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柬埔寨邮政銀行 CAMBODIA POST BANK PLC.

ANNUAL REPORT 2018

ABOUT CPBank

The Cambodia Post Bank Plc. (CPBank) is established in September 2013 as a commercial Bank with strategic partnership among CANADIA Investment Holding Plc (CIH), Cambodia Post (CP) Ministry of Post and Telecommunications Kingdom of Cambodia and Fullerton Financial Holdings Pte. (FFH).

CPBank has grown steadily over the last five years with the aim to be the best mass market bank that enriches lives and fulfills the growing aspirations of the people of Cambodia and creates sustainable value for shareholders, employees, and society. CPBank is always at the forefront of adopting financial technology towards the digitization to provide a convenient and better customer experience. We have 40 ATMs nationwide along with our mobile banking services to ensure customer convenience to get the Banking services at their fingertips. We are pioneer member of Cambodian Shared Switch (CSS) and FAST Payment System which will allow our customers to access to other ATM network and settle payment on real time basis. We also expanded our physical presence and today we have 45 branch network across the country served by our 1,441 staffs to deliver our services to our customer doorsteps.

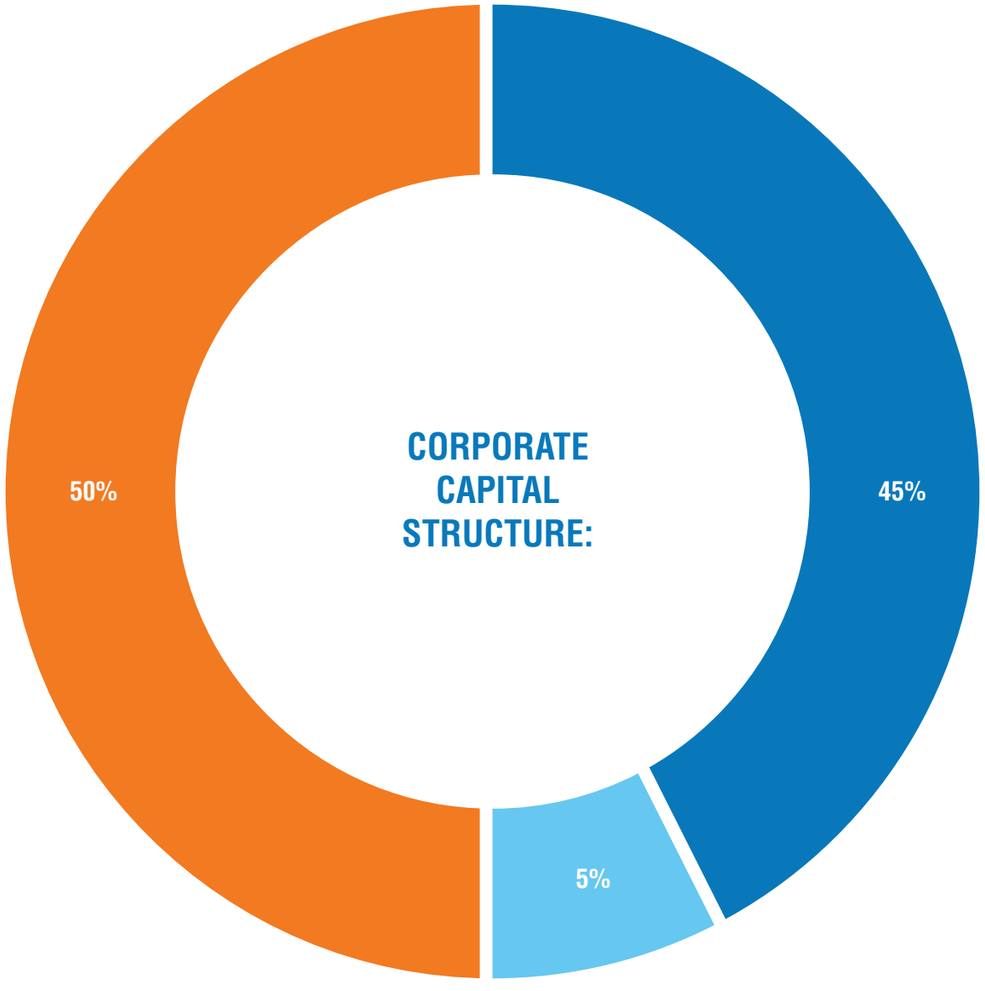
Our total asset reach to USD 775 million as of 31st December 2018. We will continue to reinvent and make significant effort to maximize the potential to deliver product and services commensurate the need of our customers. In 2019, we will bring new products like Visa Card, mobile banking services with new features and automation of Loan Origination.

CPBank is committed to build a culture where code of conduct and standards will be given with the highest priority. We will keep our momentum to provide best in class customer service, innovative products and convenient services to enrich lives and fulfills the dream of our customers.

REGISTERED CAPITAL

Initially Bank started its operation with register capital of USD 38 million which has increased to USD 58 million in January 2017 with the growing business need. As part of capital management plan, Bank has increased its capital further to USD 70.79 million in September 2017 and to USD 76 million in March 2018.

SHAREHOLDERS



1 Canadia Investment Holding PLC

2 Fullerton Financial Holdings

3 Ministry of Posts and Telecommunications

1). Canadia Investment Holding PLC

Canadia Investment Holding (CIH) is one of Cambodia's largest and most successful financial holding companies, with a portfolio of financial services investments in banking, micro-finance and insurance serving Large Corporate, SME and Mass Market customers throughout Cambodia. CIH has in-depth knowledge of the Cambodian market and operates with discipline and efficiency.

2). Fullerton Financial Holdings

Fullerton Financial Holdings (FFH) invests in and operates financial institutions in emerging markets by differentiating through great people, disciplined development and execution of unique business models that focus on the SME and mass market customer segments.

Currently, FFH has investments in 8 countries in South and South East Asia with a total of over 2,800 branches and outlets with more than 70,000 staff serving 10.6 million customers. FFH is wholly owned subsidiary of Temasek Holdings (Private) Limited, an investment company based in Singapore.

3). Cambodia Post

Cambodia Post of Ministry of Posts and Telecommunications (MPTC) is the government ministry that governs the postal and telecommunications systems of Cambodia.

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CORPORATE **MILESTONES**

2013

- Official launch as Commercial Bank on 26th September
- Implement T24 Core Banking system
- On board major Functional Heads
- Explore the most potential Locations for Branch Officers
- Achieved USD 46M asset size with 253 staff

2014

- Rolled out Integrated Risk Management Framework
- Rolled out Operational Risk Management framework
- Expanded branch network to 19
- Increased Asset size to USD 129M with 340 staff
- Achieved Net profit of USD 1.6M

2015

- Chief Risk Officer Function is created
- Started to analytic CBC scrub by regularly bi-annually
- Completed operational Process re-engineering for quick turnaround time
- Opened 12 new branches and total branch network increased to 31
- Asset size increased to USD 255M with 1,025 staff
- Net Profit after Tax increased to USD 4.5M

2016

- Create digital service delivery channel
- Launch ATM services
- Equipped branches with enhanced customer service ability
- Opened 6 new branches and total branch network increased to 37
- Achieved USD 416M asset size with 1,082 staff
- Net Profit after Tax doubled to USD 8.2M

2017

- Acquired 100% stake of FUNAN Microfinance Plc. with 50 branch network
  tripled FUNAN's asset size within a year
- Official Launch of Mobile Banking Services
- Become member of FAST payment System
- Partnership with Wing for loan Collection
- Increased Capital to USD 71M
- Opened 5 more new branches with total branch network increased to 42
- Total Distribution network increased to 91
- Total asset reached to USD 579M with 1,281 staff
- Achieved USD 8.5M Net Profit after Tax
- Corresponding Banking partnership with DBS (Singapore) and ICBC (China)
- Introduced 20 mobile touch point
- Centralized Asset operations

2018

- Implement Credit Application Score Card
- Developed Capital Management Framework
- Opened 3 more New Branches and total branch network increased to 45
- Become pioneer member of Cambodian Shared Switch (CSS)
- Total asset reached to USD 775M with 1,441 staff
- Achieved USD 14.9M Net Profit
- Partnership with Sovannaphum Life Assurance Plc.
- Partnership with Canaltay for Loan Collection

OPERATION NETWORKS

CPBank got its commercial bank license from National Bank of Cambodia to operate and provide the financial services in Cambodia during September 2013.

In 2014, CPBank has expanded to 19 branches in Cambodia where 7 branches are around Phnom Penh: Main branch, Teuk Thla, Takhmao, Cana City, Chba Am Pao, Olympic and Sovanna; and other 12 others are in provinces and districts such as: Kampong Thom, Battambang, Kampot, Paoy Paet, Kampong Cham, Pursat, Siem Reap, Thmar Koul, Banteay Meanchey, Takeo, Kampong Speu and Bakan. CPBank is the modestly growing bank that serves customer fast with innovative products and services.

In 2015, CPBank increases 12 more branches and those are at Svay Rieng, Prey Veng, O Bek Kaorm, Kien Svay, Puok, Stoung, S'ang, Pailin, Oddar MeanChey, Chroy Changvar, Bavet, and Sampov Loun.

In 2016, CPBank expanded another 6 branches more which are located at Angk Snoul, Preah Sihanouk, Ponhea Kraek, Baray, Memot and Kratie.

In 2017, CPBank has continued to increase branch network and open 5 more branches at Krong Battambang, Siem Reap Phsar Leu, Rotanak Mondul, Cheung Prey and Doun Penh.

In 2018, CPBank opened 3 more branches in Sen Sok (Aeon Mall II), Mok Kompul District and Tram Kak District to make financial services convenient at their doorsteps for managing the needs for cash and payment.

All our branches are equipped with advanced technology and well trained professional staff for financial consultation on our products and services.

With our focused approach to serve the mass market customers and small businesses, CPBank will leverage the local knowledge of Canadia Investment Holding Plc. and Cambodia Post, and the international best practices expertise of Fullerton Financial Holdings. We will serve these customer segments with innovative use oftechnology backed with rigorous risk management oversight and sound corporate governance. Cambodia Post Bank Plc. is intended to be the top 10 commercial bank in the coming years and serve the aspiring Cambodian to enable their success and fulfill their growing financial needs.

Scan QR Code for Online Maps

DO THE BEST TODAY
FOR BEING A **LEADER** TOMORROW

We Believe in Our People and Inspire Our People in Belief of Our Culture - "Do The Best Today for Being a Leader Tomorrow."

Our people are our most valuable asset. Nothing we do is more important than attracting, inspiring, and retaining talents to create long-term value for our customers, our shareholders and our communities.

We recognize the importance of each individual's contribution to the value we created, and place the considerable emphasis on attracting and empoweringthe best people to make these contributions. We attract people not just only their talents, but who embody the value of encouraging conviction and commitment.

The investment in skills and accelerating employees'professional and personal development which are the essential components of the Bank's people agenda.

Acknowledging an employee's performance and development as well as their personal contribution to overall CPB's success is key that's why we always prioritize people promotion within the Bank. We always recommended any employee who been performed well and demonstrated the Bank's value at all times and always contributed to the success of the Bank's objectives the prizes, especially an opportunity for promotion to higher role within the Bank.

With this culture, most of our people appreciate and believe that if they do the best today, they will have an opportunity of becoming a leader tomorrow (in the future)!

CORPORATE GOVERNANCE

Good corporate governance enhances the reputation and provides greater confidence to all stakeholders - customers, investors, regulators, employees, suppliers and the community at large. CPBank continue to maintain the sound corporate governance culture and effective internal audit function.

The established Corporate Governance Structure comprising the following parties, provides a comprehensive framework to (i) independent internal auditor who reports to the Chairman of the Audit Committee and note to the management (ii) independent external auditor who is appointed by the board and submits their report to the board (iii) management committees which are responsible for various day to day operations of the bank (iv) various codes of conduct, whistle blower policies that are in place. (v) Board / committees have oversight and approve important operating policy and processes where the execution of these policies and plans being the responsibility of the management.

The role of the Board is defined by taking into account prevailing international best practices while ensuring compliance with local legal and regulatory framework. The current corporate governance structure includes the Board of Directors (BOD) and different Board committees and executive committees.

BOARD COMMITTEEs

Three Board Committees will assist the Board in focusing on specific matters, fulfil their roles and responsibilities delegated by the Board, report to the Board on decisions and actions taken, monitor the management's performance, and make any necessary recommendations. These three committees are as below:

- **Audit Committee**
- **Risk Oversight Committee**
- **Remuneration and Nomination Committee**

1. Audit Committee (AC):

This committee is constituted to ensure safe and sound corporate governance and it is vested with necessary powers as defined in its Charter to achieve its objectives. The powers and terms of reference of the Audit Committee are comprehensive and comply with the requirements as set out by Article 131 of the Law of Commercial Enterprise, as well as Article 8 of the National Bank of Cambodia's Prakas B7-08-211 on Governance in Bank and Financial Institutions. The Chairperson of this committee is a Non-Executive Independent Director who also answers all queries from shareholders at Annual General Meeting.

Members:

The AC consist of not less than 3 members. The Chairman of the AC is a non-executive, independent Director of the Bank. All the members of the AC are independent of the management of the Company. The existing AC are as below:

▪ **Mr. Giang Sovann**	Chairman
▪ **Dr. Pung Carolyne**	Member
▪ **Mr. Lee Meng Teck Victor**	Member

Meeting:

The AC meets as frequently as required, but not less than 4 times a year.

2. Risk Oversight Committee (ROC):

This committee includes three members and chaired by a person with expertise in risk management of finance and banking. The committee undertakes key duties as decided by the Board of Directors and documented in its Terms of Reference, and any such duties delegated to it. The committee is also responsible for monitoring the implementation of risk management policies as defined

by the Board. It also plays a key role in giving professional advice to the risk function of the bank with best international practice.

Members:

The Board appoints the ROC Chairperson and the term of office is for three years from the date of appointment.

The ROC can be composed of non-executive directors and experts who are not directors of the Company of whom are considered by the board to be independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgment. The existing ROC are as below :

▪ **Mr. Lee Meng Teck Victor**	Chairman
▪ **Mr. Giang Sovann**	Member
▪ **Mr. Neo Poh Kiat**	Member

Meeting:

Meetings are held as and when deemed appropriate, but at least four times a year. The Chairperson of the ROC may convene additional meetings if deemed necessary.

