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ANZ ROYAL ANNUAL REPORT 2015



CELEBRATING 10 YEARS
OF BANKING EXCELLENCE

ANNUAL REPORT 2015



WITH A SUPER-REGIONAL NETWORK THAT SPANS ACROSS 34 MARKETS AROUND THE WORLD.



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OUR VALUES

ANZ ROYAL ANNUAL REPORT 2015



COLLABORATION

CONNECT AND WORK AS ONE FOR OUR CUSTOMERS AND SHAREHOLDERS



RESPECT

VALUE EVERY VOICE, BRING THE CUSTOMER'S VIEW TO ANZ ROYAL



INTEGRITY

DO WHAT IS RIGHT



ACCOUNTABILITY

OWN YOUR ACTIONS, MAKE IT HAPPEN



EXCELLENCE

BE YOUR BEST, HELP PEOPLE PROGRESS, BE BUSINESS-MINDED

ANZ GROUP

ANZ's history dates back over 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.

This year, ANZ Royal celebrates 10 years of operations in Cambodia, during which it has helped connect customers with the region and developed a strong team of staff servicing Retail and International Banking customers.

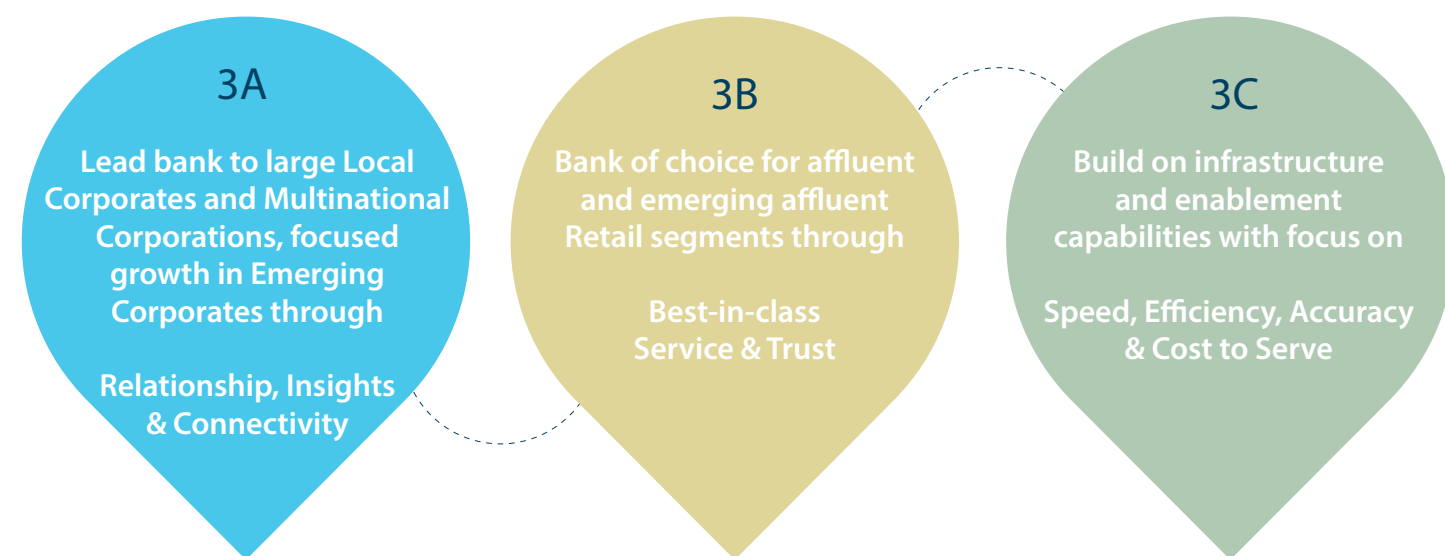
ANZ Royal has revolutionised the Cambodian financial market since its opening, providing a wide range of functionality for Cambodians' banking experiences.

KEY AWARDS AND RECOGNITION

🏆 (2006, 2011 & 2013) Bank of the Year	The Financial Times, The Banker Magazine
🏆 (2007) Financial Insights Innovation Award (FIIA)	The Financial Insights Asia Pacific Group
🏆 (2009) Asia Deal of the Year (CamGSM)	TelecomFinance
🏆 (2013) Home Lender of the Year	Cambodian Banker
🏆 (2013) Runner-up for the Top Ranking Performers in the Contact Centre World - Best Small Call Centre in Asia Pacific (2014) Bronze for the Top Ranking Performers in the Contact Centre World - Best Small Call Centre in Asia Pacific	Contact Centre World – The Global Association for Contact Centre Best Practice & Networking
🏆 (2013 & 2014) Most Outstanding Performing Foreign Bank	IDG - The Cambodian Banking & MFI Awards
🏆 (2014 & 2015) Best Trade Finance Bank in Cambodia	Global Finance Magazine
🏆 (2015) Fastest Growing Bank (Retail), Cambodia (2016) Best Foreign Retail Bank Cambodia	International Finance Magazine

ANZ ROYAL "STRATEGY ON A PAGE"

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 Regulator: Compliant, most respected Customers: Lead bank status, best service Community: Most respected Staff: Employer of choice, engaged
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

The 2015 fiscal year was one of continued progress for ANZ Royal against our long-term vision of creating the "Great International Bank of Cambodia", albeit progress that was not reflected in the bottom line NPAT outcome. However, in terms of the core performance metrics that our parent company, ANZ Banking Group, focuses on – namely return on risk weighted assets, economic profit, and productivity – we made substantial progress.

The business delivered a pleasing increase in Profit before Provisions and Tax of around 9%. This was the result of modest (5%) increases in revenue, and extremely well-managed costs - which were essentially flat year on year. I don't believe any other bank in Cambodia could have managed to grow revenues in 2015 without increasing costs, which highlights the ability of our operating model to deal with any conditions.

Bottom line profitability was however hit in 2015 by the impact of material increases in loan provisions. We experienced a spike in statutory provisions towards the end of the year, which reflected a small number of customers in arrears of payment. It must be emphasised that this presents no long-term concern for the business, and as this report is being written we have already seen write-backs in those provisions.

We took a deliberately conservative approach to balance sheet management in 2015. On the asset side, we exited a number of low-returning loans as we continue to focus the business on high quality, sustainable clients. On the deposit side, given our huge

deposit surplus, we were not eager to add further liquidity that could not be deployed at a risk-adjusted profit.

Our focus on operating efficiency and productivity continued to pay dividends. We saw operational costs decrease by 4.5% and underlying productivity improve by 9%.

ANZ Royal's focus on being the number one bank in the market for supporting trade flow was underlined by being once again recognised (by industry vote) as Trade Finance Bank of the Year for Cambodia.

In terms of our People, we saw turnover fall year-on-year by around 4%, a pleasing outcome in what is still a very hot market for talent, with many Cambodian banks experiencing attrition in the region of 20-25%. We also delivered high Engagement and Risk Culture scores in our annual "My Voice" staff survey, highlighting an organisation where staff are deeply motivated by the vision of ANZ Royal and the opportunities it provides for development.

It is great people which allow us to continue to outperform peers in terms of Return on Equity, and remain as one of the strongest employment and customer brands in the country. We also continue to 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 property, but which we believe will ensure long-term success.



GRANT KNUCKEY

COMPETITIVE ENVIRONMENT

I stated in last year's Annual Report that I believed returns have 'topped out' for the banking sector in Cambodia, and I remain confident in that call.

The banking environment remained extremely competitive overall, with pricing for loans continuing to fall, and towards the end of 2015 competition for deposits began to emerge (which has accelerated in early-2016 as I write). The introduction of the Liquidity Coverage Ratio by the National Bank of Cambodia should act as a dampener on credit growth in 2016, as well as further increasing competition for deposits. Both of these factors will impact profitability in the banking sector.

ANZ Royal has anticipated these changes and positioned itself for a market where liquidity becomes the key asset. We believe it will enable us to continue making strong returns in 2016, as others see returns fall. 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.

FAREWELL AND THANK YOU

This will be my final Annual Report as CEO of ANZ Royal. In early 2016, I will take up a new challenge as CEO of ANZ's operation in Japan. It has been a wonderful three-and-a-half years in Cambodia, and I have cherished the opportunity to be part of one of the most dynamic markets in the region.

I would like to thank all of our customers for their support of ANZ Royal and myself over my time at the helm, and in the future. I would also like to express my thanks to the ANZ Royal Board of Directors for their valuable input and insight.

Most of all, I would like to thank the wonderful team at ANZ Royal, who are truly the best bankers in the country and will surely help us towards our goal of becoming the Great International Bank of Cambodia.

INTERNATIONAL BANKING

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.

2015 KEY HIGHLIGHTS

Some of the key highlights of International Banking in 2015:

