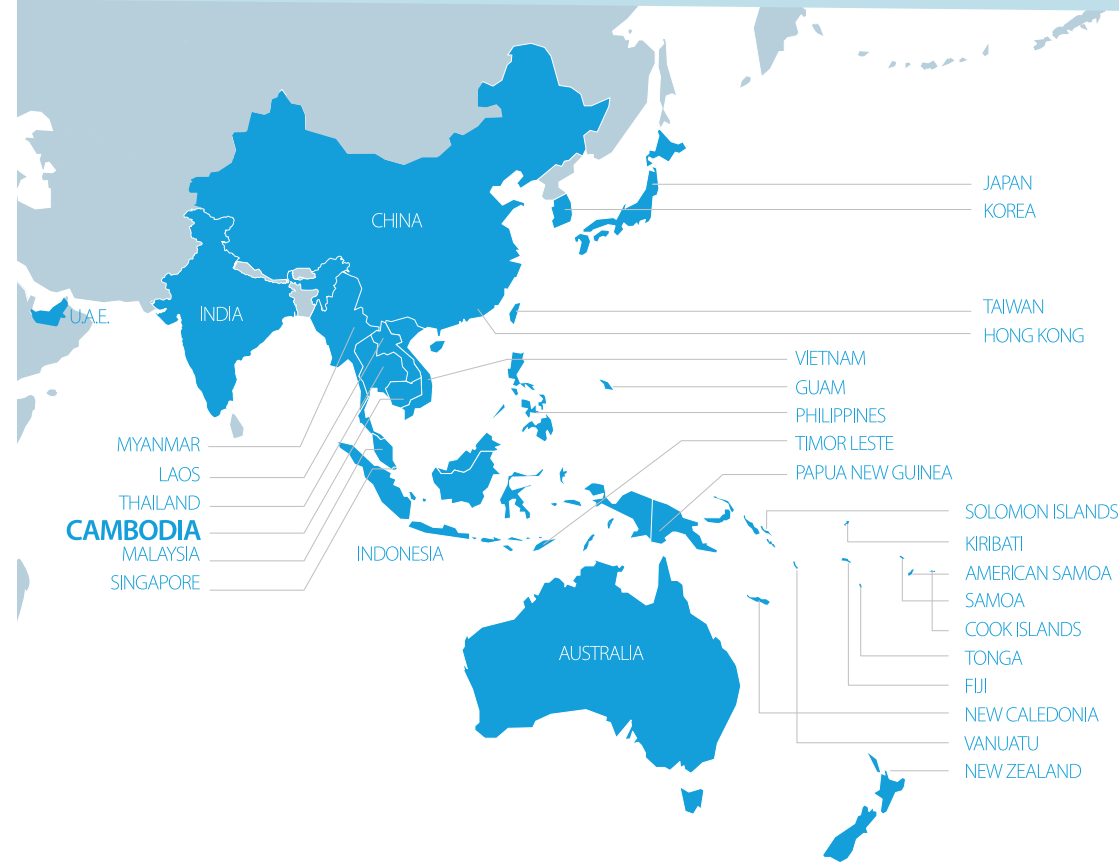


Phnom Penh Branches

- **Kramoun Sar Branch (Head Office)**
20 Kramoun Sar & Street 67
 - **Independence Monument Branch**
100 Preah Sihanouk Boulevard
 - **Olympic Branch**
361-363 Preah Sihanouk Boulevard
 - **Riverside Branch**
265 Sisowath Quay
 - **Phsar Derm Thkov Branch**
616A+B, Street 271
 - **Pet Lok Sang Branch**
1A+1B, Street 271
 - **Teuk Thla Branch**
1E0 & 1E1, Street 110A
 - **Stung Meanchey Branch**
23-25A, Street 217
 - **Chbar Ampoeu Branch**
35, National Road #1
 - **Chom Chao Branch**
1B, 2B & 3B, National Road #4
 - **Tuol Kork Branch**
95C, Street 289
- Or by phone on:
Local: 023 999 000
International: +855 23 999 000
Email: ccc@anz.com
SWIFT: ANZBKHPP

Provincial Branches

- **Takhmao Branch**
Kandal Province
1E0-E1-E2, near Takhmao Roundabout
- **Siem Reap Phsar Kandal Branch**
566, 568 & 570, Street Tep Vong
- **Siem Reap Phsar Leu Branch**
556, Phsar Leu, National Road #6
- **Sihanoukville Branch**
215, Vithey Ekreach
- **Battambang Branch**
2, 4 & 6, Street 1
- **Kampong Cham Branch**
Preah Monivong & Neary Rath Kosamak Street



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