3. Remuneration and Nomination Committee (RNC):

This committee is constituted by the Board to meet requirements of Governance to deliver best practice for the bank. The Chairperson of this committee is an Independent Director. The committee is responsible for implementing a very good remuneration policy to be consistent with the long-term objectives and corporate values of the bank. It also recommends some procedures to select and replace board members and independent individuals who will potentially become committee members. The committee approves the nomination of senior managements as well.

The Committee is appointed by the Board and consists of 3 members and a Secretary of the Committee. The Board shall have the power at any time to remove any members from the Committee and to fill any vacancies created for such removal.

Members:

▪ Mr. Neo Poh Kiat	Chairman
▪ Dr. Pung Carolyne	Member
▪ Mr. Gan Chee Yen	Member

Meeting:

Meetings shall be held as and when appropriate, but at least twice a year. The Chairperson of the Committee may convene additional meetings if deemed necessary.

MANAGEMENT COMMITTEEs

CPBank has seven Management Committees to assist the Chief Executive Officer (CEO) in focusing on specific matters, monitoring and tracking an overall brank's operation, performance and also fulfil their roles and responsibilities delegated by the CEO, report to the CEO on decisions and actions taken, monitor the bank's performance, and make any necessary recommendations on general matters arises on daily business operation.

1. Executive Committee (EXCO):

This committee consists of all Chiefs and Head Departments who are under direct reporting to Chief Executive Officer (CEO). Other important Head Departments or Managers can also be invited as deemed necessary. This committee is chaired by CEO. This committee is to support the CEO, in monitoring and tracking on the overall bank's operations, performance and progress of day-to-day activities from each business unit as well as decide on the general matter arises from daily business operations.

Members:

The EC member shall comprise all one-level down from CEO (CEO's direct reports), including:

- EVP & Chief Financial Officer
- EVP & Chief Operating Officer
- EVP & Chief Risk Officer
- EVP & Chief Human Resources Officer
- EVP & Chief Sale & Distribution Officer
- Head of Marketing & Product Development
- Head of Legal and Compliance (Invitee)
- Head of Internal Audit (Invitee)

Meeting:

Meetings shall be held as and when appropriate, but at least once a month. The Chairperson of the Committee may convene additional meetings if deemed necessary.

2. Customer Service and Compliant Handling Committee (CSCHC):

This committee is chaired by Head of Legal and Compliance. The purpose of the Committee is to inform members on the importance of Customer Service and Complaint Handling and to assist, coordinate education and training as well as building a culture of customer service and standard complaint handling for the purpose of improving and providing excellent service and customer satisfaction. In addition, CSCHC will oversee, monitor, evaluate and recommend all aspect of customer perceptions, complaint and customer satisfaction as well as service provided to customers.

Members:

▪ Head Legal and Compliance (HLC)	Chairperson
▪ Chief Executive Officer (CEO)	Member
▪ Chief Operating Officer (COO)	Member
▪ Chief Human Resources Officer (CHR)	Member
▪ Head of Marketing & Product Development (HMP)	Member
▪ Head of Marketing Unit (HMU)	Member
▪ Head of Legal Unit (HLU)	Secretary

Meeting:

Meetings shall be held as and when appropriate, but at least once in a month. The Chairperson of the Committee may convene additional meetings if deemed necessary.

3. Operational Risk Management Committee (ORMC):

This committee includes twelve members and it is chaired by Chief Risk Officer. The bank has established ORMC to ensure the identification, monitoring and management of all operational risks of the Bank. The purpose of the ORMC is to:

- Implement and maintain an effective operational risk management framework for the bank.
- Oversee and improve operational issues containing potential risks to enhance risk management practices to be able to avoid or mitigate critical operational risks for the bank.
- Be responsible for implementation and monitoring of the operational risk management framework as well as policies in conformity with business and risk strategies of the bank.
- Ensure compliance with the Program Governance and Monitoring Framework.

Members:

The ORMC will comprise of the following members

Chief Risk Officer (CRO)	Chairperson
Chief Executive Officer (CEO)	Alternate Chairperson
Chief Operating Officer (CFO)	Member
Chief Financial Officer (COO)	Member
Head of Credit (HOC)	Member
Head of Risk Management (HORM)	Member
Head of Marketing & Product Development	Member
Head of Legal & Compliance	Member
Head of Operational Risk Management Unit	Secretary

Meeting:

Meetings shall be held as and when appropriate, but at least once in a month. The Chairperson of the Committee may convene additional meetings if deemed necessary.

4. Assets and Liabilities Committee (ALCO):

The purpose of the Committee is to monitor all elements of Assets and Liability Management, and of major concern like liquidity, loan to deposit ratio, exposure due to reliance on given deposit categories & specific customers, limits on maximum and minimum maturities for assets & liabilities and sensitivity of interest rates. The Company's interest is to ensure that all elements of assets and liability management are properly disclosed and managed transparently and accurately.

Members:

The ROC will appoint the ALCO Chairperson and the term of office is for three years from the date of appointment. The ALCO will comprise of the following members.

Chief Executive Officer (CEO)	Chairperson
Chief Financial Officer (CFO)	Member
Chief Operating Officer (COO)	Member
Chief Risk Officer (CRO)	Member
Treasury Head	Member
Head of Marketing & Product Development	Member
Executive Secretary	Minute taker

Meeting:

Meeting shall be held as and when appropriate, but at least a time per month. The Chairperson of the ALCO may convene additional meetings if deemed necessary.

5. Credit Committee (CC):

The Credit Committee (CC) is established to ensure the compliance with program governance and portfolio management of the Bank. The purpose of the CC is to:

- Approve credit guidelines allowed under the program Governance Framework and credit limit granted for a customer or a group of related customers as per delegated authority provided by the Board Committee.
- Be responsible for implementation and monitoring of the credit risk management frameworks and policies in concerning with the Company business as whole.
- Ensure compliance with the Program Governance and Monitoring Framework.

Members:

The CC will comprise of the following members:

Chief Risk Officer (CRO)	Chairperson
Chief Executive Officer (CEO)	Member
Chief Financial Officer (CFO)	Member
Chief Operating Officer (COO)	Member
Head of Credit (HOC)	Member
Head of Risk Management	Secretary

Meeting:

Approvals can be done via emails as and when there is a case required CC Approval. A formal meetings on the other matters stated in the duties set shall be held at least once in a month. The Chairperson of CC may convene additional meetings if deemed necessary.

6. Procurement Committee (PROCO):

The purpose of the PROCO Committee is to seek value for money in all procurement. Value for money is achieved in an open competitive environment in which suppliers can be confident that their proposals will be assessed based on merit. It does not automatically mean "lowest prices"; it incorporates and considers fitness for purpose; fair market price; return on investment; whole-of-life costs; timely delivery; post-delivery support; environmental sustainability; social responsibility; evidence of previous performance of experience, effective warranty and conformity to law.

Members:

The PROCO Committee will comprise of the following members:

Chief Financial Officer (CFO)	Chairperson
Chief Executive Officer (CEO)	Member
Chief Operating Officer (COO)	Member
Head of Risk Management Department	Member
Administration & Procurement Manager	Member & Secretary

Meeting:

Meeting shall be held as and when appropriate. The Chairperson of the PROCO may convene additional meetings if deemed necessary.

7. Human Resource Committee (HRC):

The purpose of the HRC is to ensure that the decision making process of internal staff appointment/recruitment, promotion, punishment, transfer, and salary increment at staff level 1 to level 9 are transparent and fair.

Members:

The committee members should be careful to avoid conflicts of interest that would compromise their judgment, and should excuse themselves from any decision in which there may be conflicts of interest, whether actual, potential or apparent. The permanent members consist of:

Chief Human Resources Officer (CHR)	Chairperson
Chief / Head Operating Officer (COO/HOO)	Member
Chief Financial Officer (CFO)	Member
Head of Legal and Compliance	Member
Head of Marketing and Products Development	Member
Human Resources Business Partner	Secretary

Meeting:

Meeting shall be held as and when appropriate.

Related Head Departments are invited to join the meeting case by case.

The Chairman of the Committee may convene additional meetings if deemed necessary.

RISK **MANAGEMENT**

Every business faces uncertainties or risks in its operating environment, which, if not managed and mitigated, would not only disrupt the achievement of its strategic and operational objectives, but may also cause massive losses that could result in extensive financial and reputational loss. Effective risk management enables Banks to take better and informed decisions that substantially improve the probability of achieving the strategic and operational objectives.

As a growing Bank in Cambodia, Cambodia Post Bank (CPBank) has established its Integrated Risk Management Framework covering all risk management activities of the Bank, so risk management is an integral part of the Bank management and control system. This system promotes timely identification, analysis, measurement, management and reporting of risk, and forms the basis of successful management which ensures efficient allocation of capital and optimization of key performance indicators. With respect to CPBank's Risk Governance, Risk Management Function has developed an appropriate risk appetite statement for the Bank to be able to monitor and follow strategic objectives. Accordingly, material risks including credit, operational, liquidity and market risks are regularly monitored and effectively mitigated to ensure that the Bank always maintain its economic capital, regulatory capital adequacy, liquidity position, and other regulatory compliances. Close monitoring and reporting of potential risks allow us to detect deviations from the pre-determined levels of risk tolerance at an early stage.

CPBank has few management sub-committees such as CC (Credit Committee) for credit risk and loan portfolio management, ALCO (Assets and Liabilities Committee) for interest rate and liquidity risk management, and ORMC (Operational Risk Management Committee) for operational risk management including compliance risk, legal risk, information security risks, fraud risks, and money laundering risks. Our risk management function reported directly to the Risk Oversight Committee at board level who periodically review our risk policies and processes to ensure its relevance and proper implementation. We manage the identification, assessment and mitigation of top and emerging risks through an internal governance process with the use of risk management tools and processes. Our approach to identification and impact assessment aims to ensure that we mitigate the impact of these risks on our financial results,

long-term strategic goals and reputation.

As part of our regular analysis, sensitivities of the key portfolio risks are reviewed using a bottom-up risk assessment, complemented by a top-down macro-economic and political scenario analysis. This two-pronged approach allows us to capture both those risk drivers that have an impact across our risk inventories as well as those relevant only to specific portfolios.

We are committed to continue to strengthen risk management capabilities and control with enhancement related to risk procedures, risk policies, risk tools, risk analytics, and risk reports. At the same time our credit underwriting and credit control procedures as well as credit policies are also periodically reviewed and fine-tuned to balance between speed, cost and risk control along with regulatory changes. Risk awareness is constantly raised through a series of internal trainings. Through continuous implementation of best practices to improve the portfolio quality, CPBank could able to manage the NPL rate despite relatively slower credit growth than previous years in a challenging market environment.

CREDIT RISK MANAGEMENT

CPBank regularly monitor its concentration risk by product, customer segment, business sector etc. In 2018, we have developed overall credit risk management policy in line with the regulatory changes and adopted that in our practices. We have also reviewed all our product program, financial institution counterparty exposures. We have implemented internal application score card and also finalize the partners for Loan Origination System, Collections Management System to facilitate risk management for different stages of the credit life cycle. We aspire to be a Bank with infinite possibilities backed by technology to enhance the capability to serve our customer at their convenience with an experience and satisfaction.

In the midst of challenging global economic backdrop, particularly in possible withdrawal of Everything but Arms (EBA) scheme from the European Union (EU), key downside risks are focused on monetary policy and (geo) political risks. Growth in construction sectors contributed one-fifth to the economic growth and the cycle of development may impact this contribution. We have performed the assessment of the potential impacts of these risks is integrated into our stress tests which assess our ability to absorb these events should they occur. The results of these tests showed that the currently available capital and liquidity reserves, in combination with available mitigation measures, would allow us to absorb the impact of these risks if they were to materialize in line with the tests' parameters. With the regulatory requirement of implementing CIFRS, we have already made ourselves to be complied with the IFRS9 for impairment which was one of our key focus in 2018. We also have developed policy and procedure for Environmental and Social Management system for sustainability which will be deployed in line with our commitment to the society we are operating.

The overall focus of risk and capital management throughout 2018 was on maintaining our risk profile in line with our risk strategy, increasing our capital base to support our strategic management initiatives with a focus on balance sheet optimization.

OPERATIONAL RISK MANAGEMENT

CPBank continued to follow the Operational Risk Management Framework to be able to assess, analyze, measure, monitor and manage operational risk exposures in its operation. In 2018, the Bank has extended its risk control self-assessment (RCSAs) program exhaustively with activities to help constitute a risk culture and risk-based environment in operational risk control. We have also performed Business Continuity Plan (BCP) test twice during 2018 in order to assess our capability to operate under any unforeseen event.

LIQUIDITY RISK MANAGEMENT

CPBank fully monitors its liquidity position through regular cash flow analysis along with maximum cash outflows in consideration. These practices have been supporting the Bank in forecasting and reacting smoothly and effectively in normal and stressed scenarios and also help the Bank maintain a sound liquidity position. To approach an international standard, CPBank already adopted Liquidity Coverage Ratio for short-term liquidity which is a liquidity standards under Basel III. By 2018, CPBank maintained the liquidity fairly well with full compliance with regulatory requirements. CPBank also has some defined management action triggers in place, under the risk appetite statement, to approach safe and sound practices of managing the risk at its early stage.

COMPLIANCE

The Cambodia Post bank Plc. is committed to follow best practices and market standards in areas of accountability, transparency and business ethics in order to promote sustainability. Good governance and corporate social responsibility form an integral part of market standards. At the core of these efforts are integrity issues and the reputation risk the Bank faces in its activities. To manage these issues the Bank has established an independent compliance function. The bank has developed the compliance policy intended to present how Cambodia Post Bank Plc. defines compliance and the Compliance function's role and responsibilities regarding the management of compliance risks.

This Policy has been updated and approved by the Board of Directors and enters into force as of 1st December, 2017. The Policy will be subject to review at least every three years or as needed to ensure that it reflects developments in the market and best practices, taking into account the changing environment of the Bank and with due regard to the resources assigned from time to time to the Compliance function.

THE COMPLIANCE PROGRAM OF THE BANK HAS THE FOLLOWING:

(a) AML/CFT compliance:

Cambodia Post Bank Plc. has strongly committed to the fight against money laundering and financing of terrorism. The bank has set up the comprehensive policy and procedure on anti-money laundering and counter financing of terrorism in line with the law and Prakas on AML/CFT. All the relevant staff is required to strictly implement this policy and procedure.