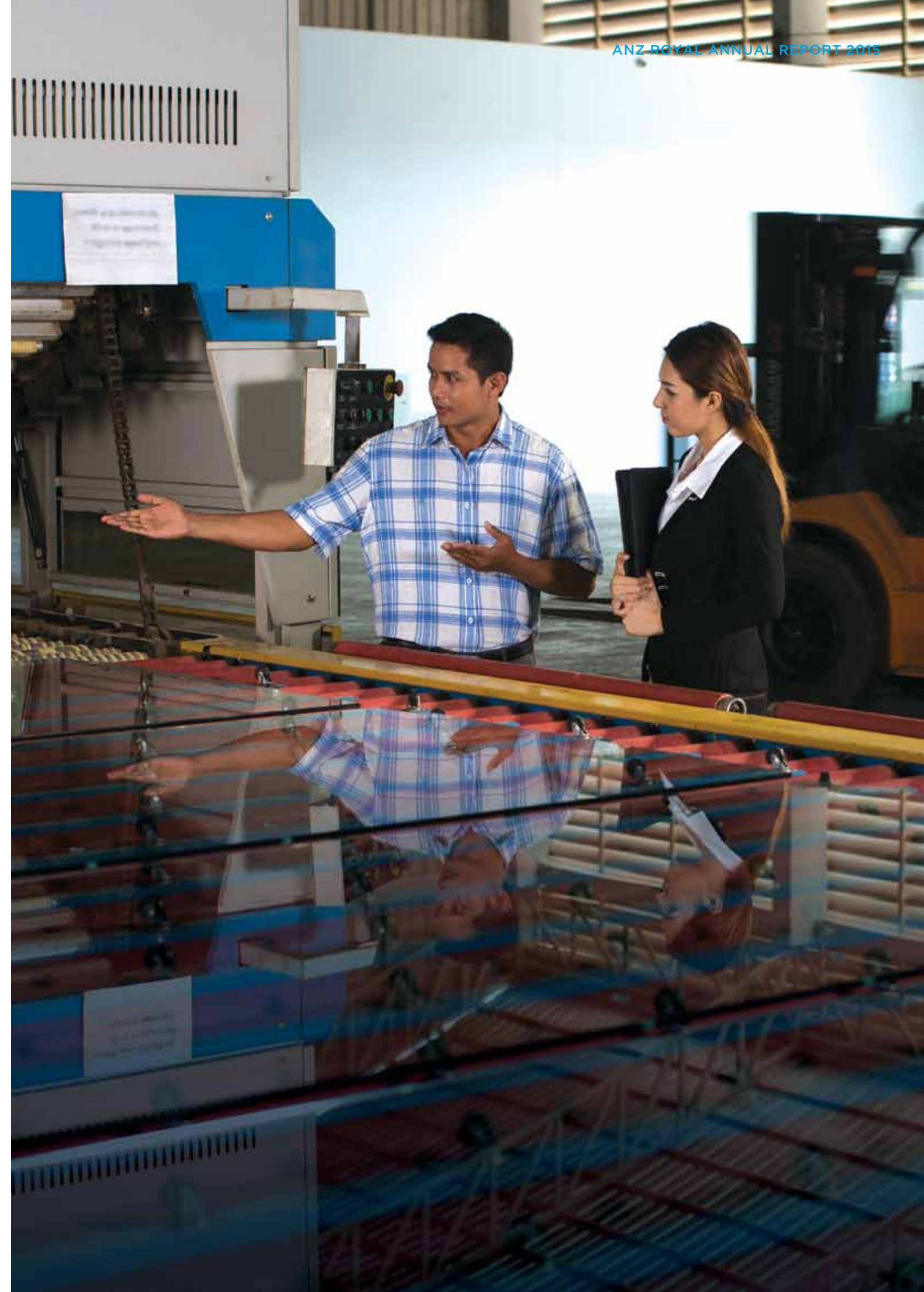
- First local corporate syndications deal closed with international and local banks' participation.
- Won Best Trade Finance Bank by Global Finance for the second year in a row
- Launched an ongoing seminar on cyber fraud to help individuals and corporations in protecting themselves
- Conducted numerous 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 2016

We see our goals for 2016 through the lens of our major stakeholders:

- Our Shareholders:** To deliver to them an above-expectation return on risk-weighted assets
- 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 2015:

CONVENIENCE

We launched a new Mobile Browser, enabling customers to use Internet Banking on their mobile phones.

We achieved extraordinary growth in Visa debit cards over the past year, with customers using this card to access International online shopping sites and domestic/international ATM and POS networks.

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

Our property refurbishment plan continues, with new design branches (Riverside and Olympic) providing customers with all the standards of an International standard bank.

SUPERIOR CUSTOMER SERVICE

Over the past two years, the ANZ Royal Retail team have implemented a strategy aimed at delivering the best customer service experience at our branches and contact centres. We believe we have come a long way. However, we know we still have plenty of work to do in order to stay ahead of our competitors. One of our key initiatives is to capture every piece of customer feedback and study how we can do better and improve the customer experience. This happens every day and is at the core of how we listen to our customers and provide our valued customers with an industry-leading customer service experience.

OUR PRODUCTS AND SERVICES INCLUDE:

Transactional Products:

Savings, Cheque Accounts, Term Deposits, Visa Debit Card, 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) / Investment products (offshore ANZ)

ACHIEVEMENTS IN 2015

- Best Foreign Retail Bank 2015
- Strong Operational Risk Management
- Improved customer service scores
- Strong balance sheet and profitability

CONNECTIVITY

ANZ has developed an offshore advisory in Singapore for our Priority clients, who are looking for offshore investment options. This advisory includes one of our own Khmer staff Tith Theary, who is available to speak in Khmer/English to any of our clients seeking wealth solutions outside of Cambodia.

ANZ Royal prides itself on having the ability to place our valued customers in front of investment industry experts, who are skilled in identifying the right solutions to meet the clients' individual investment needs.

WHAT WE DO

Retail Banking is responsible for serving personal and sole trading business customers through our network of 17 branches (including five Priority Lounges), 102 ATMs, internet banking, a 24-hour Call Centre and Mobile Lending team.

OUR GOALS FOR 2016

- 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 safe

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.



Delivery of ANZ financial literacy program, MoneyMinded, to a local community.

As a responsible corporate citizen, the ANZ Group 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.

Over the past 10 years since we started operations in 2005, our staff have contributed more than 45,000 volunteer hours to 100 NGOs, where ANZ Royal have focused on enhancing education and employment opportunities for marginalised and disadvantaged individuals.

In 2015, ANZ Royal formalised a number key partnerships with local NGOs to support education and provide inspiration for young Cambodians. Amongst the many initiatives carried out, ANZ Royal launched two milestone programs: MoneyMinded and the ANZ Royal Business Plan Competition:

1. MoneyMinded, ANZ's flagship financial literacy program designed to boost financial inclusion in communities where ANZ operates. To date, 270,000 people in Australia, New Zealand, Asia and the Pacific have completed ANZ's MoneyMinded financial literacy training course.
2. The ANZ Royal \$20 Challenge is a relaunch of our \$5 Challenge that was first introduced in 2010. The program is designed to enhance participants' creativity and ability to make wise investment choices, as with only \$20 seed capital they are expected to generate as much profit as possible within 8 weeks of operation. The project is aimed to get the youth into the business mindset and develop their basic commercial and interpersonal skills.

The momentum carries on as we continue to strengthen partnerships with selected partners where we as a bank can contribute to the betterment of Cambodian society as a whole.

Water fountain donation in partnership with Enfant Du Mekong to give 200,000 people access to clean water



\$20 Challenge participants being mentored by ANZ Royal's staff



ANZ Royal and Phare Performing Social Enterprise Partnership Signing

Volunteer Day at Pour un Sourire d'Enfant (PSE) Smile Village



Donation to Kuntha Bopha's Maternity Ward in Siem Reap

Our drive to raise awareness on performing arts and creating job opportunities for underprivileged youth





ANZ Royal ATM Team



ANZ Royal Corporate Golf Day



Managers Town Hall



Money Minded Facilitators



Emerging Leaders Program team with ANZ Group's Chief Human Resources Officer

At ANZ Royal, we take pride in our growing customer satisfaction and success which are strongly driven by our committed and skillful 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.

2015 ACHIEVEMENTS

We believe in the inherent strength of a vibrant, diverse and inclusive workforce. We make the most of the ideas, perspectives and capabilities offered 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 remain our focus year on year. In 2015, more than 30% of our people received the opportunity to progress their career through promotion. We have also maintained our course to build our people's capabilities in Credit, Sales and Service, and Leadership. As a result, our people completed about 100 courses, which constitutes to more than 13,000 learning hours of face-to-face sessions and at least another 4,000 hours of online learning.

In our journey from Good to Great, our talent program continues to evolve. The new and improved Emerging Talent Program aims to provide our local talents with depth and breadth of knowledge and build their connectivity and exposure to regional peers.

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 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.

NEAK OKNHA KITH MENG
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.

MARK HANNA
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 manage 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 in the military as a junior officer for the French Army – Tank Arm in 1993 for around one year.

HUGUES DE L'EPINE
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.

OKNHA KITH THIENG
Director

GRANT KNUCKEY
Director

Grant Knuckey joined ANZ Royal as CEO in June 2012. He also serves as Chairman of ANZ Laos and is additionally responsible for ANZ's newly opened representative office in Myanmar.

Grant has been with ANZ Banking Group for more than 20 years, more than 10 years of which has been spent in Asia. His previous role was Head of Institutional Banking and Deputy CEO of ANZ China, based in Shanghai. Earlier roles included running ANZ's Global Markets business across North Asia (5 countries), based in Hong Kong; and as Head of Strategy for ANZ's Institutional business across Asia, based in Singapore. During his career in Asia, Grant has spent time working on the ground in every one of the 14 countries in which ANZ is represented. Prior to his time in Asia, Grant worked for ANZ in the Global Markets business in New Zealand. This unique 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, New Zealand. He also holds a Master of Business Administration (First Class Honours) from Trinity College Dublin. He was active in the local business community, having served as the President of the Australian Business Association of Cambodia, as well as leading the Interbank and Education Committees of the Association of Banks in Cambodia.

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.

STEVEN ODGERS
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 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).

RATANA PHURIK-CALLEBAUT
Independent Director

Simon was appointed as an Independent Director of ANZ Royal in April 2015.

He was Chief Executive Officer (CEO) of Hello Axiata Company Limited at Axiata Group Berhad and has been working in the telecommunications industry for over 30 years. He had spent three years in Australia with Silk Telekom before returning to Indochina.

He holds a Master of Business Administration (MBA) from Warwick University in the UK and a Bachelor of Science (BSc) First Class Honours from Loughborough University of Technology, UK. He is a Chartered Engineer of the UK Engineering Council and the Chartered Professional Engineers Australia.

SIMON JOHN PERKINS
Independent Director



SEATED FROM LEFT TO RIGHT:

- GARETH COLEMAN
- CHENDA KHAK
- DAVID PARROTT
- PHEAKDEY POK
- ROBERT SNADDON

STANDING FROM LEFT TO RIGHT:

- VYOMESH CHANDAN
- SOCHAL DITH
- GETHIN JONES
- ANDREW EAGLE
- GRANT KNUCKEY
- DAVID SOK DARA MARSHALL
- DELINE SIENG



GRANT KNUCKEY

Chief Executive Officer

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 more than 20 years, more than 10 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, New Zealand. He also holds a Master of Business Administration (First Class Honours) from Trinity College. He was active in the local business community, having served as the President of the Australian Business Association of Cambodia, as well as leading the Education and Interbank Committees of the Association of Banks in Cambodia.