(b) Legal compliance:

Cambodia Post Bank Plc. has fully adhered to relevant laws and regulation. Cambodia Post Bank Plc. has created the compliance checklist to evaluate the performance of the bank. Legal & Compliance department of the bank is the main facilitator and monitoring the implementation of the whole bank in term of legal/ regulatory compliance.

(c) Whistleblowing:

The Bank is committed to achieving and maintaining the highest standards of openness, probity and accountability. Either stakeholders or employees at all levels are expected to conduct themselves with integrity, impartiality and honesty. The implementation has been enforce within the whole bank to encourage the bank staff to report the significant matters which may include but are not confined to:

- Breach of legal or regulatory requirements;
- Malpractice, impropriety or fraud relating to internalcontrols, accounting, auditing and financial matters;
- Endangerment of the health and safety of an individual;
- Violation of rules of conducts applicable within the Bank;
- Deliberate concealment of any of the above.
- Criminal offenses, breach of civil law and miscarriage of justice.
- Potential conflict of interest situation
- Damage caused to the environment;
- Improper conduct or unethical behavior likely to prejudice the standing of the Bank;

(d). Customer Complaints Handling:

The bank is commit to provide customers the best service in class. The Bank has established the policy on the customer complaint handling to resolve customer complaints fairly, effectively and efficiently which will be in line with the Prakas No. B7-017-299 Pro Kor dated 27 September, 2017 on the customer complain handling, which has been issued by National Bank of Cambodia. This policy applies in the whole bank regarding to our products, service, staff and complaint handling.

(e) FATCA Compliance:

Cambodia Post Bank Plc. has also implemented the FATCA program as well. Now, the FATCA become local law because the government of Cambodia has signed the Inter Government Agreement Model IB (IGA IB) with U.S government on 14 September, 2015. So under this IGA, it means the government and financial institution shall have obligation to be carried out under the FATCA provisions.

The reporting on U.S person accounts maintained with financial and banking institutions under the jurisdiction of Cambodia shall be required to submit the report to the General Taxation Department under the supervision of ministry of Economics & Finance. To comply with Foreign Account Tax Compliance Act provisions the bank has set out the following guidelines as shown below:

- Decision No HQ 163/15 dated 22 July, 2015 on the promulgating the Operating Manual on Foreign Account Tax Compliance Act (FATCA).
- Additionally, the bank has set up the FATCA Steering Committee which composes senior management of Cambodia Bank Plc. to build the FATCA Reporting System.

VISION

To be the best mass market bank that enriches lives and fulfills the growing aspirations of the people of Cambodia and create sustainable value for shareholders, employees and society.

MISSION

Design and provide innovative financial solutions and deliver best in class services to our customers.

CODE OF **CONDUCT**

The bank adopts a code of conduct approved by the Board of Directors which is bidding on employees of the bank. As and when the Code of Conduct is amended /revised, employees will be informed. All employees of the bank are governed by a strict Code of Ethics which is incorporated into the Collective Labor Agreement and which covers such matters as: personal behavior; relationships with colleagues, customers and regulators; confidentiality; conflicts of interest; acceptance of gifts; money laundering and 'whistle blowing'. This document is regularly reviewed by the Audit and Compliance Committee to ensure that it remains relevant and up-to-date.

CODE OF BANKING PRACTICE

In line with efforts to contribute towards a banking system that is robust, inclusive, customer-oriented, and trust-based, this Code of Banking Practice ("Code") sets out the standards of good banking practice that individual customers, business customers, and guarantors (collectively known as "Customers"), can expect when dealing with Financial Institutions. The Code is intended to apply to Banks, Specialized Banks, and Micro-Finance Institutions (collectively known as "Financial Institutions"), who as signatories agree to be bound by its provisions.

This Code aims to:

1. Promote good banking practices by setting standards for us to follow;
2. Increase transparency so that Customers can have a better understanding of what they can reasonably expect of the services provided by Financial Institutions; (c) build a fair and professional relationship between Customers and Financial Institutions, based around principles of equity and equality;
3. Foster confidence in the banking system;
4. Encourage a corporate culture of fair dealing.

CORE VALUE "**RICE**"

RELIABILITY
To be a reliable, dependable and trustworthy service provider, offering quality products and services.

INNOVATION
Adopt effective product, process, services, technologies, and ideas to design innovative solutions to achieve customer objectives.

CARE
Go the extra mile in providing excellent service to internal and external stakeholders to build a quality lasting relationship.

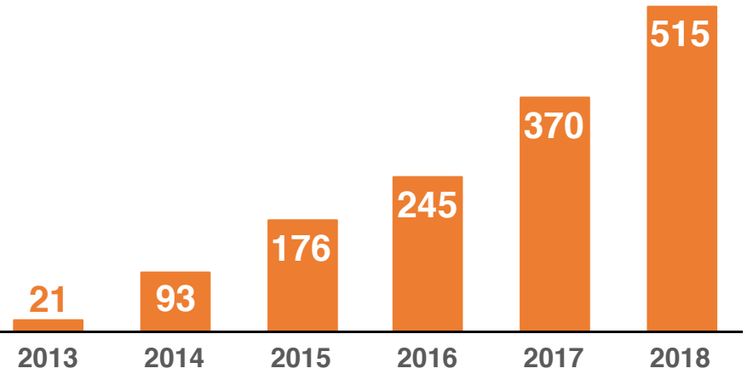
ENTREPRENEURSHIP
Encourage empowerment, initiative and accountability among our employees to continuously reinvent, with an entrepreneurial spirit to make our company stronger.

BANK PERFORMANCE

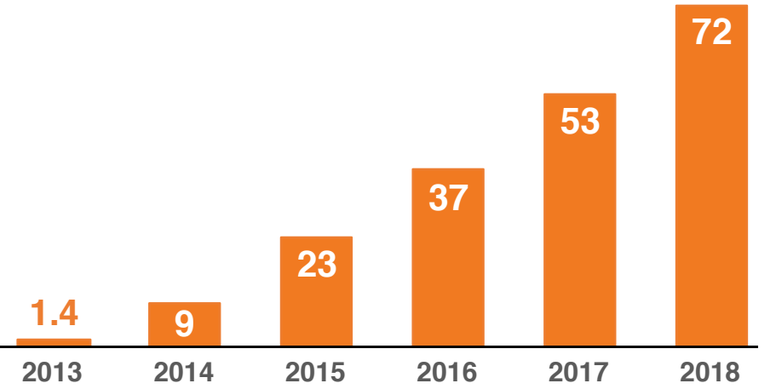
CONSOLIDATION HIGHLIGHT

(Unit in Million US Dollar)