ANDREW EAGLE

Chief Operating Officer

Andrew joined ANZ Royal in April 2015 as Chief Operating Officer. Andrew is responsible for managing all operational aspects for ANZ Royal, in particular operations teams supporting International Banking, and Retail Banking. He is also responsible for managing the in-country Property and Sourcing functions as well as IT.

Prior to this role, Andrew managed Home Loan operations for the Australia Division based in ANZ India. During this time, Andrew was heavily involved in implementing market-leading automation technologies. He also delivered projects that resulted in significant improvements in customer service while mitigating risk.

Prior to moving offshore, Andrew headed Pricing and Funding for the Australian Home Loan and Deposit businesses.

Andrew holds a Bachelor of Science from Monash University, a postgraduate degree in Finance and an MBA from the Australian Graduate School of Management from The University of New South Wales.



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 20 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, 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 joined ANZ Royal in May 2011 and is responsible for the overall retail operation covering our network of 17 branches, our Priority banking segment, Credit Card business, 24/7 Call Centre and leads our retail strategy.

David 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.

David 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, David 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 Local Corporates.

As Head of Local Corporates since July 2011, Sochal works closely with a dedicated team of Relationship Managers, ensuring they help manage and grow local corporates 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
Chief Financial Officer

Pheakdey leads 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 her 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 holds responsibility for chairing the various risk committees and aligning business growth with risk appetite.

He has nearly 20 years of experience in Banking, Finance and Advisory with time spent on the ground in Asia, Middle East, US, Europe and Australia/New Zealand. He previously led the Debt & Equity Restructuring team for Lloyds International with full P&L responsibility for a portfolio comprising Leveraged and Structured Finance, Property, Institutional, Asset Finance and Project Finance assets across Australia, New Zealand and Asia. He also held responsibility for Lloyds' Australian equity joint venture investment vehicle, which developed residential and commercial projects with ASX-listed property developers and private development funds.

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



CHENDA KHAK
Head of Human Resources

Chenda joined ANZ Royal in March 2008 as 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 work 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 14 years all in the legal and compliance career space. Prior to joining ANZ Royal, Deline's career covered being an 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 the period of 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.



GARETH COLEMAN

Head of Transaction Banking

Gareth joined ANZ Royal in September 2014 as 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.



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 (1st Class Honours) in International Business and Commercial Law and a Bachelor of Arts in Public Policy from Victoria University of Wellington.



VYOMESH CHANDAN

Head of Markets

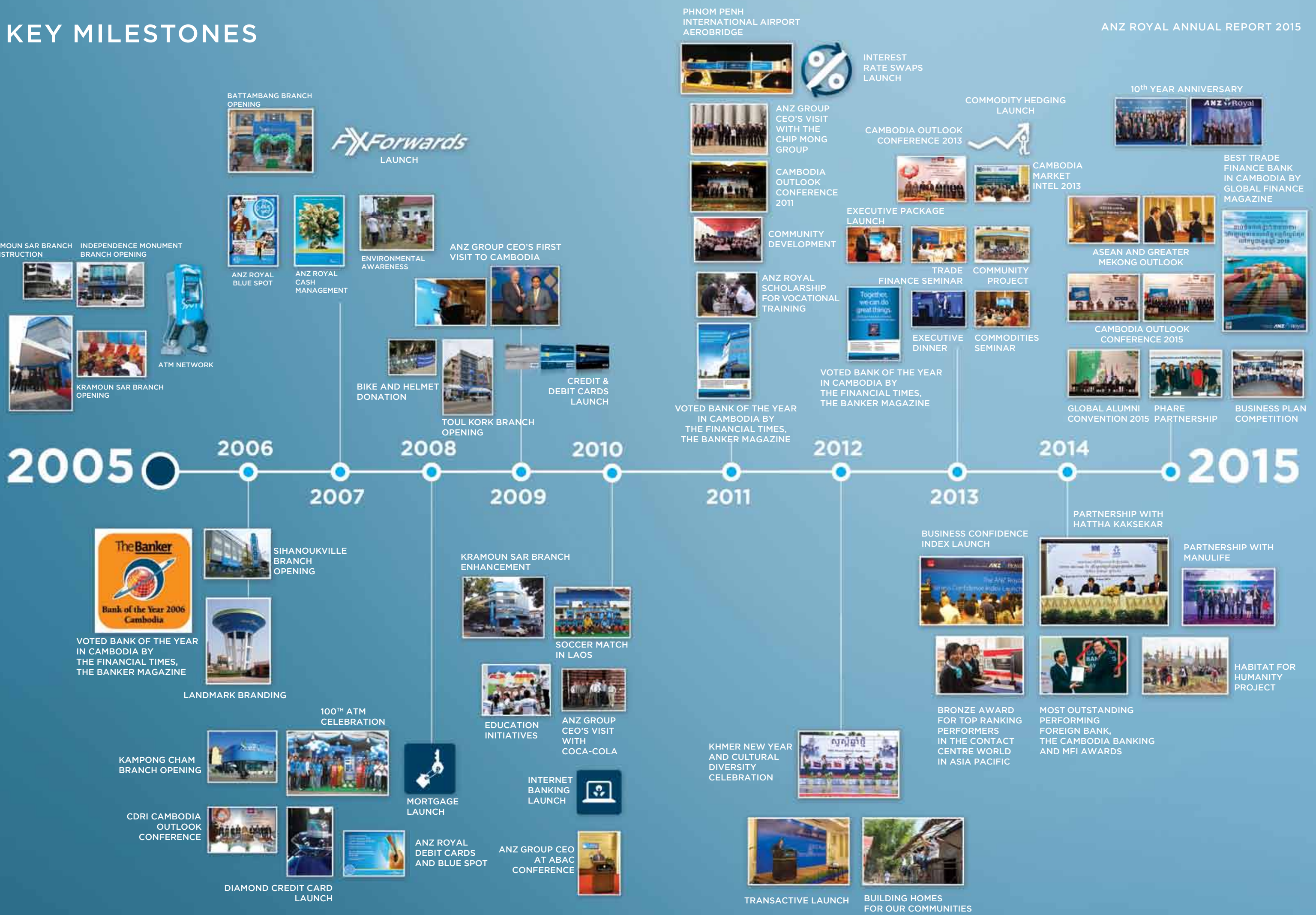
Vyomesh joined ANZ Royal in May 2015 as Head of Markets for Cambodia with additional oversight of the Laos and Myanmar Markets Business. In this role, he is responsible for the growth of the Markets Sales and Balance Sheet business while maintaining ANZ Global Best practices and Risk Culture.

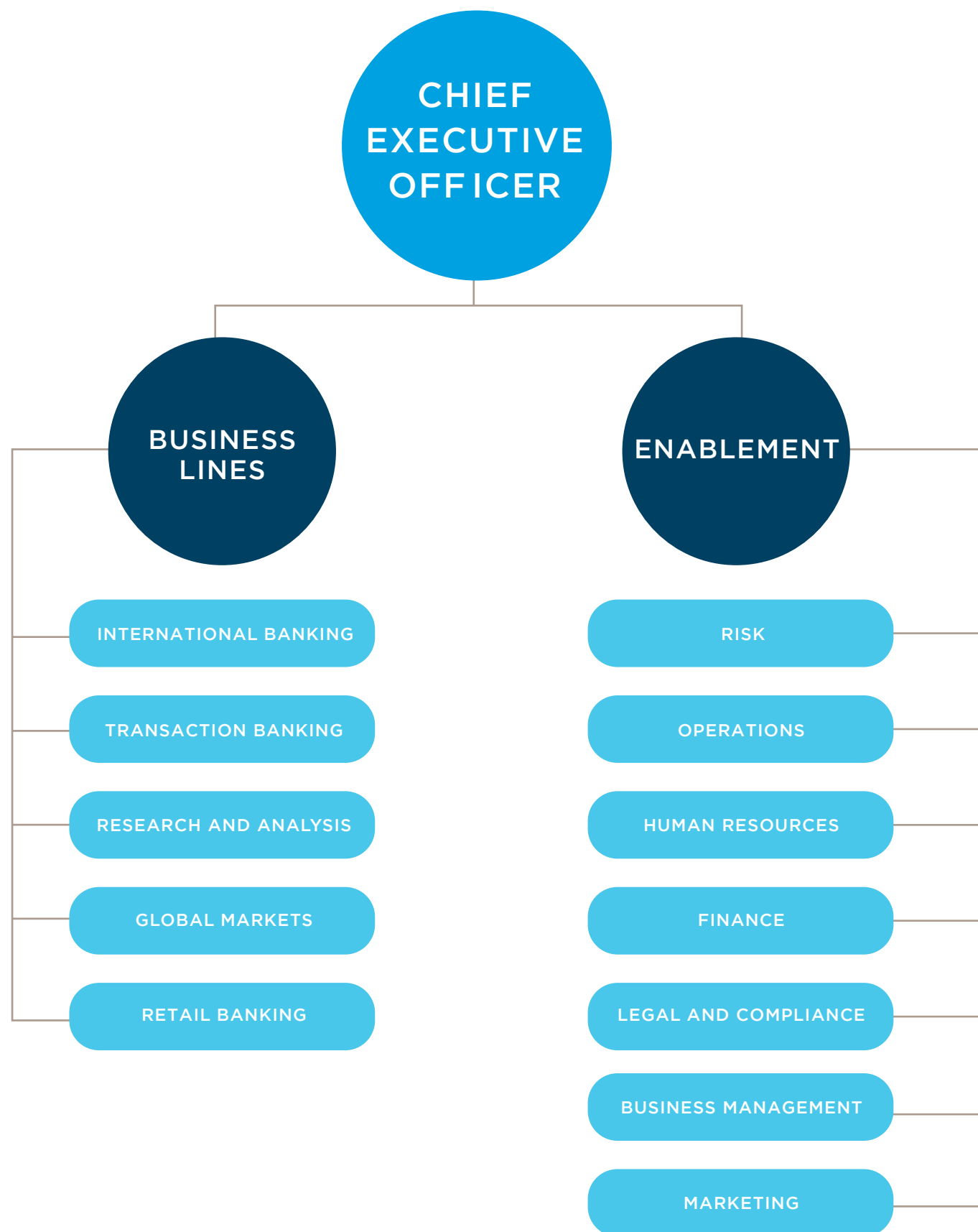
ANZ Royal's Markets team is a part of the ANZ Regional Markets Network. Vyomesh leads the team to deliver innovative product solutions across Foreign Exchange, Capital Markets, Fixed Income, Commodities, Equities, as well as specialist research and Risk Management expertise. Markets has more than 1,400 professionals working in dealing rooms located in the major financial hubs of London, New York, Hong Kong, Tokyo, Singapore, Wellington, Auckland, Sydney and Melbourne, as well as Beijing, Taipei, Jakarta, Manila, Hanoi and Seoul, with access to a global network of 33 countries.

Prior to joining ANZ Royal, Vyomesh was the Head of Trading and Balance Sheet at ANZ in India. Including his time at ANZ, Vyomesh has worked in the Markets Business for nearly 20 years in Trading and Managerial Roles.

He holds a Post Graduate Diploma in Management in Finance from the Institute of Management Development and Research in Pune, India and a Bachelor's Degree in Commerce from Symbiosis College of Commerce in Pune, India.

KEY MILESTONES





FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE (\$M)	2015	2014	MOVT %
Net interest income	31.4	29.9	4.8%
Other operating income	18.6	17.6	5.4%
Operating income	50.0	47.6	5.0%
Operating expenses	(22.0)	(22.0)	0.0%
Profit before credit impairment and income tax	27.9	25.5	9.3%
Provision for credit impairment	(8.7)	(2.7)	Large
Profit before income tax	19.3	22.9	-15.8%
Income tax expense	(3.8)	(5.1)	-24.8%
Net profit after tax	15.4	17.8	-13.2%

GROWTH 2015 V 2014

GROWTH BY LOBS	INCOME	EXPENSES
International Banking	+1.3%	+11.6%
Retail Banking	+13.1%	-6.9%
Enablement	-	-1.1%

GROWTH BY PRODUCTS	INCOME	EXPENSES
Global Loan	-14.1%	+22.8%
Payment & Cash Management	+10.4%	-7.5%
Trade & Supply Chain	+3.1%	+18.5%
Global Markets	+3.0%	+0.7%
Retail Banking	+13.1%	-6.9%
Enablement	-	-1.1%

Operating Income	+5.0%
Operating Expense	0.0%

KEY HIGHLIGHTS

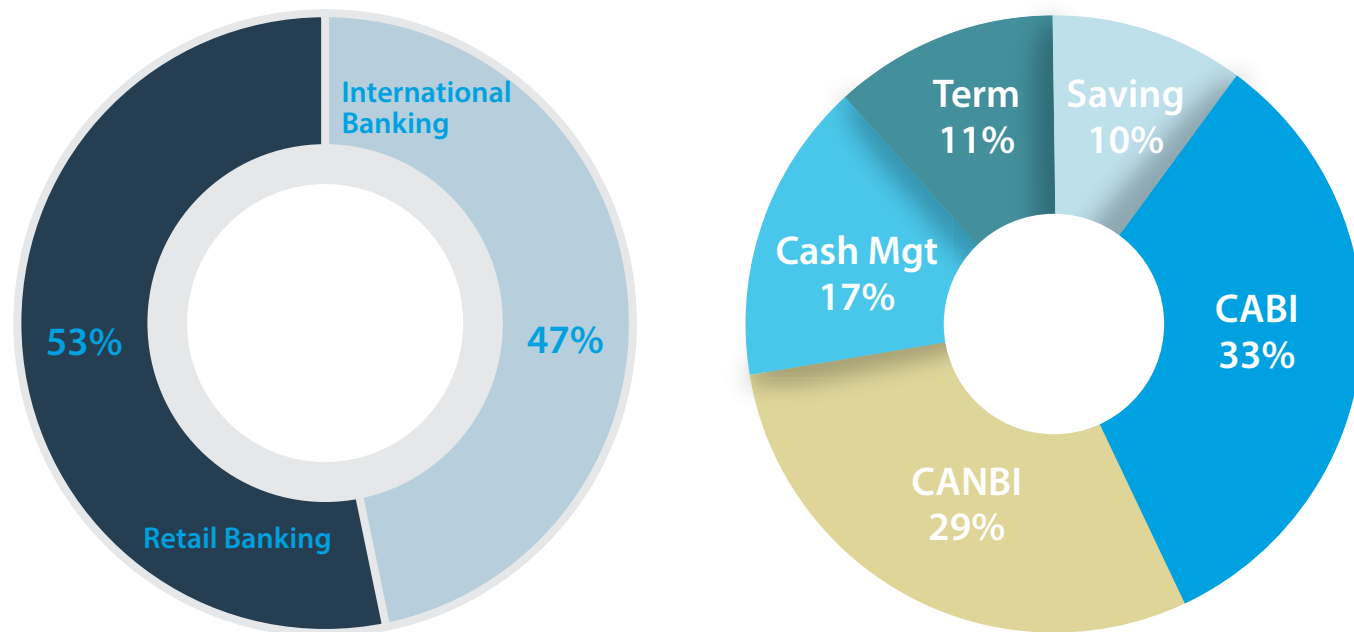
- Operating income increased by 5.0% year on year.
- Cost to income ratio dropped by 2% from 46% to 44%
- Profit before Tax and Provisions increased 9.3%
- The provision charge increased significantly compared to FY14, as a result of the movement of risk profile component of the change reflected moderate economic activity.

BALANCE SHEET

The ANZ Royal Balance Sheet continues to manage a stable funding mix in a constrained environment. We have strong liquidity and capital management, with a capital ratio of 22.6% in FY15.

- Loan dropped by 2.5% to \$439m resulting from lower economic growth and intense competition across banks
- Deposit dropped by 2.6% to \$857m contributed by International Banking 69% and Retail Banking 31%

CUSTOMER DEPOSITS BY LOBS AND PRODUCTS

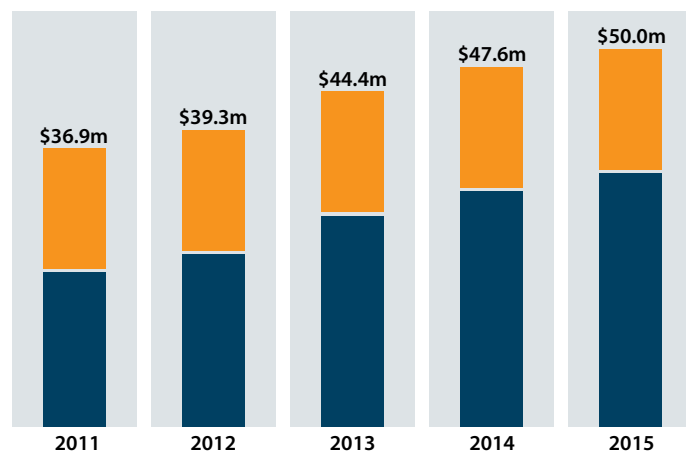


CREDIT QUALITY

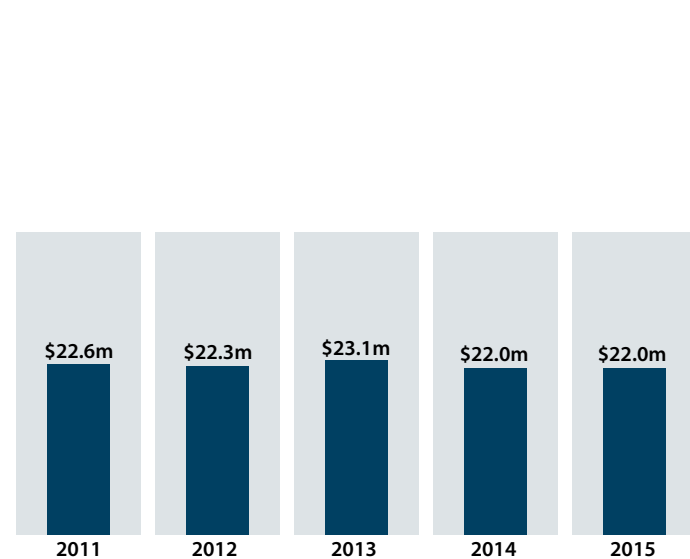
- Increased impairment charge in 2015 was primarily the result of two deteriorating loans. While we expect recovery of these loans through asset sales, these recoveries will be recognised in future accounting periods. Aside from these two loans, credit quality is strong with low levels of delinquency and provisioning applied conservatively to any loans exhibiting signs of stress and delinquency. Throughout 2015, we have actively managed customers who pose higher levels of credit risk to ANZ Royal.

TOTAL REVENUE 2011-2015 (USD MILLIONS)

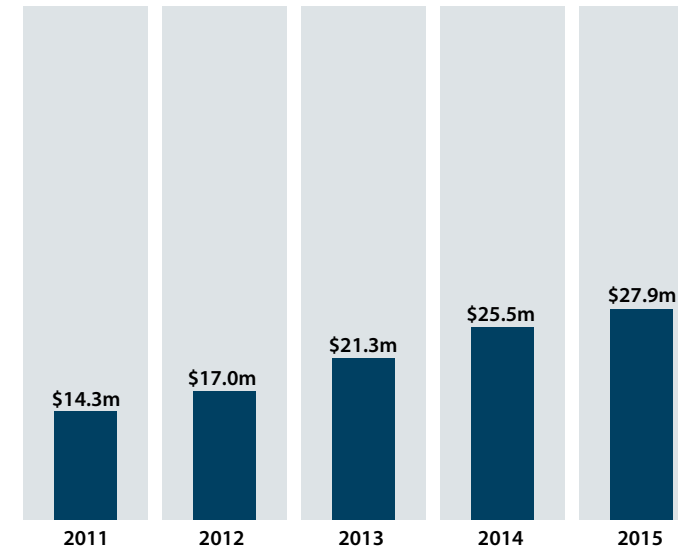
Net interest income
Other income



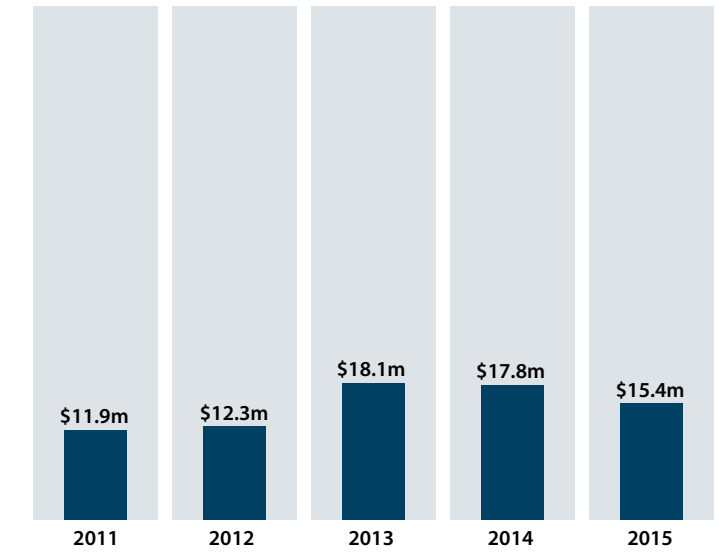
TOTAL OPERATING EXPENSES 2011-2015 (USD MILLIONS)