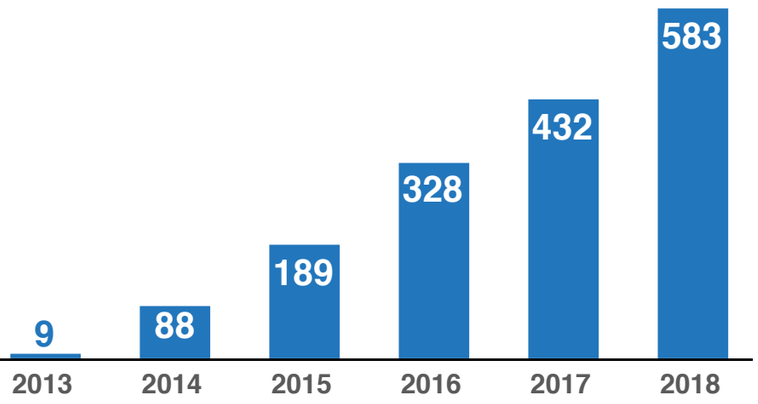
LOAN PORTFOLIO
$515



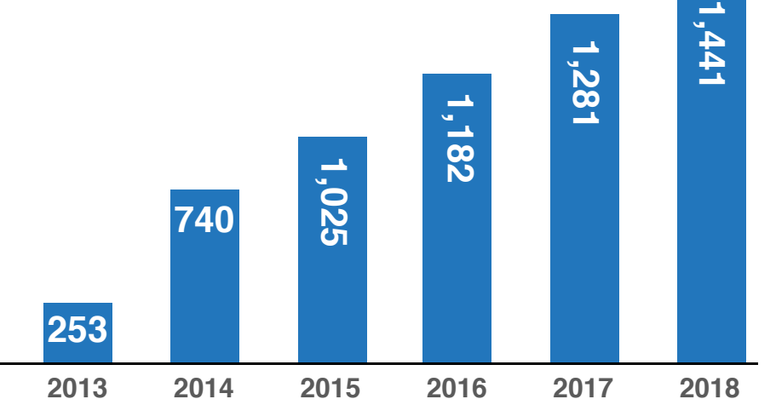
TOTAL REVENUES
$72



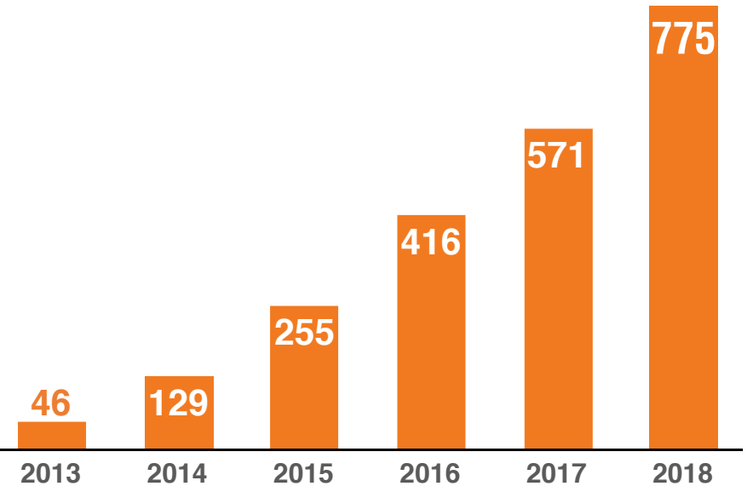
DEPOSIT PORTFOLIO
$583



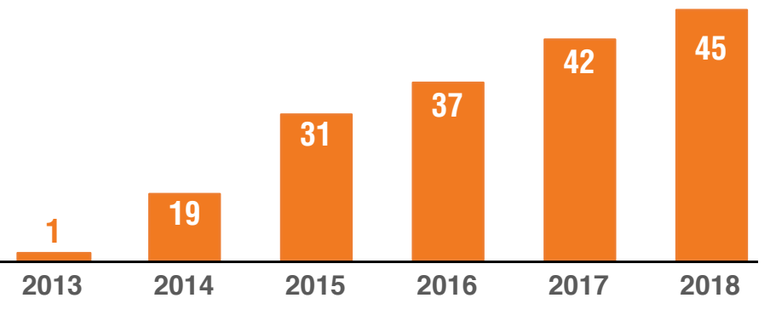
STAFF STATISTIC (Only CPBank)
1,441



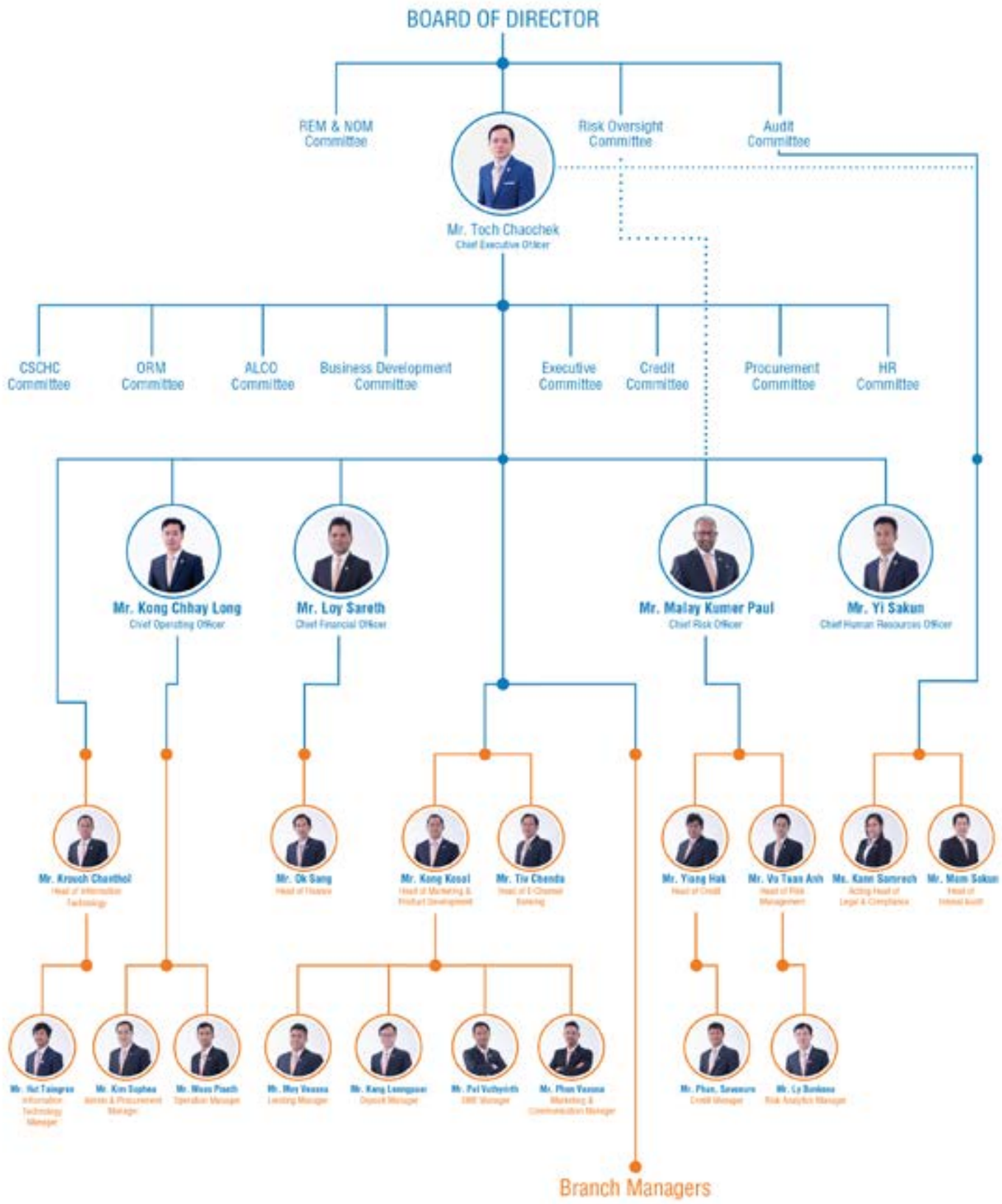
TOTAL ASSETS
$775



OPERATION NETWORKS (Only CPBank)
51

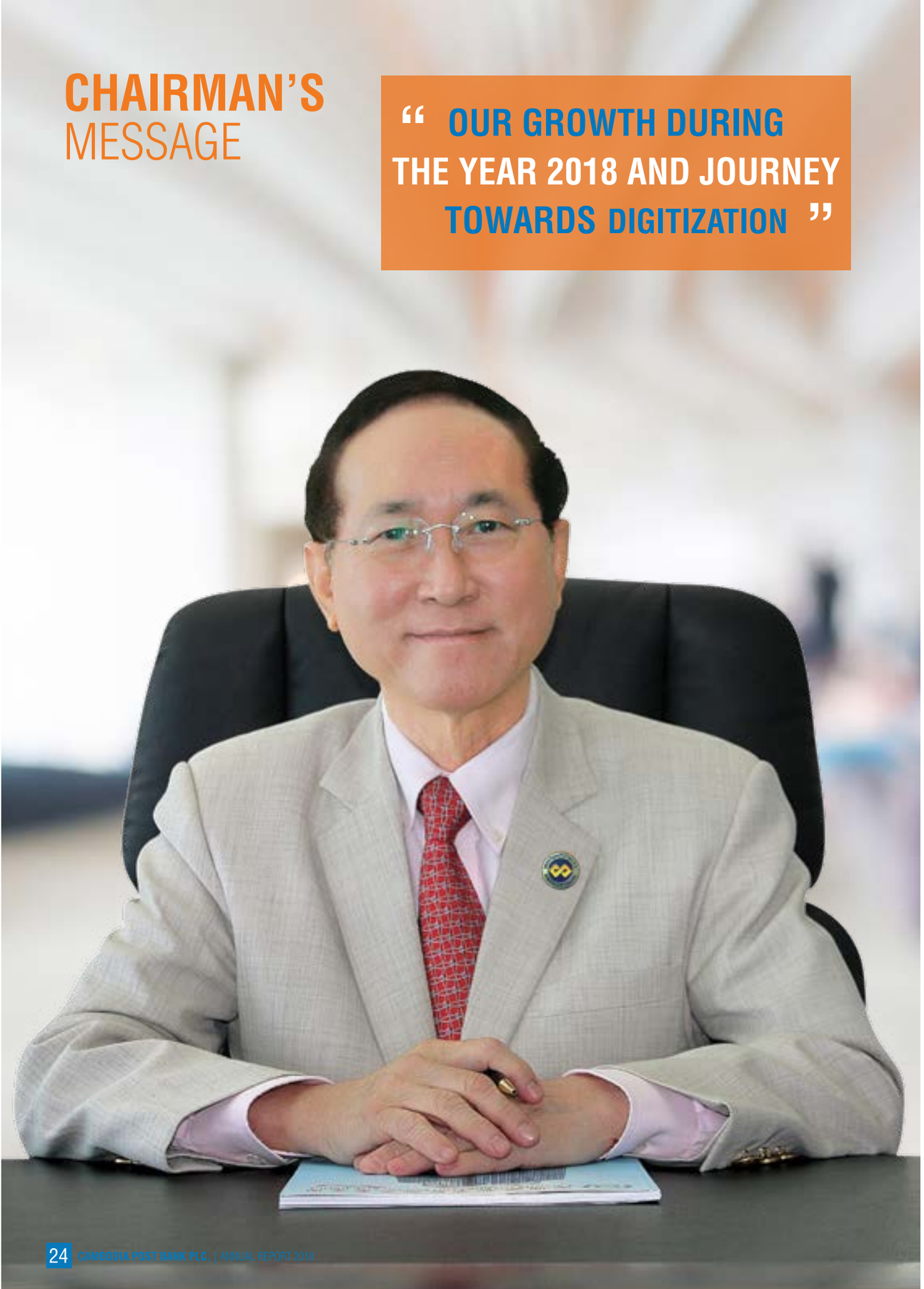


ORGANIZATIONAL **STRUCTURE**



CHAIRMAN'S MESSAGE

" OUR GROWTH DURING THE YEAR 2018 AND JOURNEY TOWARDS DIGITIZATION "



In the midst of financial, economic and environmental challenges, CPBank has completed yet another eventful year where we continued our journey towards digitization and growth. During the year 2018, CPBank experienced notable improvements in key fundamentals with our countrywide network of 45 branches, 40 ATMs and diversified service delivery channels. We also maintained a comfortable liquidity and capital position throughout the year. As a young commercial Bank in Cambodia, CPBank always bridging the financial gaps with innovation and technology that enable us to provide easy and convenient banking services to our customers. This convince me that CPBank is securing the place for future. As Chairman of the Bank, I would like to present the CPBank's progress in the year 2018.

You all will agree with me that banking landscape in Cambodia has changed from its previous which is in line with the age of unprecedented and disruptive change happening in the world. These changes are mostly powered by digital technology which creates lots of challenges and opportunities in this evolving operating environment. This digital technology also democratizes the financial services and bringing incomparable convenience to our consumers at the click of a button.

As an institution CPBank is deeply rooted in Cambodia and has its responsibility towards the nation. CPBank aims to bring more digital banking services in the pursuit of technology to make banking simple, convenient and accessible while we will keep the existing brick and mortar network across the country. We are also committed towards the environment and sustainability. CPBank has already adopted Environment and Social Management policy for sustainability for onward implementation in 2019.

CPBank has generated modest growth in portfolios along with strong profitability ratios in 2018. CPBank's consolidated total asset size stood at US$ 775 million as of 31st December 2018. The consolidated loan book of CPBank has increased by US$ 141 million (39%) and deposit from customers rose by US$ 151 million (42%). With 47% growth in consolidated operating income over 2017, CPBank's Profit before Tax stood at US$ 17.2 million registering a growth of US$ 6.5 million (61%) over 2017.

Bank's subsidiary Funan Microfinance also delivered a fantastic growth in 2018 where their loan portfolio has grown to US$ 46 million by 31st December 2018 (62% growth over 2017). Funan's net operating income also grown ~70% in 2018 where net profit increased to US$ 1.7million from its previous year's US$ 35 thousands.

As a financier CPBank always is in line with the Royal Government of Cambodia's aim to bring the finance system in Cambodia up to international standards. CPBank has kept the same focus of financing either to business or individual but to ensure enhancing economic growth which ultimately contribute to macro-economic stability. CPBank is a banking institution that always working with the vision "to be the best mass market bank that enriches lives and fulfills the growing aspirations of the people of Cambodia and create sustainable value for shareholders, employees and society".

The Cambodian economy has expanded rapidly. Macroeconomic and financial stability remain resilient despite some challenges. Garment, Construction and tourism sectors continue to grow double digit rate given the favorable economic growth and the support of expansionary fiscal policy, proper monetary policy and positive development in banking and many other sectors. Despite US-China trade tensions and monetary policy normalization in some advanced countries, global and regional economies have continued to expand and provide good opportunities for Cambodia. Foreign direct investment inflows continued to increase at a robust rate (12%), particularly in Banking, real estate and garment sectors. The foreign reserves are projected to increase to US$ $11.3 billion which is equivalent to 5 months of imports of goods and services. Price and exchange rate have remained favorably stable at 4,050 Riel per USD. Inflation continued to be low at around 2.5% due to a slower increase in food price (2.7%). Cost of production in Cambodia remain high due to lower economies of scale, limited infrastructure links, lack of electricity distribution network along with high cost and the increase in minimum wage, etc.

Cambodia may face with the withdrawal of "Everything but Arms" (EBA) scheme from the European Union (EU) which was announced in October 2018. Despite Cambodia has challenges due to external and internal factors, Moody's affirmation on retained Cambodia's B2 sovereign rating with a "stable" outlook for 2019 will bring more confidence for investors in both debt and equity investment in Cambodia's market.

The Cambodia's banking system continued to grow robustly and contributed to sustainable and inclusive economic growth in tandem with the government policies. NBC has paid close attention to strengthening financial stability while financial inclusion has been promoted particularly in current situation where credit is still growing rapidly while the global financial market conditions remained uncertain. To maintain financial stability, macro-prudential measures have been carefully implemented on banks and microfinance institutions to gradually reduce credit growth which is expected at ~17% in 2018 which was 75% in 2007, declined to 31% in 2014, to 23% in 2016 and 21% in 2017 and financial inclusion will continuously grow, boosting economic activity and reducing the poverty rate.

It is indeed a great privilege to lead this growing Bank and to help drive Cambodia's economic growth and development. I am grateful to all the regulatory agencies of the Government, in particular the National Bank of Cambodia, General Department of Taxation, Ministry of Economy and Finance, for all of their continued support. I would also like to take this opportunity to thank the members of the Board of Directors for their valuable guidance and support to the Bank.

I also want to look back on 2018 with gratitude to all our clients and employees and look forward to 2019 with optimism and confidence. I must affirm that the Board and management are on track towards executing Bank's strategy and focus on delivering value to our shareholders, customers and the community we are operating.

NEAK OKNHA PUNG KHEAV SE
Chairman of the Board of Directors

CHIEF EXECUTIVE OFFICER'S MESSAGE

> "BEST POSITIONING IN THE MARKET BY LEVERAGING EXPERTISE"

WITHIN 5 YEARS OF OPERATION, WE ARE WELL RECOGNIZED IN THE FINANCIAL INDUSTRY IN CAMBODIA AS BEING THE 5TH BANK IN TERMS OF BRANCH NETWORK WITH MODEST SUSTAINABLE GROWTH AMONG THE COMMERCIAL BANKS.

Under the strategic partnership among Canadia Investment Holding, Fullerton Financial Holdings and Cambodia Post of Ministry of Post and telecommunication, we are very privileged to leverage the expertise from the best practice in the region and customized that into local context to fit with the need of our customers.

The Bank has expanded the branch network to 45 by the end of 2018, which can be considered as the highest growth in terms of network expanding where Bank has followed the best practice for operational risk management and independent risk function specially Credit underwriting. We have managed our operational risk well without any significant operational lost so far. Bank also follow the three lines of defense for its risk management where Audit is the third line of defense who are completely independent and directly reports to the board committee. Although Audit is capable enough to identify, monitor and mitigate the overall risk of the Bank, we are continuously enhancing the first and second line to manage it better.

Advance bank technologies are always our strategic priority and we want to be at the forefront of digitization. We have our Core Banking System, ATM and Mobile Banking from the early stage and we are also the pioneer member of FAST Payment System and Cambodia Shared Switch. Credit Score Card, Loan Origination System and Collection Management System are under deployment which will enhance our operational capabilities to provide better customer experience. We will also launch Credit Card with VISA in early 2019 which will be convenient for our customers for their lifestyle needs.

Bank has acquired Funan Microfinance in 2017 in order to deepen into the market by utilizing our experience and expertise. We have already grown Funan to three folds and it's now the 3rd Microfinance Institute (MFI) in terms of asset size in Cambodia. On the other side, Bank has created the SME department in 2018 to serve the larger enterprises in Cambodia.

Our human capital are fully equipped with capacity and well trained where we also provide suitable benefit package following the best practice of Performance based Payment structure. We also have clear Career development program along with retention management plan which are well appreciated and make CPBank as one of the best choice employer in the industry.

All of our financial indicators are improved compare to the last year performance as below:

- Total revenue increases 35%
- Revenue per staff increases 20%
- Net Profit before tax increases 64%
- Cost of deposit decreases (9%)
- Cost to income ratio decreases (10%)

We are looking forward to be one of the top 5 Commercial Banks in Cambodia by total assets and continuous enhancement of our Best in Class Customer Service and evolving information technology towards digitalization leveraging the expertise from our shareholders.

TOCH CHAOCHEK
Chief Executive Officer

BOARD OF **DIRECTORS**

NEAK UKNHA PUNG KHEAVSE

Chairman of the Board of Directors

Neak Oknha Pung Kheavse serves as Chairman of Canadia Bank and the Overseas Cambodian Investment Corporation and is actively involved in the investment and development activities of both companies. A distinguished entrepreneur and respected business leader in Cambodia, Mr. Pung has served as Chairman, President, CEO and Board Member of several companies, He has led Canadia Bank's growth since 1991. He used to be a Chairman of the Association of Banks in Cambodia and also serves as President of Cambodia Constructors Association, working closely with industry leaders to guide the development of the banking and construction sectors in Cambodia.

Among the honors and awards Mr. Pung holds a Mahasereyvattanac Award presented by His Majesty, Norodom Sihanouk, King-Father of Cambodia in 2002; and "The Highest National Contribution" medal Cheatopaka awarded by Prime Minister Hun Sen, presented by His Majesty, Norodom Sihamoni King of Cambodia in 2012, for the significant contributions he has made and continues to make toward the development of Cambodia.

MR. GAN CHEE YEN

Vice Chairman of the Board of Directors

Prior to his current appointment as CEO of Fullerton Financial Holdings Pte Ltd, Mr. Gan was the Co-Chief Investment Officer and Senior Managing Director, Special Projects at Temasek International. He joined Temasek in May 2003 as CFO and has since served in various investments roles as a member of the senior management team in Temasek. The investment clusters he has led included the Financial Industry portfolio and the Transportation and Logistics portfolio, before he took on the role of Co-CIO of Temasek where he anchored several successful investments. He has also completed his stint as Head of China market.

He has served on the boards of several companies including Neptune Orient Lines Limited, a global shipping company, and has been a board member of FFH and a board commissioner of Bank Danamon since 2003. Mr. Gan is a member of the Institute of Singapore Chartered Accountants. He received his Bachelor of Accountancy from the National University of Singapore. He has also attended the Harvard Program for Management Development in September 2001.

H.E ORK BORA

Advisor to the Board of Directors

Mr. Bora has been appointed as the General Manager of Cambodia Post in 2010 and as the Royal Delegation in charge of Cambodia Post in 2011.

Mr. Bora had also served as the Chief of Post and Telecommunication Department in Banteay Meanchey province and was a member of Cambodia Engineering Institution from 2000 to 2010.

Mr. Bora has a Master of Business Administration and graduated in Telecom Engineer from University of Hanoi Polytechnic, Vietnam in 1997. Since 1998, he had accomplished many technical training programs related to telecom and ICT (local and international).

BOARD OF **DIRECTORS**

MR. NEO POH KIAT

Independent Director

MR. GIANG SOVANN

Independent Director

MR. ROS PHIRUN

Non-Executive Director

DR. CAROLYNE PUNG

Non-Executive Director

Mr. Neo is currently Managing Director for Advisory Services of Octagon Advisors. Mr Neo has been actively involved in several of our clients' major M & A transactions in the region. Based in Beijing and as Managing Director of Octagon Advisors Shanghai Limited, Mr Neo has oversight responsibility for the company's consultancy projects in China.

Prior to joining Octagon Advisors, Mr. Neo was the Senior Vice President and the China Country Officer for Singapore's United Overseas Bank, the country's leading banking group. Based in Hong Kong, Mr. Neo was responsible for UOB's corporate banking relationships in the Greater China region.

Before joining UOB, Mr. Neo held various appointments in Singapore's DBS Bank, with his last held appointment being that of Managing Director and General Manager of DBS Bank's Hong Kong branch. Concurrently, he was also an Executive Director and a member of the Executive Committee of DBS Kwong On Bank, Supervisory Director of DBS Asia Capital Limited which is the investment banking subsidiary of DBS Bank in Hong Kong. He was instrumental in the setting up of DBS Securities Hong Kong and had served as its Executive Director in the early 90's. Mr. Neo holds a Bachelor of Commerce (Honours) degree from the former Nanyang University, Singapore.

Mr. Giang is the Founder and CEO of Corporate Governance Academy and a Member of the Complaints & Disciplinary Panel, the Public Accountants Oversight Committee, Accounting & Corporate Regulatory Authority (ACRA), and Singapore. He is also a Director of a company listed on the Singapore Exchange.

Mr. Giang was the Executive Director of the Singapore Institute of Directors where he also sat on the Organizing Committee of the Singapore Corporate Awards and co-managed the Best Managed Board Award for Singapore listed companies. He is an instructor on the subjects of Director's Duties & Responsibilities, Singapore Exchange Listing Manual and Code of Corporate Governance. He has written many articles on the subject of independent director, internal control and audit, and had served as lead independent director, chairman of audit committee, chairman of board risk committee, member of nominating committee and remuneration committee of listed company.

Mr. Giang graduated with a Bachelor of Administration degree with Great Distinction from University of Regina, Canada, and qualified as a Chartered Accountant with the Canadian Institute of Chartered Accountants. He is also a Chartered Accountant, Singapore and member of the Singapore Institute of Directors.

Since 2008 till present, Mr. Phirun holds the position of Deputy Director of the Financial Industry Department of Ministry of Economy and Finance. He is mainly responsible for the Public Finance Management Reform Program. Mr. Phirun is also responsible for establishing and developing Government Securities, Commodity Market, Sovereign Funds, Financial Stability Policy and the Financial District of Cambodia under the guideline of Financial Sector Development Strategy.

Prior to his current position, Mr. Phirun was the Vice Chairman of Board of Directors of the National Social Security Funds for Civil Servants (NSSFC) which oversees and adopts all regulations drafted by the management of the NSSFC from 2009 to April 2013.

From 2004 to 2008, he was the Chief of Casino Management Division under Financial Industries Department and also served as Deputy of the WTO Legal Compliance and Assistant to the Senior Economic Official for Cambodia under the ASEAN and International Organizations Department of Ministry of Commerce.

Mr. Ros Phirun graduated with a Master of Science in Strategic Tourism Management from CERAM ESC Sophia Antipolis, France in 2002 and Master of Business Administration in International Business from Asian Institute of Technology, Thailand.

Carolyne was born in Phnom Penh. She grew up and was educated in Montreal, Canada. After studying Pure and Applied Sciences in College, she pursued medical studies and obtained her MD degree in 2000. She specialized in Family Medicine and graduated from the University of Montreal in 2002. For nearly 5 years, she leads a busy and fruitful career as a physician practicing in different hospitals and private clinics in 2 Canadian provinces: Quebec and Ontario.

In 2007, due to family reasons, she decided to dedicate time to her family's business in Cambodia. To keep up with her medical practice, she has been working part-time as a Medical Officer at International SOS Clinic. She has been personal assistant to the Chairman of Canadia Bank PLC, a leading commercial bank in Cambodia. She is also Director of the Hospitality Division of Canadia Group which currently operates Dara Airport Hotel in Phnom Penh, Independence Hotel in Sihanouk Ville, and 2 serviced apartments in the capital. She is also Chairperson of the Board of Directors of the Canadian International School of Phnom Penh, one of the top educational facilities in the country.

Even though her medical studies were demanding and time consuming, she always tried to keep herself educated business-wise, taking classes as accounting and marketing. Carolyne has been appointed as Director of the Board of Directors of Cambodia Post Bank since 2013.

EXECUTIVE MANAGEMENT

MR. LOY SARET ACMA, CGMA
Chief Finance Officer

MR. MALAY KUMER PAUL
Chief Risk Officer

MR. TOCH CHAOCHEK
Chief Executive Officer

MR. KONG CHHAYLONG
Chief Operating Officer

MR. YI SAKUN
Chief Human Resources Officer

MR. TOCH CHAOCHEK
Chief Executive Officer

Mr. Toch has more than 20 years' working experience in Banking and Financial Sector in Cambodia. He served several senior management levels such as Senior Staff and Manager at Credit Division of ACLEDA Bank Plc. before moving to be Head of Credit Department, Head of Operation Department and EVP & Chief Operation Officer of Hatha Kaksekar Micro Finance in charge of Company Business's Strategies, Loan Operational Processes, Loan Portfolio Management, Credit Underwriting, Deposit Mobilization, Products Development and also Branch Channels Supervision. Beside the Banking and Finance experience, he also had 2 years in his first career started with Manufacturing Industry as Marketing Manager.

He is currently also a Board of Director of Funan Micro Finance Plc. since the date of acquisition. He graduated MBA in Finance and Banking in 2006 from University Of Cambodia, BBA in Marketing in 1999 from National University of Management, Bachelor Degree in Public Law in 1999 and also Associated Degree in Professional Law in 1996 from Faculty of Law and Economic Science.

Mr. Toch has also attended numerous executive training courses locally and abroad in field of Banking and Finance which are most related to Leadership, Performance Management, Risk Management…etc.

MR. LOY SARETH, ACMA, CGMA
Chief Financial Officer

Sareth has more than 15 years of experience in banking and financial services. He holds a BA of accounting from Maharishi Vedic University and an MBA in Financial Management from Royal University of Law and Economic (RULE).

He is a CIMA member and a Chartered Global Management Accountant (CGMA) from Chartered Institute of Management Accountant (CIMA) as well as certified CMA/AMA member from Institute of Certified Management Accountant (ICMA) based in Australia.

Before joining CPBank as an EVP & Chief Financial Officer, Sareth used to work in several senior executive roles in AMRET, ANZ Royal Bank, UNDP, and Ly Hour Microfinance Plc.

MR. KONG CHHAYLONG
Chief Operating Officer

Mr. Chhay Long joined CP Bank in 2016 as Head of Operations before promoting to the role as Chief Operating Officer since Jan 2018.

Prior to join CP Bank he was the Head of Operations in ANZ Royal. In his carrier with ANZ Royal, Mr. Chhay Long has lead the team of operational channels that provided significant support to Retail Banking, Wealth Management and Corporate & Institutional Business to succeed. With over 23 years experiences, Mr. Chhay Long also had worked in the International Technology Companies for 12 years after which he started with ANZ Royal. He is instrumental in process change initiatives and have successfully driven many operational projects for the Bank. Mr.Chhay Long holding Master Degree of Information and Technology.

MR. YI SAKUN
Chief Human Resources Officer

Sakun has more than 15 years' experience in Human Resources management, Training & Development, and HR Strategic Business Partner for Financial sectors included Banking and MFI industries, and hospitality sector. He joint Cambodia Post Bank Plc. since the set up stage, February 2013.

Prior to join Cambodia Post Bank Plc. he was the Deputy Head of Human Resources at AMRET Microfinance, the Human Resources Manager and Human Resources Business Partner for ANZ Royal Bank, and the Head of Human Resources for SOKHA Group Hotels and Resorts (5-Star Hotels and Resorts).

He also had spent few years times serving in Sales & customer service for hospitality and Telecom industries.

He holds a Bachelor degree of Business Administration. He had also attended many training courses locally and internationally which are mostly related to leadership and Human Capital Management.

MR. MALAY KUMER PAUL
Chief Risk Officer

Malay has over 23 years of working experience, and was most recently the Vice President, Integrated Risk Management of Fullerton Financial Holdings (FFH) where he used to support risk function of FFH's portfolio in Indo China region.

Prior to FFH he was Chief Risk Officer of Mekong Development Bank(MDB) in Vietnam. Malay had extensive experience in the area of Credit and Collections. He was the Executive Vice President and Head of Credit and Collection for Retail and Small Business of The City Bank Ltd in Bangladesh, and before that, in the same function for BRAC Bank in Bangladesh. Prior to that, he served 13 years in Standard Chartered Bank, and last position was the Cluster Head of Collections covering Bahrain, Qatar, Jordan and Lebanon.

Malay started his banking career in ANZ Grindlays Bank's where he used to be in Branch Banking and impaired Assets management.

Malay holds a Master of Science (First Class) degree with the University of Dhaka, Bangladesh. He is a certified Collection Trainer and completed the Microfinance Train the Trainer course organized jointly by Asian Development Bank Institute (ADBI), the World Bank Tokyo Development Learning Center (TDLC), which is a member of GDLN Asia Pacific and the United Nations Capital Development Fund (UNCDF).

MANAGEMENT TEAM

Mr. Pol Vuthyrirth
SME Manager

Mr. Kang Leangpoar
Deposit Manager

Mr. Mey Veasna
Lending Manager

Mr. Ly Bunkona
Risk Analytics Manager

Mr. Phon Veasna
Marketing & Communication Manager

Mr. Phan Savoeurn
Credit Manager

Mr. Meas Piseth
Operation Manager

Mr. Kim Sophea
Admin & Procument Manager

Mr. Hut Taingren
Infromation Technology Manager

Mr. Ok Sang
Head of Finance

Mr. Kong Kosal
Head of Marketing & Product Development

Mr. Mam Sokun
Head of Internal Audit

Mr. Vu Tuan Anh
Head of Risk Management

Ms. Kann Samrech
Acting Head of Legal & Compliance

Mr. Yang Hak
Head of Credit

Mr. Tiv Chenda
Head of E-Channel Banking

Mr. Krouch Chanthol
Head of Infromation Technology

ABOUT 5TH YEAR ANNIVERSARY

5 Years Only, CPBank's Assets increased to $ 700 million USD

Since the beginning of September 2013 until the year 2017. CPBank has total assets of only 571 million, by Sep 2018, bank has increased $129M more to $700M for their own 5th Annuversary. The increase of assets demonstrates the growth of CPBank and customer confidence in the management and management of the bank, which has made the bank more developed and serviced. Customers are more and more involved in developing the Cambodian economy.

Seeing constant progress the Bank has also acquired 100% shares of FUNAN Microfinance PLC. on 12 May 2017. It is worth mentioning that FUNAN Microfinance Plc has 725 staffs and 51 branches in all of Cambodia. Currently, the total assets of FUNAN Microfinance PLC. Is 14.73 million US dollars and provides its financial services to 28,000 families.

Our Business Partnership

CPBank signed a partnership agreement which enables our customers to repay the loan using DaraPay Agents at their doorsteps.

CPBank also co-operate with a life insurance company (Sovannaphumi Life, a leading life insurance company) to provide life insurance services to the Cambodian people through our network.

Our Contribution to society

CPBank uses some of the profits to the community and customers through various development projects, such as supporting the cause of the Kuntha Bopha hospital, to give blood to save the life as well as some donation and sponsorship program in social work in the community we operates in Cambodia.

5TH YEAR MEMORIES PHOTO

CPBank's Grand Opening Ceremony - 26th September 2013

Our Share Holders and Executive Management Team

Acquire 100% Share Stake of FUNAN Micro Finance Plc.

Certified "Gold" For Tax Compliance

Corporate Social Activities

The BIZZ Award 2018 Business Excellence

SPECIAL
EVENTS

CPBank ORGANIZED GENERAL ASSEMBLY

In 5-6th January 2019, CPBank conducted its 4th General Assembly at Somadevi Angkor Hotel in Siem Reap where all management from all over the country attended at this remarkable event of the year.

The objectives of the 4th General Assembly are to celebrate the achievement of the year 2018 and to set the business strategies for 2019. A day long leadership and profitability management training session has also been organized for all management to enhance the bench strength. All outstanding Credit Officer and Branches are also awarded for their extraordinary performance in 2018 during the event.

During the award ceremony, Mr. Toch Chaochek, Chief Executive Officer of CPBank given his speech and he said, “I would like to take this opportunity to thank our most valued clients, staff, well-wishers and most honorable shareholders in whom we take pride. Without your continuous support and inspiration, we would not be standing where we are today. I also acknowledge the contribution of the National Bank of Cambodia for giving us continuous guidance and support.

2018 was a brilliant year for us and everyone contributed their best towards the achievement, but 2019 will be an exciting year in the midst of challenging economic environment and increasing competition in the financial industries. I want the team to be energized for the New Year with the year-end momentum and keep the good work up, so that we can achieve the set objective and take the bank to a newer height.

I sincerely appreciate the guidance of our honorable Board of Directors, who have always not only provided us the right directions but also given us operational independence to perform our duties meticulously. Last but not the least, I am very thankful to all my staff and management team who are always very committed for the Bank. Without you it would have not been possible to reach that brilliant height that we are at today.