PROFIT BEFORE PROVISION AND TAX 2011-2015 (USD MILLIONS)

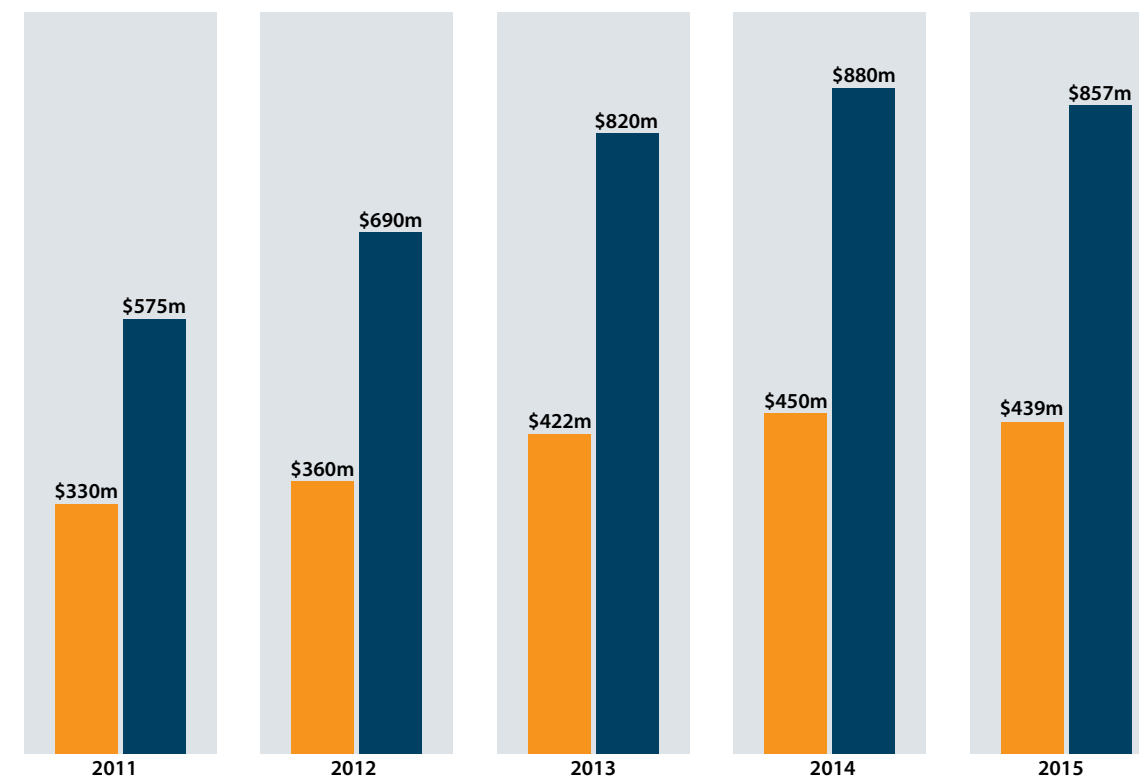


PROFIT AFTER PROVISION AND TAX 2011-2015 (USD MILLIONS)



GROSS LOAN AND DEPOSIT 2011-2015

Gross Loan
Deposit



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 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 Hugues Eric Marie De l'Epine Simon John Perkins (appointed on 10 February 2015)
MANAGEMENT TEAM	Grant Knuckey , Chief Executive Officer Andrew Eagle , Chief Operating Officer (appointed on 23 March 2015) Pok Pheakdey , Chief Financial Officer 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 Local Corporates David Sok Dara Marshall , Head of Multinational Corporations & Financial Institutions Vyomesh Chandan , Head of Markets (appointed on 1 May 2015) Gareth Coleman , Head of Transaction Banking Robert Snaddon , Head of Research and Analysis
AUDITOR	KPMG Cambodia Ltd.

CONTENTS

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Income Statement	39
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Statement of Cash Flows	41
Notes to the Financial Statements	42

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 2015.

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 2015 were as follows:

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Profit before				
income tax	19,268,170	78,036,089	22,875,086	93,215,976
Income tax				
expense	(3,848,199)	(15,585,206)	(5,118,932)	(20,859,648)
Net profit for the year	15,419,971	62,450,883	17,756,154	72,356,328

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 material 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
Hugues Eric Marie De l'Epine
Simon John Perkins (appointed on 10 February 2015)

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 to the financial statements.

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 2015, 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.

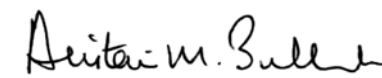
APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements together with the notes thereto as set out on pages 38 to 71 which present fairly, in all material respects, the financial position of the Bank as at 31 December 2015, and its financial performance and its cash flows for the year ended 31 December 2015, in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of the 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
28 March 2016

REPORT OF THE INDEPENDENT AUDITORS

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 2015, 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 38 to 71.

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 the 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 2015 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 the financial statements.

For **KPMG Cambodia Ltd.**



Phnom Penh, Kingdom of Cambodia
28 March 2016

BALANCE SHEET

AS AT 31 DECEMBER 2015

	Note	2015		2014	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Assets					
Cash and bank balances	5	194,760,992	788,782,018	143,913,363	586,446,954
Deposits and placements with banks	6	243,475,222	986,074,649	317,600,000	1,294,220,000
Net loans and advances	7	438,582,875	1,776,260,644	429,405,679	1,749,828,142
Statutory deposits	8	119,556,740	484,204,797	120,535,600	491,182,570
Other assets	9	14,829,031	60,057,576	6,856,094	27,938,583
Intangible assets	10	168,593	682,802	4,975	20,273
Premises and equipment	11	4,594,346	18,607,101	5,212,181	21,239,638
Deferred tax assets, net	12	796,137	3,224,355	396,768	1,616,830
Total assets		1,016,763,936	4,117,893,942	1,023,924,660	4,172,492,990
Liabilities and shareholders' funds					
Liabilities					
Deposits from other banks		106,102	429,713	29,997	122,238
Deposits from customers	13	857,307,113	3,472,093,808	880,279,755	3,587,140,002
Income tax liability	12	3,575,292	14,479,933	4,521,497	18,425,100
Payables and other liabilities	14	11,419,471	46,248,858	10,157,424	41,391,503
Total liabilities		872,407,978	3,533,252,312	894,988,673	3,647,078,843
Shareholders' funds					
Share capital	15	71,000,000	287,550,000	71,000,000	289,325,000
General reserves	16	32,000,000	129,600,000	17,000,000	69,275,000
Retained earnings		41,355,958	167,491,630	40,935,987	166,814,147
Total shareholders' funds		144,355,958	584,641,630	128,935,987	525,414,147
Total liabilities and shareholders' funds		1,016,763,936	4,117,893,942	1,023,924,660	4,172,492,990

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

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015		2014	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Interest income	17	35,927,529	145,506,492	34,723,771	141,499,367
Interest expense	18	(4,557,481)	(18,457,798)	(4,790,692)	(19,522,070)
Net interest income		31,370,048	127,048,694	29,933,079	121,977,297
Net fee, commission income and foreign exchange earnings	19	18,593,402	75,303,278	17,638,805	71,878,130
Operating income		49,963,450	202,351,972	47,571,884	193,855,427
Operating expenses	20	(22,033,773)	(89,236,780)	(22,026,632)	(89,758,525)
Allowance for bad and doubtful loans and advances	7	(8,661,507)	(35,079,103)	(2,670,166)	(10,880,926)
Profit before income tax		19,268,170	78,036,089	22,875,086	93,215,976
Income tax expense	12	(3,848,199)	(15,585,206)	(5,118,932)	(20,859,648)
Net profit for the year		15,419,971	62,450,883	17,756,154	72,356,328

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital	General reserves	Retained Earnings	Total
	US\$	US\$	US\$	US\$
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
Balance as at 1 January 2015	71,000,000	17,000,000	40,935,987	128,935,987
Net profit for the year	-	-	15,419,971	15,419,971
Transfer to general reserves	-	15,000,000	(15,000,000)	-
Balance as at 31 December 2015	71,000,000	32,000,000	41,355,958	144,355,958
Balance as at 31 December 2015 (KHR'000 equivalents – Note 4)	287,550,000	129,600,000	167,491,630	584,641,630

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

STATEMENT OF CASH FLOWS

ANZ ROYAL ANNUAL REPORT 2015

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015		2014	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash flows from operating activities					
Net cash (used in)/generated from operating activities	21	(1,973,356)	(7,992,092)	67,618,621	275,545,880
Cash flows from investing activities					
Purchase of premises and equipment		(1,303,793)	(5,280,361)	(779,243)	(3,175,415)
Net cash used in investing activities		(1,303,793)	(5,280,361)	(779,243)	(3,175,415)
Net (decrease)/increase in cash and cash equivalents		(3,277,149)	(13,272,453)	66,839,378	272,370,465
Cash and cash equivalents at beginning of the year		441,513,363	1,799,166,954	374,673,985	1,526,796,489
Currency translation differences		-	(11,037,834)	-	-
Cash and cash equivalents at end of the year	22	438,236,214	1,774,856,667	441,513,363	1,799,166,954

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., which is ultimately owned by two private individuals in Cambodia who are Directors of the Bank with a 45% interest in the joint venture.