CPBank OFFICIALLY LAUNCHED PARTNERSHIP WITH SOVANNAPHUM LIFE ASSURANCE

In March 2, 2018 CPBank had officially launched its Life Insurance partnership with Sovannaphum Life Assurance Plc. which is a local joint venture Company between Canadia Investment Holding PLC., the holding Company of Canadia Bank, and Muang Thai Life Assurance PCL from Thailand. The event organized at Raffles Le Royal Hotel in Phnom Penh and attended by the CEO and senior managements of both companies. This collaboration will enable CPBank clients to get a free consultation on insurance services from professionally trained consultant of Sovannaphum Life Assurance Plc. at our branches throughout the country.

This is in line with our commitment to provide new products and services commensurate to the needs of the Cambodian people today. Affordable life insurance service co-operation with Sovannaphum Life Assurance Plc. is an effort to provide a solution for our customers to ensure a financial worry free life from any unforeseen event start from inpatient from normal illness to a major critical illness, dismemberment to disability or Death cause by illness or accident.

CORPORATE
SOCIAL ACTIVITIES

ALL FOR THE HEALTH CARE OF THE CAMBODIAN ELDER PEOPLE

We have joined with the cause of Sihanouk Hospital Center of Hope to continue providing 24 hours of quality health care to the poorer and elderly Cambodian.

CPBank supported Sihanouk Hospital Center of Hope for roof foundation and bricklaying fund on March 15th, 2018. CPBank’s management and staff strongly expect that

Sihanouk Hospital Center of Hope will continue to offer their services to many elderly patients in Cambodia.

CPBank ATTENDS 155TH ANNIVERSARY OF THE WORLD RED CROSS AND RED CRESCENT DAY

CPBank attended the 155th Anniversary celebration of Cambodia Red Cross (CRC) of the World Red Cross and Red Crescent Day under the theme “CRC is everywhere, for everybody by leaving no one behind” at the CRC’s headquarters in Phnom Penh on 10th May 2018. CPBank generously in the contribution to the humanitarian activity and in line with its core values on supporting social welfare.

This annual celebration was presided over by Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia and his spouse, Samdech Kittiprittbandit Bun Rany Hun Sen, President of CRC, with the participation of members of CRC, parliamentarians, government officials, local and foreign donors, CRC’s volunteers, and representative of International Committee of the Red Cross (ICRC).

CRC’s members and volunteers across the country, parliamentarians, government officials, local and foreign donors, representative of International Committee of the Red Cross (ICRC) attended the celebration aiming to promote the humanitarian value and raise fund to help vulnerable people, including victims of disasters and other risks without discrimination of race, religion, and political tendency.

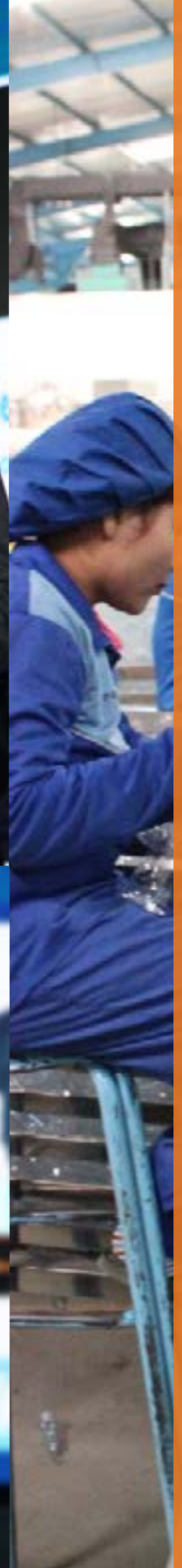
Last year’s celebration under the theme “CRC is Everywhere for Everyone” collected in total US$13.4 million from 523 local and foreign donors.

AWARDS

The BIZZ AWARD 2018 Miami, Florida.

CPBank awarded with the “BIZZ AWARD 2018” that has been granted for CPBank’s Business Excellence at the City of Miami, Florida on July 26th 2018.

THE BIZZ is considered to be the most important business excellence award in the world and is given out by WORLDCOB to the most outstanding companies and businesspeople from different regions that contribute to the progress of their local economy and the world economy. It targets small, medium and large enterprises. The winners are picked after an exhaustive evaluation process by an autonomous body, comprising of business experts from across different sectors.



SME BANKING

As a main driver of economy, SMEs are always need support from Banks for their financing needs to enhance their business activities. More than 100 local small and medium enterprises (SMEs) were registered during the first three quarters of 2018 which bringing the total SMEs to 155,745 and creating more than one million jobs and officials expect the government’s tax incentive policy for SMEs to boost growth.

CPBank recently launched SME Banking in order to cater the needs of this segment and will focus mainly in 4 Provincial cities (Phnom Penh, Battambong, Siem Reap and Kampong Cham) for SME customers in the 4 major segments (Education, Manufacturing, Accommodation & Food Services and Wholesale & Retail Trade) in Cambodia.

In order to support the employment growth, SMEs are always played a vital role in any country. CPBank tailored the products in order to cater the needs of the growing SMEs in Cambodia. We also encourage these SMEs to route their transactions like receivables and payables through their bank account, so that management of their cash flow will be easier and financing need can easily be managed. However in practice, it is observed that a very large majority of customers have sales and purchases in cash and hence do not prefer to have an additional leg of depositing into and withdrawing cash from the bank.

CPBank will continue to serve these SMEs with innovative products and convenient services with the help of technology.

AUDITED FINANCIAL STATEMENTS IN ACCORDANCE WITH CAMBODIAN ACCOUNTING STANDARDS AND REGULATIONS AND GUIDELINES OF THE NATIONAL BANK OF CAMBODIA. AS AT 31 DECEMBER 2018 AND FOR THE YEAR THEN ENDED.

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REPORT OF THE BOARD OF DIRECTORS

The Board of Director ("Board" or "The Directors" or "BoD") hereby submits their report together with the consolidated financial statements of Cambodia Post Bank Plc. ("the Bank") and their subsidiary (collectively referred to as "the Group") and the separate financial statements of the Bank for the year ended 31 December 2018 (hereafter referred to as "the financial statements").

The Bank

The Bank is a commercial bank operating in accordance with the Cambodian Law on Commercial Enterprises and under the supervision of the National Bank of Cambodia ("NBC"), pursuant to the Law on Banking and Financial Institutions of Cambodia and in accordance with Banking License No. 38 dated 20 September 2013 issued by the NBC.

The main shareholders of the Bank are Canadia Investment Holding Plc. ("CIHP"), a public limited company incorporated in the Kingdom of Cambodia and Fullerton Financial Holdings incorporated in Singapore.

The principal activities of the Bank consist of the operation of core banking business and the provision of related financial services through the Bank's head office and various branches in Phnom Penh and in the provinces.

The Bank's registered office is currently located at No. 265-269, Ang Duong Street, Sangkat Wat Phnom, Khan Doun Penh, Phnom Penh, Kingdom of Cambodia. The Bank has a total of 45 branches located in Phnom Penh and major provinces in Cambodia.

There is no significant change in the principal activities of the Bank during the year.

The subsidiary

Funan Microfinance Plc., 100% owned by the Bank from 11 April 2017, is a microfinance institution providing loan to improve living standards in term of rural development through its head office in Phnom Penh and its various offices in the Kingdom of Cambodia.

FINANCIAL PERFORMANCE

The financial performance of the Group and the Bank for year ended 31 December 2018 were as follows:

	GROUP		BANK	
	2018 US$	2017 US$	2018 US$	2017 US$
Income before income tax	17,427,923	10,680,531	15,021,183	10,695,162
Income tax expense	(3,436,853)	(2,137,421)	(2,935,691)	(2,165,989)
NET INCOME FOR THE YEAR	**13,991,070**	**8,543,110**	**12,085,492**	**8,529,173**
EQUIVALENT IN KHR'000 (NOTE 4)	**56,216,120**	**34,488,536**	**48,559,507**	**34,432,271**

DIVIDENDS

No dividend was declared or paid and the Directors do not recommend any dividend to be paid for the year (2017: Nil).

SHARE CAPITAL

The share capital of the Group and of the Bank as at 31 December 2018 is US$76 million or KHR305.37 billion (31 December 2017: US$70.79 million or KHR285.78 billion).

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL LOANS AND ADVANCES

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

ASSETS

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

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

VALUATION METHODS

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances that have arisen which would render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Group and the Bank misleading or inappropriate in any material respect.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- No charge on the assets of the Group and the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; and
- No contingent liability in respect of the Group and the Bank that has arisen since the end of the financial year other than in the ordinary course of banking business as disclosed in the financial statements.

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

ITERMS OF UNUSUAL NATURE

The results of the operations of the Group and 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 Group and the Bank for the current period in which this report is made.

EVENTS SINCE THE REPORTING DATE

At the date of this report, except as disclosed in the financial statements, there have been no significant events occurring after the reporting date which would require adjustments or disclosures to be made in the financial statements.

THE BOARD OF DIRECTORS

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

Neak Oknha Pung Kheav Se	Chairman
Mr. Gan Chee Yen	Vice-Chairman
Mr. Ros Phirun	Director
Ms. Pung Carolyne	Director
Mr. Neo Poh Kiat	Independent, Non-Executive
Mr. Giang Sovann	Independent, Non-Executive
Mr. Teo Meng Poh Philip	Independent, Non-Executive (appointed on 14 January 2019)
Mr. Anindo Mukherjee	Director (resigned on 4 April 2018)
Mr. Lee Meng Teck Victor	Director (appointed on 23 May 2018 and resigned on 13 December 2018)

DIRECTOR'S INTEREST

Neak Oknha Pung Kheav Se, Chairman of the BoD, holds shares in CIHP, a shareholder of the Group and of the Bank.

DIRECTORS' BENEFITS

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

No Director of the Group and 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 Group and 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 those disclosed in the financial statements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS 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 Group and the Bank as at 31 December 2018, and their financial performance and cash flows for the year then ended, as set out on pages 48 to 78, in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

In preparing theses financial statements, the Board of Directors is required to:

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

(ii)comply with the Cambodian Accounting Standards and 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 fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;

(iii) oversee the Group's and the Bank's financial reporting process and maintain adequate accounting records and an effective system of internal controls;

(iv) assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Bank or to cease operations, or has no realistic alternative but to do so; and

(v)effectively control and direct the Group and the Bank in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and the Bank and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Group and the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Group and the Bank have fulfilled and 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 9 to 85 which present fairly, in all material respects, of the respective financial position of the Group and the Bank as at 31 December 2018, and the financial performance and cash flows of the Group and the Bank for the year then ended in accordance with Cambodian Accounting Standards and guidelines issued by the National Bank of Cambodia relating to the preparation and presentation of financial statements.

On behalf of the Board of Directors and in accordance with the resolution of the Board

MR. PUNG KHEAV SE
Chairman of the Board of Directors

MR. TOCH CHAOCHEK
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
19 March 2019

REPORT OF INDEPENDENT AUDITOR

TO: THE SHAREHOLDERS OF CAMBODIA POST BANK PLC

Opinion

We have audited the consolidated financial statements of Cambodia Post Bank Plc. and its subsidiary ("the Group") and the separate financial statements of the Cambodia Post Bank Plc. ("the Bank") which comprise the consolidated and separate balance sheets of the Group and the Bank as at 31 December 2018, and the consolidated and the separate income statements, the consolidated and separate statements of changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 48 to 78 (hereafter referred to as "the financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2018, and of their financial performance and cash flows for the year then ended in accordance with Cambodian Accounting Standards and guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Group and the Bank as at and for the year ended 31 December 2017 were audited by another firm of auditors who expressed an unmodified opinion on 1 March 2018.

Other Information

Management is responsible for the other information. The other information comprises the Report of the Board of Directors as set out on pages 1 to 5, and the annual report, which is expected to be made available to us after that date.

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

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

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

Responsibilities of Management and those Charge with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charge with governance is responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

For **KPMG Cambodia Ltd**
Nge Huy
Partner

Phnom Penh, Kingdom of Cambodia
19 March 2019

CONSOLIDATED BALANCE SHEET
as at 31 December 2018

		2018		2017	
ASSETS	NOTES	US$	KHR'000 equivalent (Note 4)	US$	KHR'000 equivalent (Note 4)
Cash on hand	5	19,223,992	77,242,000	17,613,161	71,104,331
Balances with the National Bank of Cambodia	6	238,681,570	959,022,548	169,030,476	682,376,032
Balances and placements with other banks	7	1,836,749	7,380,057	12,371,801	49,944,961
Loans and advances to customers - net	8	501,888,521	2,016,588,077	361,034,450	1,457,496,075
Property and equipment	9	3,044,913	12,234,501	2,898,731	11,702,177
Software costs	10	927,010	3,724,726	920,419	3,715,732
Goodwill	11	754,215	3,030,436	754,215	3,044,766
Deferred tax assets - net	15.2	2,626,087	10,551,618	1,708,557	6,897,445
Other assets	12	5,758,133	23,136,178	4,253,820	17,172,670
TOTAL ASSETS		**774,741,200**	**3,112,910,141**	**570,585,630**	**2,303,454,189**
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Deposits from banks and other financial institutions	13	72,667,791	291,979,184	72,070,152	290,947,204
Deposits from customers	14	510,710,185	2,052,033,523	359,822,419	1,452,603,106
Current income tax liability	15.1	3,703,931	14,882,395	2,286,437	9,230,346
Borrowings	16	67,731,583	272,145,500	41,915,222	169,211,751
Subordinated debts	17	6,300,000	25,313,400	-	-
Other liabilities	18	19,634,475	78,891,321	15,156,135	61,185,317
Provision for employee benefits	19	666,900	2,679,604	-	-
TOTAL LIABILITIES		**681,414,865**	**2,737,924,927**	**491,250,365**	**1,983,177,724**
SHAREHOLDERS' EQUITY					
Paid-up capital	20	76,000,000	305,368,000	70,790,000	285,779,230
Retained earnings		17,326,335	69,617,214	8,545,265	34,497,235
TOTAL SHAREHOLDERS' EQUITY		**93,326,335**	**374,985,214**	**79,335,265**	**320,276,465**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**774,741,200**	**3,112,910,141**	**570,585,630**	**2,303,454,189**

The accompanying notes on pages 54 to 78 of these financial statements.