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 522 employees as at 31 December 2015 (2014: 509 employees).

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with Cambodian Accounting Standards (“CASs”) 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 28 March 2016.

(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 less allowance.

(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 are 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 on a straight-line basis 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 assets 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 income statement.

(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.

(ii) 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 participate 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 KHR4,050 (2014 : KHR 4,075) published by the NBC on 31 December 2015. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

5. CASH AND BANK BALANCES

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<i>In Cambodia:</i>				
Cash on hand	47,967,130	194,266,877	45,614,184	185,877,800
Cash at banks				
National Bank of Cambodia	83,012,928	336,202,358	69,001,664	281,181,781
Other banks	511,714	2,072,442	2,873,706	11,710,352
	131,491,772	532,541,677	117,489,554	478,769,933
<i>Outside Cambodia:</i>				
Cash at banks				
Related parties	63,269,220	256,240,341	26,423,809	107,677,021
	194,760,992	788,782,018	143,913,363	586,446,954

The above amounts are analysed as follows:

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<i>(a) By currency:</i>				
US Dollars	157,360,078	637,308,316	120,500,942	491,041,339
Khmer Riel	23,187,265	93,908,423	10,972,683	44,713,683
Other	14,213,649	57,565,279	12,439,738	50,691,932
	194,760,992	788,782,018	143,913,363	586,446,954

(b) By interest rates (per annum):

	2015		2014	
Related parties	0% - 2.14%		0% - 2.14%	
Other	0% - 1.10%		0% - 1.10%	

6. DEPOSITS AND PLACEMENTS WITH BANKS

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<i>In Cambodia:</i>				
National Bank of Cambodia	13,475,222	54,574,649	5,600,000	22,820,000
Other Local Banks	160,000,000	648,000,000	154,000,000	627,550,000
<i>Outside Cambodia (related parties):</i>				
ANZ Singapore	70,000,000	283,500,000	158,000,000	643,850,000
	243,475,222	986,074,649	317,600,000	1,294,220,000

The above amounts are analysed as follows:

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<i>(a) By maturity:</i>				
Within 1 month	120,475,222	487,924,649	142,600,000	581,095,000
2 to 3 months	123,000,000	498,150,000	155,000,000	631,625,000
4 to 6 months	-	-	20,000,000	81,500,000
	243,475,222	986,074,649	317,600,000	1,294,220,000

(b) By currency:

US Dollars	243,475,222	986,074,649	317,600,000	1,294,220,000
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(c) By interest rates (per annum):

	2015		2014	
National Bank of Cambodia	0.07% - 1.28%		0.07% - 1.28%	
Other Local Banks	0.75% - 1.60%		0.07% - 1.30%	
ANZ Singapore	0.17% - 0.81%		0.11% - 0.77%	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

7. NET LOANS AND ADVANCES

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Term loans	148,099,187	599,801,708	149,554,096	609,432,941
Overdrafts	28,119,226	113,882,865	42,237,011	172,115,820
Housing loans	102,136,911	413,654,490	87,302,539	355,757,846
Trade finance loans	181,409,068	734,706,725	169,567,082	690,985,859
Credit cards	1,775,599	7,191,176	1,036,332	4,223,053
	461,539,991	1,869,236,964	449,697,060	1,832,515,519
Allowance for bad and doubtful loans and advances	(20,733,630)	(83,971,202)	(12,836,953)	(52,310,583)
Interest in-suspense	(2,223,486)	(9,005,118)	(7,454,428)	(30,376,794)
	438,582,875	1,776,260,644	429,405,679	1,749,828,142

The above amounts are analysed as follows:

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
(a) By maturity:				
Within 1 month	72,715,632	294,498,310	56,673,483	230,944,443
2 to 3 months	118,814,234	481,197,648	115,410,958	470,299,654
4 to 6 months	81,082,749	328,385,133	80,073,493	326,299,484
7 to 12 months	27,004,234	109,367,148	28,656,568	116,775,514
1 to 3 years	55,940,186	226,557,753	77,231,589	314,718,725
4 to 5 years	17,450,508	70,674,557	13,512,681	55,064,175
More than 5 years	88,532,448	358,556,415	78,138,288	318,413,524
	461,539,991	1,869,236,964	449,697,060	1,832,515,519

7. NET LOANS AND ADVANCES (CONTINUED)

The above amounts are analysed as follows (continued):

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
(b) By performance:				
Standard loans				
Secured	400,635,903	1,622,575,407	402,372,120	1,639,666,389
Unsecured	27,867,880	112,864,914	9,361,772	38,149,221
Special mention loans				
Secured	1,445,523	5,854,368	14,654,794	59,718,285
Unsecured	29,497	119,463	2,397	9,768
Sub-standard loans				
Secured	15,860,643	64,235,604	8,778,105	35,770,778
Doubtful loans				
Secured	1,566,677	6,345,042	402,788	1,641,361
Loss loans				
Secured	14,133,868	57,242,166	14,125,084	57,559,717
	461,539,991	1,869,236,964	449,697,060	1,832,515,519
(c) By types:				
Commercial				
Overdrafts	28,119,226	113,882,865	42,237,011	172,115,820
Loans	148,099,187	599,801,708	149,554,096	609,432,941
Trade finance loans	181,409,068	734,706,725	169,567,082	690,985,859
Consumer				
Loans	102,136,911	413,654,490	87,302,539	355,757,846
Credit cards	1,775,599	7,191,176	1,036,332	4,223,053
	461,539,991	1,869,236,964	449,697,060	1,832,515,519

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

7. NET LOANS AND ADVANCES (CONTINUED)

The above amounts are analysed as follows (continued):

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
(d) By industry:				
Services	36,595,293	148,210,937	25,033,437	102,011,256
Wholesale and retail	217,533,243	881,009,634	224,570,750	915,125,806
Consumer items	92,203,701	373,424,989	78,471,081	319,769,655
Real estate	961,058	3,892,285	568,446	2,316,417
Construction	1,640,206	6,642,834	14,539,183	59,247,171
Food industries	54,737,174	221,685,555	47,421,701	193,243,432
Manufacturing	33,621,588	136,167,431	35,606,646	145,097,082
Staff loans	9,750,938	39,491,299	9,194,369	37,467,054
Others	14,496,790	58,712,000	14,291,447	58,237,646
	461,539,991	1,869,236,964	449,697,060	1,832,515,519
(e) By currency:				
US Dollars	461,539,991	1,869,236,964	449,697,060	1,832,515,519
(f) By residency status:				
Residents	461,539,991	1,869,236,964	449,697,060	1,832,515,519
(g) By relationship:				
Third parties	451,084,988	1,826,894,202	439,584,356	1,791,306,251
Staff loans	9,750,938	39,491,299	9,194,369	37,467,053
Related parties	704,065	2,851,463	918,335	3,742,215
	461,539,991	1,869,236,964	449,697,060	1,832,515,519
(h) By exposure:				
Large exposures	61,100,038	247,455,154	58,340,610	237,737,986
Non-large exposures	400,439,953	1,621,781,810	391,356,450	1,594,777,533
	461,539,991	1,869,236,964	449,697,060	1,832,515,519

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):

	2015	2014
Overdrafts	5.00% - 10.00%	2.00% - 15.00%
Commercial loans	1.25% - 10.90%	3.40% - 11.00%
Consumer loans		
Housing Loan	6.50% - 14.00%	7.00% - 14.00%
Personal Loan	21.00% - 29.40%	18.00% - 29.40%

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

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At beginning of year	12,836,953	52,310,583	10,193,682	41,539,254
Allowance for bad and doubtful loans and advances	8,661,507	35,079,103	2,670,166	10,880,926
Written off	(764,830)	(3,097,561)	(26,895)	(109,597)
Currency translation differences	-	(320,923)	-	-
At end of year	20,733,630	83,971,202	12,836,953	52,310,583

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

8. STATUTORY DEPOSITS

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Statutory deposits on:				
Minimum share capital (a)	7,100,000	28,755,000	7,100,000	28,932,500
Customers' deposits (b)	112,456,740	455,449,797	113,435,600	462,250,070
	119,556,740	484,204,797	120,535,600	491,182,570

(a) Statutory deposits on minimum share 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 (2014: 0.08% 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. The 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

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Interest receivable				
- Related parties	57,907	234,523	86,117	350,927
- Other	897,641	3,635,446	788,551	3,213,345
Deposits and prepayments	1,007,405	4,079,990	1,319,579	5,377,284
Derivative financial instruments	12,259,334	49,650,303	4,405,725	17,953,329
Due from related parties	-	-	66,115	269,419
Others	606,744	2,457,314	190,007	774,279
	14,829,031	60,057,576	6,856,094	27,938,583

10. INTANGIBLE ASSETS

2015	Computer and Banking Software	
	US\$	KHR'000 (Note 4)
Cost		
At 1 January 2015	743,889	3,031,348
Transfers from work in progress	210,995	854,530
Currency translation differences	-	(18,598)
At 31 December 2015	954,884	3,867,280
Less: Accumulated amortisation		
At 1 January 2015	738,914	3,011,075
Amortisation	47,377	191,877
Currency translation differences	-	(18,474)
At 31 December 2015	786,291	3,184,478
Carrying amounts		
At 31 December 2015	168,593	682,802

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

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11. PREMISES AND EQUIPMENT

2015

	Computers	Furniture & equipment	Motor vehicles	Leasehold improvements	Work in progress	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 4)
Cost							
At 1 January 2015	11,106,303	3,819,710	608,838	9,688,063	387,486	25,610,400	104,362,380
Additions	-	-	-	-	1,303,793	1,303,793	5,280,361
Transfers	540,261	493,805	-	348,223	(1,593,284)	(210,995)	(854,530)
Written off	(947,637)	(12,075)	(1,410)	-	-	(961,122)	(3,892,544)
Currency translation differences	-	-	-	-	-	-	(640,260)
At 31 December 2015	10,698,927	4,301,440	607,428	10,036,286	97,995	25,742,076	104,255,407
Less: Accumulated depreciation							
At 1 January 2015	9,912,082	2,934,300	570,052	6,981,785	-	20,398,219	83,122,742
Depreciation	443,500	362,645	24,210	848,888	-	1,679,243	6,800,934
Written off	(917,012)	(11,310)	(1,410)	-	-	(929,732)	(3,765,415)
Currency translation differences	-	-	-	-	-	-	(509,955)
At 31 December 2015	9,438,570	3,285,635	592,852	7,830,673	-	21,147,730	85,648,306
Carrying amounts							
At 31 December 2015	1,260,357	1,015,805	14,576	2,205,613	97,995	4,594,346	18,607,101

11. PREMISES AND EQUIPMENT (CONTINUED)

2014

	Computers	Furniture & 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

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FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

12. INCOME TAX

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

Deferred tax assets/(liabilities) comprise:

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Provisions	1,195	4,840	1,195	4,870
Depreciation	794,942	3,219,515	414,542	1,689,259
Other	-	-	(18,969)	(77,299)
	796,137	3,224,355	396,768	1,616,830

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

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Balance at beginning of year	396,768	1,616,830	310,561	1,265,537
Credit from profit or loss	399,369	1,617,444	86,207	351,293
Currency translation differences	-	(9,919)	-	-
Balance at end of year	796,137	3,224,355	396,768	1,616,830

(b) Income tax liability

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Balance at beginning of year	4,521,497	18,425,100	4,668,310	19,023,363
Current tax expense	4,247,568	17,202,650	5,205,139	21,210,941
Income tax paid	(5,193,773)	(21,034,781)	(5,351,952)	(21,809,204)
Currency translation differences	-	(113,036)	-	-
Balance at end of year	3,575,292	14,479,933	4,521,497	18,425,100

12. INCOME TAX (CONTINUED)

(c) Income tax expense

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current tax expense	4,247,568	17,202,650	5,205,139	21,210,941
Deferred tax credit	(399,369)	(1,617,444)	(86,207)	(351,293)
	3,848,199	15,585,206	5,118,932	20,859,648

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:

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Profit before income tax	19,268,170	78,036,089	22,875,086	93,215,976
Income tax using statutory rate	3,853,634	15,607,218	4,575,017	18,643,194
Effect of non-deductible expense	226,116	915,770	271,580	1,106,689
Effect of temporary difference	(301,591)	(1,221,444)	157,198	640,582
Under provision in prior year	70,040	283,662	115,137	469,183
	3,848,199	15,585,206	5,118,932	20,859,648

13. DEPOSITS FROM CUSTOMERS

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current accounts	545,857,288	2,210,722,017	550,007,440	2,241,280,318
Savings deposits	222,208,725	899,945,336	225,272,282	917,984,549
Fixed deposits	89,241,100	361,426,455	105,000,033	427,875,135
	857,307,113	3,472,093,808	880,279,755	3,587,140,002

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FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

13. DEPOSITS FROM CUSTOMERS (CONTINUED)

The above amounts are analysed as follows:

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
(a) By maturity:				
Within 1 month	792,664,436	3,210,290,966	803,134,984	3,272,775,060
2 to 3 months	25,601,805	103,687,310	34,778,380	141,721,898
4 to 6 months	18,143,719	73,482,062	18,796,742	76,596,724
7 to 12 months	20,897,153	84,633,470	23,499,649	95,761,070
1 to 3 years	-	-	70,000	285,250
	857,307,113	3,472,093,808	880,279,755	3,587,140,002
(b) By type of customer:				
Domestic corporations	394,414,281	1,597,377,838	420,178,870	1,712,228,895
Foreign corporations	13,498,280	54,668,034	11,296,861	46,034,709
Individuals	446,709,762	1,809,174,536	447,294,979	1,822,727,040
Other	2,684,790	10,873,400	1,509,045	6,149,358
	857,307,113	3,472,093,808	880,279,755	3,587,140,002
(c) By residency status:				
Residents	840,528,711	3,404,141,280	865,602,418	3,527,329,854
Non-residents	16,778,402	67,952,528	14,677,337	59,810,148
	857,307,113	3,472,093,808	880,279,755	3,587,140,002
(d) By relationship:				
Third parties	823,171,634	3,333,845,118	836,330,264	3,408,045,826
Related parties	34,135,479	138,248,690	43,949,491	179,094,176
	857,307,113	3,472,093,808	880,279,755	3,587,140,002
(e) By currency:				
US Dollars	818,653,001	3,315,544,654	849,285,146	3,460,836,970
Khmer Riel	32,959,824	133,487,287	26,002,499	105,960,184
Other	5,694,288	23,061,867	4,992,110	20,342,848
	857,307,113	3,472,093,808	880,279,755	3,587,140,002
(f) By interest rates (per annum):				
		2015		2014
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%		0.10% - 5.50%

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

14. PAYABLES AND OTHER LIABILITIES

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Employee entitlements	1,282,751	5,195,142	1,508,310	6,146,363
Unearned revenue	493,654	1,999,299	668,663	2,724,802
Accruals	560,753	2,271,050	967,209	3,941,377
Interest payable	813,240	3,293,622	897,878	3,658,853
Banker's cheques	388,050	1,571,603	834,466	3,400,449
Due to related parties	626,678	2,538,046	619,023	2,522,519
Other tax payable	1,790,861	7,252,987	1,614,057	6,577,282
Derivative financial instruments	5,457,917	22,104,564	2,785,946	11,352,730
Others	5,567	22,545	261,872	1,067,128
	11,419,471	46,248,858	10,157,424	41,391,503

15. SHARE CAPITAL

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Shares of US\$100 each: Issued and fully paid 710,000 shares	71,000,000	287,550,000	71,000,000	289,325,000

16. GENERAL RESERVES

On 7 December 2015, the Board of Directors approved to transfer undistributed retained earnings of US\$15,000,000 to the general reserves account. Subsequently, the Bank has notified the National Bank of Cambodia through letter dated 4 March 2016.

17. INTEREST INCOME

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Loans and advances	33,564,209	135,935,046	33,061,645	134,726,204
Placements with banks	2,363,320	9,571,446	1,662,126	6,773,163
	35,927,529	145,506,492	34,723,771	141,499,367

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18. INTEREST EXPENSE

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Fixed deposits	2,142,516	8,677,190	2,520,025	10,269,102
Savings deposits	952,494	3,857,601	950,088	3,871,609
Current deposits	1,462,471	5,923,007	1,320,579	5,381,359
	4,557,481	18,457,798	4,790,692	19,522,070

19. NET FEE, COMMISSION INCOME AND FOREIGN EXCHANGE EARNINGS

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Fee and commission income:				
Trade and payment income	8,807,444	35,670,148	9,129,175	37,201,388
Lending fees	716,641	2,902,396	777,251	3,167,298
Other fees	6,487,863	26,275,845	5,707,629	23,258,588
	16,011,948	64,848,389	15,614,055	63,627,274
Fee and commission expense	(2,586,796)	(10,476,524)	(2,861,437)	(11,660,356)
Net fee and commission income	13,425,152	54,371,865	12,752,618	51,966,918
Foreign exchange earnings	5,168,250	20,931,413	4,886,187	19,911,212
	18,593,402	75,303,278	17,638,805	71,878,130

20. OPERATING EXPENSES

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
(a) Personnel				
Salaries and wages	8,216,282	33,275,942	7,985,507	32,540,941
Performance reward scheme	1,994,687	8,078,482	2,080,588	8,478,396
Pension fund	335,835	1,360,132	312,133	1,271,942
Others	1,045,433	4,234,004	1,105,277	4,504,004
	11,592,237	46,948,560	11,483,505	46,795,283
(b) Premises				
Rental	1,341,077	5,431,362	1,287,974	5,248,494
Utilities and other outgoings	1,233,981	4,997,623	1,115,318	4,544,921
Depreciation of leasehold improvements	848,888	3,437,996	988,023	4,026,194
Others	215,213	871,613	153,942	627,314
	3,639,159	14,738,594	3,545,257	14,446,923
(c) Computer				
Data communication	574,244	2,325,688	589,365	2,401,662
Depreciation and amortisation	490,877	1,988,052	492,100	2,005,308
Computer-related expenses	334,813	1,355,993	884,716	3,605,217
	1,399,934	5,669,733	1,966,181	8,012,187
(d) Other operating expenses				
Advertising	498,082	2,017,232	392,409	1,599,067
Depreciation of motor vehicles, furniture and equipment	386,855	1,566,763	444,022	1,809,390
Inter-group expenses	1,226,501	4,967,329	1,364,865	5,561,825
Withholding tax	790,250	3,200,513	770,845	3,141,193
Travel	325,657	1,318,911	351,770	1,433,463
Postage and stationery	222,012	899,149	193,626	789,026
Professional fees	192,597	780,018	112,467	458,303
Telephone	154,189	624,465	186,234	758,903
Freight and cartage	61,241	248,026	51,529	209,981
Non-lending losses, frauds and forgeries	47,932	194,125	32,375	131,928
License and membership fees	391,339	1,584,922	410,358	1,672,209
Motor vehicle lease and rental	244,062	988,450	256,409	1,044,866
ATM security expenses	79,136	320,501	-	-
Others	782,590	3,169,489	464,780	1,893,978
	5,402,443	21,879,893	5,031,689	20,504,132
	22,033,773	89,236,780	22,026,632	89,758,525

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21. NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Profit before income tax	19,268,170	78,036,089	22,875,086	93,215,976
Adjustments for:				
Amortisation	47,377	191,877	15,824	64,483
Depreciation	1,679,243	6,800,934	1,908,321	7,776,408
Premises and equipment written off	31,390	127,129	4,031	16,426
Allowance for doubtful debt	8,661,507	35,079,103	2,670,166	10,880,926
	29,687,687	120,235,132	27,473,428	111,954,219
Changes in:				
Deposits and placements with banks	20,000,000	81,000,000	26,100,000	106,357,500
Loans and advances	(17,838,703)	(72,246,747)	(27,774,318)	(113,180,346)
Statutory deposits	978,860	3,964,383	(13,931,260)	(56,769,885)
Other assets	(7,972,937)	(32,290,394)	(2,945,518)	(12,002,986)
Deposits from customers	(22,896,537)	(92,730,975)	60,464,236	246,391,762
Payables and other liabilities	1,262,047	5,111,290	3,584,005	14,604,820
Net cash generated from operations	3,220,417	13,042,689	72,970,573	297,355,084
Income tax paid	(5,193,773)	(21,034,781)	(5,351,952)	(21,809,204)
Net cash (used in)/generated from				
operating activities	(1,973,356)	(7,992,092)	67,618,621	275,545,880