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2018

		2018		2017	
OPERATING INCOME	NOTES	US$	KHR'000 equivalent (Note 4)	US$	KHR'000 equivalent (Note 4)
Interest income	21	63,130,825	253,659,655	48,194,059	194,559,416
Interest expense	22	(30,213,475)	(121,397,743)	(24,933,101)	(100,654,929)
NET INTEREST INCOME		**32,917,350**	**132,261,912**	**23,260,958**	**93,904,487**
Fee and commission income	23	8,299,721	33,348,279	4,715,678	19,037,192
Fee and commission expense		(131,516)	(528,431)	(95,061)	(383,760)
NET FEE AND COMMISSION INCOME		**8,168,205**	**32,819,848**	**4,620,617**	**18,653,432**
Other income	24	420,108	1,687,994	429,630	1,734,416
TOTAL OPERATING INCOME		**41,505,663**	**166,769,754**	**28,311,205**	**114,292,335**
Personnel expenses	25	(11,618,647)	(46,683,724)	(8,426,088)	(34,016,117)
Depreciation and amortization	26	(1,652,856)	(6,641,175)	(1,672,472)	(6,751,769)
General and administrative expenses	27	(6,175,438)	(24,812,910)	(4,852,635)	(19,590,087)
Provision for losses on loans and advances	8	(4,630,799)	(18,606,550)	(2,679,479)	(10,817,057)
PROFIT BEFORE INCOME TAX		**17,427,923**	**70,025,395**	**10,680,531**	**43,117,305**
Income tax expense	15	(3,436,853)	(13,809,275)	(2,137,421)	(8,628,769)
NET PROFIT FOR THE YEAR		**13,991,070**	**56,216,120**	**8,543,110**	**34,488,536**

The accompanying notes on pages 54 to 78 of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

	Share capital US$	Retained earnings US$	Total US$
Balance as at 1 January 2017	38,000,000	12,792,155	50,792,155
Issuance of paid-up capital	20,000,000	-	20,000,000
Transfer from retained earnings	12,790,000	(12,790,000)	-
Net profit for the year	-	8,543,110	8,543,110
BALANCE AS AT 31 DECEMBER 2017	**70,790,000**	**8,545,265**	**79,335,265**
EQUIVALENT IN KHR'000 (NOTE 4)	**285,779,230**	**34,497,235**	**320,276,465**
Balance as at 1 January 2018	70,790,000	8,545,265	79,335,265
Transfer from retained earnings	5,210,000	(5,210,000)	-
Net profit for the year	-	13,991,070	13,991,070
BALANCE AS AT 31 DECEMBER 2018	**76,000,000**	**17,326,335**	**93,326,335**
EQUIVALENT IN KHR'000 (NOTE 4)	**305,368,000**	**69,617,214**	**374,985,214**

The accompanying notes on pages 54 to 78 of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 31 December 2018

	NOTES	2018 US$	2018 KHR'000 equivalent (Note 4)	2017 US$	2017 KHR'000 equivalent (Note 4)
NET CASH FROM OPERATING ACTIVITIES	**28**	**12,262,010**	**49,268,756**	**7,990,519**	**32,257,725**
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from disposals of property and equipment		95,231	382,638	254,984	1,029,370
Capital guarantee deposits		(521,000)	(2,093,378)	(14,679,000)	(59,259,123)
Acquisition of:					
Property and equipment	9	(1,467,331)	(5,895,736)	(1,443,242)	(5,826,368)
Software	10	(372,582)	(1,497,034)	(350,702)	(1,415,784)
Subsidiary, net of cash acquired net of cash acquired	11	-	-	(7,587,274)	(30,629,824)
NET CASH USED IN INVESTING ACTIVITIES		**(2,265,682)**	**(9,103,510)**	**(23,805,234)**	**(96,101,729)**
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issuance of share capital		-	-	10,500,000	42,388,500
Proceeds from borrowings		25,816,361	103,730,138	31,778,117	100,029,258
Proceeds from subordinated debts		6,300,000	25,313,400	-	-
Repayments of borrowings		(995,520)	(4,000,000)	(10,000,000)	(12,111,000)
NET CASH FROM FINANCING ACTIVITIES		**32,116,361**	**129,043,538**	**32,278,117**	**130,306,758**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**42,112,689**	**169,208,786**	**16,463,402**	**66,462,754**
Cash and cash equivalents at 1 January		**146,397,721**	**591,007,600**	**129,934,319**	**524,544,846**
Currency translation differences		**-**	**(2,781,558)**	**-**	**-**
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**188,510,410**	**757,434,828**	**146,397,721**	**591,007,600**

Significant non-cash transactions:

During the year there was the following significant non-cash transactions:

Conversion of subordinated debt to the share capital	20	-	-	9,500,000	38,351,500
Transfer from retained earnings to share capital	20	5,210,000	21,032,770	12,790,000	51,633,230

The accompanying notes on pages 54 to 78 of these financial statements.

SEPARATE BALANCE SHEET

as at 31 December 2018

ASSETS	NOTES	2018 US$	2018 KHR'000 equivalent (Note 4)	2017 US$	2017 KHR'000 equivalent (Note 4)
Cash on hand	5	18,934,494	76,078,797	17,445,018	70,425,538
Balances with the National Bank of Cambodia	6	238,274,655	957,387,564	168,625,713	680,742,003
Balances and placements with other banks	7	1,601,752	6,435,840	10,527,310	42,498,750
Loans and advances to customers - net	8	456,363,280	1,833,667,659	333,176,132	1,345,032,045
Property and equipment	9	2,815,384	11,312,213	2,708,293	10,933,379
Intangible assets	10	784,756	3,153,150	748,863	3,023,160
Investment in subsidiary	11	8,685,818	34,899,617	8,685,818	35,064,647
Deferred tax assets - net	15.2	2,271,077	9,125,187	1,504,614	6,074,127
Other assets	12	4,977,685	20,000,337	3,776,857	15,247,172
TOTAL ASSETS		**734,708,901**	**2,952,060,364**	**547,198,618**	**2,209,040,821**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Deposits from banks and other financial institutions	13	72,752,693	292,320,320	72,103,410	291,081,466
Deposits from customers	14	510,710,185	2,052,033,523	359,822,419	1,452,603,106
Current income tax liability	15.1	3,144,583	12,634,934	2,225,391	8,983,903
Borrowings	16	31,039,821	124,718,001	19,000,000	76,703,000
Subordinated debts	17	6,300,000	25,313,400	-	-
Other liabilities	18	18,854,628	75,757,896	14,726,070	59,449,145
Provision for employee benefits	19	500,171	2,009,687	-	-
TOTAL LIABILITIES		**643,302,081**	**2,584,787,761**	**467,877,290**	**1,888,820,620**
SHAREHOLDERS' EQUITY					
Paid-up capital	20	76,000,000	305,368,000	70,790,000	285,779,230
Retained earnings		15,406,820	61,904,603	8,531,328	34,440,971
TOTAL SHAREHOLDERS' EQUITY		**91,406,820**	**367,272,603**	**79,321,328**	**320,220,201**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**734,708,901**	**2,952,060,364**	**547,198,618**	**2,209,040,821**

The accompanying notes on pages 54 to 78 of these financial statements.

SEPARATE INCOME STATEMENT
for the year ended 31 December 2018

	NOTES	2018 US$	2018 KHR'000 (Note 4)	2017 US$	2017 KHR'000 (Note 4)
Interest income	21	56,051,914	225,216,590	44,983,939	181,600,162
Interest expense	22	(27,715,241)	(111,359,838)	(24,157,853)	(97,525,253)
NET INTEREST INCOME		**28,336,673**	**113,856,752**	**20,826,086**	**84,074,909**
Fee and commission income	23	4,919,086	19,764,888	3,668,710	14,810,582
Fee and commission expense		(39,319)	(157,984)	(73,796)	(297,915)
NET FEE AND COMMISSION INCOME		**4,879,767**	**19,606,904**	**3,594,914**	**14,512,667**
Other income	24	281,385	1,130,605	198,772	802,443
TOTAL OPERATING INCOME		**33,497,825**	**134,594,261**	**24,619,772**	**99,390,019**
Personnel expenses	25	(8,267,665)	(33,219,478)	(6,340,797)	(25,597,797)
Depreciation and amortization	26	(1,461,312)	(5,871,552)	(1,458,504)	(5,887,981)
General and administrative expenses	27	(4,654,690)	(18,702,544)	(3,890,631)	(15,706,477)
Provision for losses on loans and advances	8	(4,092,975)	(16,445,574)	(2,234,678)	(9,021,395)
INCOME BEFORE TAX		**15,021,183**	**60,355,113**	**10,695,162**	**43,176,369**
Income tax expense	15	(2,935,691)	(11,795,606)	(2,165,989)	(8,744,098)
NET INCOME FOR THE YEAR		**12,085,492**	**48,559,507**	**8,529,173**	**34,432,271**

SEPARATE STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

	Paid-up capital US$	Retained earnings US$	Total US$
Balance as at 1 January 2017	38,000,000	12,792,155	50,792,155
Issuance of paid-up capital	20,000,000	-	20,000,000
Conversion of retained earnings	12,790,000	(12,790,000)	-
Net income for the year	-	8,529,173	8,529,173
BALANCE AS AT 31 DECEMBER 2017	**70,790,000**	**8,531,328**	**79,321,328**
EQUIVALENT IN KHR'000 (NOTE 4)	**285,779,230**	**34,440,971**	**320,220,201**
Balance as at 1 January 2018	70,790,000	8,531,328	79,321,328
Transfer from retained earnings	5,210,000	(5,210,000)	-
Net profit for the year	-	12,085,492	12,085,492
BALANCE AS AT 31 DECEMBER 2018	**76,000,000**	**15,406,820**	**91,406,820**
EQUIVALENT IN KHR'000 (NOTE 4)	**305,368,000**	**61,904,603**	**367,272,603**

The accompanying notes on pages 54 to 78 of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
for the year ended 31 December 2018

	NOTES	2018 US$	2018 KHR'000 (Note 4)	2017 US$	2017 KHR'000 (Note 4)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**28**	**27,330,611**	**109,814,395**	**25,696,611**	**103,737,219**
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from disposals of property and equipment		80,588	323,803	-	-
Capital guarantee deposits		(521,000)	(2,093,378)	(14,279,000)	(57,644,323)
Cash consideration paid in the acquisition of subsidiary	11	-	-	(8,780,516)	(35,446,943)
Acquisition of:					
Property and equipment	9	(1,297,030)	(5,211,467)	(1,372,845)	(5,542,175)
Software	10	(337,603)	(1,356,489)	(318,245)	(1,284,755)
NET CASH USED IN INVESTING ACTIVITIES		**(2,075,045)**	**(8,337,531)**	**(24,750,606)**	**(99,918,196)**
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issuance of share capital		-	-	10,500,000	42,388,500
Proceeds from borrowings		12,039,821	48,376,001	13,000,000	52,481,000
Proceeds from subordinated debts		6,300,000	25,313,400	-	-
Repayments of borrowings		-	-	(10,000,000)	(40,370,000)
NET CASH FROM FINANCING ACTIVITIES		**18,339,821**	**73,689,401**	**13,500,000**	**54,499,500**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**43,595,387**	**175,166,265**	**14,446,005**	**58,318,523**
Cash and cash equivalents at 1 January		144,380,324	582,863,369	129,934,319	24,544,846
Currency translation differences		-	(2,743,227)	-	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**187,975,711**	**755,286,407**	**144,380,324**	**582,863,369**

Significant non-cash transactions

During the year there was the following significant non-cash transactions:

Conversion of subordinated debt into paid-up capital	20	-	-	9,500,000	38,351,500
Conversion of retained earnings into paid-up capital	20	5,210,000	20,933,780	12,790,000	51,633,230

The accompanying notes on pages 54 to 78 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2018 and for the year then ended

1. CORPORATE INFORMATION

Cambodia Post Bank Plc ("the Bank") and its subsidiary (collectively referred to as "the Group") were incorporated and registered in the Kingdom of Cambodia.

The Bank

The Bank is a commercial bank operating in accordance with the Cambodian Law on Commercial Enterprises and under the supervision of the National Bank of Cambodia ("NBC"), pursuant to the Law on Banking and Financial Institutions of Cambodia and in accordance with Banking License No. 38 dated 20 September 2013 issued by the NBC.

The main shareholders of the Bank are Canadia Investment Holding Plc. ("CIHP"), a public limited company incorporated in the Kingdom of Cambodia and Fullerton Financial Capital Pte. Ltd. ("Fullerton"), incorporated in Singapore (Note 20).

The principal activities of the Bank consist of the operation of core banking business and the provision of related financial services through the Bank's head office and various branches in Phnom Penh and in the provinces.

The Bank's registered office is currently located at No. 265-269, Ang Duong Street, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia. The Bank has a total of 45 branches located in Phnom Penh and major provinces in Cambodia.

There is no significant change in the principal activities of the Bank during the year.

The paid-up capital of the Bank as at 31 December 2018 is US$76,000,000 (2017: US$70,790,000).

As at 31 December 2018, the Bank has a total of 1,441 employees (2017: 1,281 employees).

The subsidiary

On 30 November 2016, the Bank entered into a share purchase agreement to acquire 100% equity interest in Funan Microfinance Plc., the subsidiary. The subsidiary is a microfinance institution with 51 branches located around Cambodia providing small and medium-sized loans. The transaction was completed and approved by the Ministry of Commerce ("MoC") on 11 April 2017 and the Bank deemed this as the date of acquisition.

The subsidiary was incorporated in Kingdom of Cambodia and registered with the MoC as a public limited liability company under registration number Co. 2133 KH2015 dated 17 June 2015.

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 accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are therefore not intended to present the financial position and financial performance and cash flows in accordance with jurisdictions other than Cambodia. Consequently, these financial statements are addressed to only those who are informed about Cambodia accounting principles, procedures and practices.

The financial statements were approved by the Board of Directors and authorised for issue on 19 March 2019.

(b) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Bank and its subsidiary made up to the end of the financial year. Subsidiary is a Bank in which the Group has power to exercise control over the financial and operating policies of an enterprise so as to obtain benefits from its activities.

Subsidiary is consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiary during the period are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary's net assets are determined and these values are reflected in the consolidated financial statements.

Inter-company transactions, balances and unrealised gain or loss arising from inter-company transactions are eliminated and the consolidated financial statements reflect external transactions only. Losses resulting from intra-group transactions, which indicate an impairment loss, will be recognised in the consolidated financial statements. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The gain or loss on disposal of a subsidiary, which is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal is recognised in the consolidated income statement.