22. CASH AND CASH EQUIVALENTS

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash and bank balances (Note 5)	194,760,992	788,782,018	143,913,363	586,446,954
Deposits and placements with banks				
(with original maturities of 3 months or less)	243,475,222	986,074,649	297,600,000	1,212,720,000
	438,236,214	1,774,856,667	441,513,363	1,799,166,954

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:

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Bank guarantees	30,616,326	123,996,120	34,054,500	138,772,088
Letters of credit	76,508,048	309,857,595	116,035,556	472,844,891
Unused portion of loans and advances	49,775,026	201,588,855	44,387,821	180,880,371
Foreign exchange commitments	(15,460,213)	(62,613,863)	6,810,033	27,750,884
	141,439,187	572,828,707	201,287,910	820,248,234

(b) Lease commitments

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

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Within 1 year	1,263,130	5,115,676	1,156,612	4,713,194
2 to 3 years	2,104,815	8,524,501	1,639,596	6,681,354
4 to 5 years	422,240	1,710,072	300,230	1,223,437
More than 5 years	17,500	70,875	47,500	193,562
	3,807,685	15,421,124	3,143,938	12,811,547

(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:

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Interest income	857,484	3,472,810	701,802	2,859,843
Interest expense	122,464	495,979	161,159	656,723
Rental expense	330,000	1,336,500	330,000	1,344,750
Purchase/transfer technology from				
ANZ Banking Group Limited	1,820,143	7,371,579	2,333,982	9,510,977

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's 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 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

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Loans and advances				
Individually impaired	31,561,188	127,822,812	23,356,219	95,176,593
Past due but not impaired	1,475,020	5,973,831	14,657,191	59,728,053
Neither past due nor impaired	428,503,783	1,735,440,321	411,683,650	1,677,610,873
	461,539,991	1,869,236,964	449,697,060	1,832,515,519
Allowance for bad and doubtful loans and advances	(20,733,630)	(83,971,202)	(12,836,953)	(52,310,583)
Interest in-suspense	(2,223,486)	(9,005,118)	(7,454,428)	(30,376,794)
	438,582,875	1,776,260,644	429,405,679	1,749,828,142

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.

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

	2015		2014	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Against individually impaired:				
Land	29,806,473	120,716,216	17,806,191	72,560,228
Buildings	9,553,043	38,689,824	2,080,595	8,478,424
Past due but not impaired:				
Land	2,785,864	11,282,749	1,870,090	7,620,617
Buildings	1,365,324	5,529,562	339,130	1,381,955
	43,510,704	176,218,351	22,096,006	90,041,224

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

(ii) Exposure to credit risk (continued)

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 2015, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

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25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

31 December 2015	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	61,171	-	-	-	-	-	133,590	194,761	1.62%
Deposits and placements with banks	120,475	123,000	-	-	-	-	-	243,475	1.01%
Loans and advances	72,716	118,814	81,083	27,004	73,391	88,532	-	461,540	7.08%
- Allowance for bad and doubtful loans and advances	-	-	-	-	-	-	(20,734)	(20,734)	0%
- Interest in-suspense	-	-	-	-	-	-	(2,223)	(2,223)	0%
Other assets	-	-	-	-	-	-	14,829	14,829	0%
	254,362	241,814	81,083	27,004	73,391	88,532	125,462	891,648	
Liabilities									
Deposits from other banks	-	-	-	-	-	-	106	106	0%
Deposits from customers	246,883	25,602	18,144	20,897	-	-	545,781	857,307	0.53%
Payables and other liabilities	-	-	-	-	-	-	11,419	11,419	0%
	246,883	25,602	18,144	20,897	-	-	557,306	868,832	
Maturity gap	7,479	216,212	62,939	6,107	73,391	88,532	(431,844)	22,816	
(KHR' million equivalents - Note 4)	30,290	875,659	254,903	24,733	297,234	358,555	(1,748,968)	92,406	

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	1.62%
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	
(KHR' million equivalents - Note 4)	(290,739)	592,265	76,683	117,515	126,125	1,254,709	(1,846,778)	29,780	

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 2015	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	-	-	-	-	-	106	106
Deposits from customers	792,664	25,602	39,041	-	-	-	857,307
Payables and other liabilities	-	-	-	-	-	11,419	11,419
Total	792,664	25,602	39,041	-	-	11,525	868,832
(KHR' million equivalents - Note 4)	3,210,290	103,687	158,116	-	-	46,676	3,518,770

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
(KHR' million equivalents - Note 4)	3,272,775	141,721	172,360	285	-	41,512	3,628,653

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

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		2015			2014
				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	148,670,695	1,021,078,673	14.56%	12.95%
2	Capital tier 1 to total assets	Capital tier 1	Total assets	143,483,300	1,021,078,673	14.05%	12.45%
3	Capital tier 1 to risk weighted assets	Capital tier 1	Risk weighted assets	143,483,300	652,984,608	21.97%	19.61%
4	Capital tier 1 + tier 2 to risk weighted assets	Capital tier 1 + tier 2	Risk weighted assets	147,798,037	652,984,608	22.63%	20.26%
5	Net worth to total assets	Net worth	Total assets	147,798,037	1,021,078,673	14.47%	12.86%
6	Solvency ratio	Net worth	Risk weighted assets	147,798,037	652,984,608	22.63%	20.26%
7	Debts to total assets	Total liabilities	Total assets	872,407,978	1,021,078,673	85.44%	87.05%
8	Debt to equity	Total liabilities	Equity	872,407,978	148,670,695	586.81%	672.26%
9	Dividend to net profit	Dividend	Net profit	-	15,419,971	0.00%	-
ASSET QUALITY							
10	Banking reserve to total loans	Banking reserves	Total loans (gross)	4,314,737	461,539,991	0.93%	0.93%
11	Banking reserve to total assets	Banking reserves	Total assets	4,314,737	1,021,078,673	0.43%	0.41%
12	NPL to total loans	NPL	Total loans (gross)	31,561,188	461,539,991	6.84%	5.18%
13	NPL to total assets	NPL	Total assets	31,561,188	1,021,078,673	3.09%	2.27%
14	Classified assets to total loans	Classified assets	Total loans (gross)	31,561,188	461,539,991	6.84%	5.18%
15	Classified assets to total assets	Classified assets	Total assets	31,561,188	1,021,078,673	3.09%	2.27%
16	Classified assets to equity	Classified assets	Equity	31,561,188	148,670,695	21.23%	17.51%
17	Loan to related parties to total loans	Loan to related parties	Total loans (gross)	704,065	461,539,991	0.15%	0.20%
18	Large exposure to total loans	Large exposure	Total loans (gross)	125,112,894	461,539,991	27.11%	29.41%
19	Loan to related parties to net worth	Loan to related parties	Net worth	704,065	147,798,037	0.48%	0.69%
20	Large exposure to net worth	Large exposure	Net worth	125,112,894	147,798,037	84.65%	100.03%
21	General provision to total loans	General provision	Total loans (gross)	4,314,737	461,539,991	0.93%	0.93%
22	Specific provision to total loans	Specific provision	Total loans (gross)	16,418,893	461,539,991	3.56%	1.92%
23	Specific provision to NPL	Specific provision	NPL	16,418,893	31,561,188	52.02%	37.07%
24	All allowances to total assets	Total all allowances	Total assets	20,733,630	1,021,078,673	2.03%	1.25%
25	Loans to deposits	Total loans to non-bank customers (gross)	Customers' deposits	461,539,991	857,307,113	53.84%	51.09%

No.	Other Ratios	Formula by NBC		2015			2014
				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	15,419,971	1,021,078,673	1.51%	1.73%
27	Return on equity	Net profit	Equity	15,419,971	148,670,695	10.37%	13.34%
28	Gross yield	Interest income	Total assets	35,927,529	1,021,078,673	3.52%	3.38%
29	Net interest margin to total assets	Interest income-interest expense	Total assets	31,370,048	1,021,078,673	3.07%	2.91%
30	Other income to total assets	Other incomes	Total assets	18,593,402	1,021,078,673	1.82%	1.99%
31	Provision to total assets	Provisions	Total assets	20,733,630	1,021,078,673	2.03%	1.25%
32	Overhead to total assets	Non-interest expenses	Total assets	22,033,773	1,021,078,673	2.16%	2.42%
33	Net income before tax to total assets	Net income before tax	Total assets	19,268,170	1,021,078,673	1.89%	2.22%
34	Taxes to total assets	Taxes	Total assets	3,848,199	1,021,078,673	0.38%	0.50%
35	Interest margin to gross income	Interest income – Interest expense	Gross income	31,370,048	54,520,931	57.54%	54.20%
36	Non-interest income to gross income	Non-interest income	Gross income	18,593,402	54,520,931	34.10%	37.12%
37	Non-interest expense to gross income	Non-interest expense	Gross income	22,033,773	54,520,931	40.41%	45.07%
38	Times interest earned	Profit before tax + interest expense	Interest expense	23,825,651	4,557,481	5.23 times	5.77 times
LIQUIDITY							
39	Liquid asset	Liquid asset	Total assets	243,475,222	1,021,078,673	23.84%	44.89%
40	Short-term liabilities	Short-term liabilities (less than one year)	Total assets	876,722,715	1,021,078,673	85.44%	87.05%
41	Net liquid assets	Liquid assets – short-term liabilities	Total liabilities	(633,247,493)	872,407,978	-72.09%	-48.43%
42	Quick ratio	Quick assets*	Current liabilities	243,475,222	872,407,978	27.91%	51.57%
43	Deposits to total loans	Total customers' deposit	Total loans to non-bank customers (gross)	857,307,113	461,539,991	185.75%	195.75%

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

BRANCH LOCATIONS



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:

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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