(ii) Investment in subsidiaries

Investment in subsidiaries, which are eliminated on consolidation, is stated at cost in the Bank's separate financial statements. On disposal of such investment, the difference between the net disposal proceeds and its carrying amounts is recognised as the gain or loss on disposal in the income statement of the Bank.

(c) Basis of measurement

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

(d) 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.

The financial statements are presented in US$, which is the Bank's functional currency. All amounts have been rounded to the nearest dollars, unless otherwise indicated.

(e) Use of estimates and judgements

The preparation of the financial statements in accordance with CAS requires the use of certain critical accounting estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of incomes and expenses during the reporting year.

It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. Although these estimates and judgements are based on the management's best knowledge of current event and actions, actual results ultimately may differ from those estimates.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

(i) Impairment losses on loans and advances to customers and deposits and placements with other banks

The Bank followed the mandatory loan classification and provisioning as required by the National Bank of Cambodia's Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions. Loans and advances, other financial products and off-balance sheet financial commitments are classified into five classifications and the regulatory allowance is made depending on the classification concerned, regardless of the assets (except cash) pledged as collateral. The Directors believe that the loan aging (by past due days) as a basis to determine the loan classification is appropriate to determine the adequacy of its impairment losses on loans and advances so as to follow this Prakas.

(ii)Taxes

Taxes are calculated on the basis of current interpretation of the tax regulations. However, these regulations are subject to periodic variation and the ultimate determination of tax expenses will be made following inspection by tax authorities.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will have an impact on the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Seniority indemnity

The present value of back pay seniority indemnity obligation depends on a number of factors that are determined by management using a number of assumptions such as turnover rates and discounted rate. The management used the average fixed deposit interest rate from other banks and MFIs as a discount rate to determine the present value of the estimated future cash outflows expected to be required to settle the back pay seniority indemnity obligation.

(f) New financial reporting framework

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

Circular 058 MoEF.NAC dated 24 March 2016 issued by the National Accounting Council of the Ministry of Economy and Finance allowed banks and financial institutions to further delay adoption of CIFRS until periods beginning on or after 1 January 2019.

The Group/the Bank has not early adopted the new standards in preparing these financial statements.

As at the authorisation date of these financial statements, the Group/the Bank is evaluating the potential impact of the implementation of these new and amendment accounting standards to its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted by the Group and 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 Group's and 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 that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

(c) Balance with National Bank of Cambodia ("NBC")

Balances with the NBC (including statutory deposits) are stated at cost. 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 NBC. Statutory deposits are stated at cost.

(d) Balance and placements with other banks

Balance and placements with other banks are carried at cost less impairment for any uncollectable amounts. The Group and the Bank provide regulatory allowance for impairment losses for balance and placements with other banks at 1% (2017: Nil).

(e) Other assets

Other assets are carried at cost. An estimate is made for doubtful receivables based on a review of outstanding amounts at the reporting date.

(f) 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.

(g) 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	ALLOWANCE RATE
Short-term loans (less than or equal one year):		
Normal/standard	<15 days	1%
Special mention	15 days – 30 days	3%
Substandard	31 days – 60 days	20%
Doubtful	61 days – 90 days	50%
Loss	≥ 91 days	100%
Long-term loans (more than one year):		
Normal/standard	<30 days	1%
Special mention	≥ 30 days – 89 days	3%
Substandard	≥ 90 days – 179 days	20%
Doubtful	≥ 180 days – 359 days	50%
Loss	More than 359 days	100%

The allowance for bad and doubtful loan for specific allowance is calculated as a percentage of the loans outstanding at the time the loan is classified and is charged as an expense in the interim income statement.

(g) Allowance for bad and doubtful loans and advances

In determining the above allowance, any collateral value other than cash deposits which has been pledged is disregarded.

The adequacy of the allowance for bad and doubtful loans is evaluated monthly by the management. Factors considered in evaluating the adequacy of the allowance include the size of the portfolio, previous loss experience, current economic conditions and their effect on clients, the financial situation of clients and the performance of loans in relation to contract terms.

An uncollectible loan or portion of a loan classified as bad is written off when in the judgment of the management there is no prospect of recovery.

Recoveries on loans previously written off are disclosed as other income in the income statement.

(h) Interest in suspense

Interest in suspense represents interest on non-performing loans and advances to customers, 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.

(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, which comprise acquired of computer software licenses and related costs, are stated at cost less accumulated amortisation and impairment loss.

Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire the specific software and bring it to use. These costs are amortised over four years using the straight-line method over 4 years. Costs associated with maintaining computer software are recognised as expenses when incurred.

(k) Property and equipment

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

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

	No. of years
Leasehold improvements	4
Office equipment	4
Furniture, fixtures and fittings	4
Computer and information technology ("IT") equipment	4
Vehicles	4

Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

(iii) Construction 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.

(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(g).

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 other banks and customers

Deposits from other banks and customers are stated at cost.

(n) Other liabilities

Other liabilities are stated at their costs.

(o) Borrowings

Borrowings are stated at the amount of the principal outstanding. Fees paid on the establishment of borrowing facilities are capitalised and amortised over the period of the borrowings using the straight-line method.

(p) Subordinated debts

Subordinated debts are treated as financial liabilities when there are contractual obligations to deliver cash or financial assets to the other entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity, if otherwise, it is treated as equity.

The subordinated debts which are approved by the NBC are included as a Tier II capital item in the calculation of the Bank's net worth in accordance with the guidelines of the NBC.

(q) Provisions

A provision is recognised in the balance sheet when the Group/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.

(r) 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.

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.

Fee and commission income comprise loan processing fee, income received from inward and outward bank transfers, bank guarantees, letters of credit, ATM fee charges, broker fees and others.

Loan processing fees are recognised in the income statement over the period of loans and advances to customers. Unamortised loan fees are presented as reduction to loans and advances to customers. Other fee and commission income are recognised when the services rendered.

(s) Interest expense

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

(t) 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.

(u) Employee benefits

(i) Short-term employee benefits

Short term employee benefits are accrued in the period in which the associated services are rendered by the employees of the Group and the Bank.

(ii) Defined contribution plan

Policy applicable before 1 January 2018

The subsidiary provides its employees upon completion of their probationary period with pension benefit, being a defined contribution plan. The subsidiary and its employees contribute fund on a monthly basis computed at 1.5% of the employee's latest salary.

The contribution made by the subsidiary is charged to the income statement and the liability is recognised in the balance sheet in respect of this employee benefit obligation at the end of the reporting period based on the past services served by an employee.

The employee benefit will be paid 100% to an employee upon retirement age, death, or permanent disability. If an employee is terminated of employment, the entitlement will be limited to the employee's contribution under the plan. If an employee resigns before retirement age, the following will be the entitlement under the provident fund:

Number of working years	Benefit received under the plan
Less than or equal 3 years	Only the contribution made by the employee
Less than or equal 4 years	50% of the contribution made by the subsidiary plus the contribution made by the employee
Less than or equal 5 years	70% of the contribution made by the subsidiary plus the contribution made by the employee
More than 5 years	100% of the contribution made by the subsidiary plus the contribution made by the employee

The contribution made by the Company is charged to the income statement and the liability was recognised in the balance sheet in respect of this employee benefit obligations at the end of the reporting period on an accruals basis based on the past services served by employee.

In 2018, the subsidiary paid off the accruals amounting to US$80,329 to employees and replace this scheme by other long-term employee benefits in 3(u)(iii) below.

(iii) Other long-term employee benefits

The Group's and the Bank's net obligation in respect of long-term employee benefits is the amount of the benefit that employees have earned in return for their service in the current and prior periods.

That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

(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.

Related companies refer to the parent companies, their ultimate parent companies and their subsidiaries and associates.

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

4. TRANSLATION OF UNITED STATES DOLLARS INTO KHMER RIEL

The financial statements are stated in the United States Dollars. The translations of the United States Dollars amounts into Khmer Riel are included solely for presentation purposes and have been made using the prescribed the official exchange rate of US$1 to KHR4,018 published by the NBC on 31 December 2018 (31 December 2017: KHR4,037). These convenience translations should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into Khmer Riel at this or any other rate of exchange.

5. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise:

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Cash on hand	19,223,992	77,242,000	17,613,161	71,104,331	18,934,494	76,078,797	17,445,018	70,425,538
Balances with the NBC (Note 6)								
Current accounts	26,430,201	106,196,548	30,912,759	124,794,808	26,423,286	106,168,763	30,907,996	124,775,580
Term deposits	141,000,000	566,538,000	85,500,000	345,163,500	141,000,000	566,538,000	85,500,000	345,163,501
Balances and placements with other banks (Note 7)								
Current accounts	1,196,345	4,806,913	7,115,615	28,725,738	958,059	3,849,481	6,041,720	24,390,423
Savings accounts	659,872	2,651,366	2,756,186	11,126,723	659,872	2,651,366	1,985,590	8,015,827
Term deposits	-	-	2,500,000	10,092,500	-	-	2,500,000	10,092,500
	188,510,410	**757,434,828**	**146,397,721**	**591,007,600**	**187,975,711**	**755,286,407**	**144,380,324**	**582,863,369**

Term deposits have original maturities of three months or less.

6. BALANCES WITH THE NATIONAL BANK OF CAMBODIA

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Current accounts	26,430,201	106,196,548	30,912,759	124,794,808	26,423,286	106,168,763	30,907,996	124,775,580
Term deposits	141,000,000	566,538,000	85,500,000	345,163,500	141,000,000	566,538,000	85,500,000	345,163,501
Reserve deposits	63,251,369	254,144,000	45,138,717	182,225,001	63,251,369	254,144,001	45,138,717	182,225,000
Capital guarantee deposits	8,000,000	32,144,000	7,479,000	30,192,723	7,600,000	30,536,800	7,079,000	28,577,922
	238,681,570	**959,022,548**	**169,030,476**	**682,376,032**	**238,274,655**	**957,387,564**	**168,625,713**	**680,742,003**

Term deposits

Term deposits are negotiable certificate of deposits with terms ranging from two weeks to three months and interest at rates ranging from 0.75% to 0.98% per annum (2017: 0.48% to 0.66%). The deposits are placed to secure the NBC's overdraft facility for liquidity contingency in accordance with the NBC Prakas B5-014-230 on Facility Provision to Member of Clearing House of the National Bank of Cambodia. As at 31 December 2018, the Bank has not used this overdraft facility.

Reserve deposits

Under NBC Prakas No. B7-012-140 dated 13 September 2012, banks are required to maintain certain cash reserves with the NBC in the form of compulsory deposits, computed at 8.0% and 12.5% of customer deposits and borrowings in KHR and in foreign currencies, respectively.

Capital guarantee deposits

Under NBC Prakas No. B7-08-282 dated 29 August 2018, banks are required to maintain a capital guarantee of 10% of the registered capital. This deposit is not available for use in the Bank's day-to-day operations but is refundable when the Bank voluntarily ceases to operate the business in Cambodia.

Under NBC Prakas No. B7-00-006 and B7-06-209 on the Licensing of Micro-Finance Institutions ("MFIs"), MFIs are required to maintain a capital guarantee of 5% of the registered share capital. This deposit is not available for use in the MFIs' day-to-day operations but is refundable when the MFIs voluntarily cease to operate the business in Cambodia.

Interest rates

Annual interest rates on balances with the NBC of the Group and the Bank are summarized as follows:

	2018	2017
Current and clearing accounts	Nil	Nil
Term deposits	0.31% to 0.70%	0.75% to 0.98%
Reserve deposits	Nil%	0.38%
Capital guarantee deposit	0.62%	0.22%

7. BALANCES AND PLACEMENTS WITH OTHER BANKS

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Local banks								
Current accounts	1,196,345	4,806,913	7,115,615	28,725,738	958,059	3,849,481	6,041,720	24,390,423
Savings accounts	659,872	2,651,366	2,756,186	11,126,723	659,872	2,651,366	1,985,590	8,015,827
Term deposits	-	-	2,500,000	10,092,500	-	-	2,500,000	10,092,500
	1,856,217	**7,458,279**	**12,371,801**	**49,944,961**	**1,617,931**	**6,500,847**	**10,527,310**	**42,498,750**
Regulatory allowance for impairment losses	(19,468)	(78,222)	-	-	(16,179)	(65,007)	-	-
	1,836,749	**7,380,057**	**12,371,801**	**49,944,961**	**1,601,752**	**6,435,840**	**10,527,310**	**42,498,750**

	GROUP		BANK	
	2018	2017	2018	2017
Annual interest rates				
Current accounts	Nil - 2%	Nil - 2%	Nil - 2%	Nil - 2%
Savings accounts	0.25% - 2.50%	0.02% - 2.50%	0.25% - 2.50%	0.25% - 2.50%
Term deposits	2.50% - 5.00%	2.50% - 5.00%	2.50% - 5.00%	2.50% - 5.00%

8. LOANS AND ADVANCES TO CUSTOMERS

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Commercial loans								
Short-term loans	2,983,533	11,987,836	3,286,547	13,267,790	1,783,846	7,167,493	880,156	3,553,190
Long-term loans	512,153,160	2,057,831,397	366,392,674	1,479,127,225	466,383,704	1,873,929,723	340,070,890	1,372,866,183
LOANS AND ADVANCES - GROSS	**515,136,693**	**2,069,819,233**	**369,679,221**	**1,492,395,015**	**468,167,550**	**1,881,097,216**	**340,951,046**	**1,376,419,373**
Allowance for losses on loans and advances								
	(8,010,646)	(32,186,776)	(5,017,702)	(20,256,463)	(7,281,611)	(29,257,513)	(4,610,812)	(18,613,848)
Unearned loan commitment fees	(5,237,526)	(21,044,380)	(3,627,069)	(14,642,477)	(4,522,659)	(18,172,044)	(3,164,102)	(12,773,480)
LOANS AND ADVANCES - NET	**501,888,521**	**2,016,588,077**	**361,034,450**	**1,457,496,075**	**456,363,280**	**1,833,667,659**	**333,176,132**	**1,345,032,045**

Movements of allowance for losses on loans and advances are as follows:

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Specific allowance								
Balance at 1 January	1,361,120	5,494,842	815,792	3,293,352	1,237,600	4,996,190	815,792	3,293,352
Transfer from subsidiary	-	-	618,186	2,495,617	-	-	-	-
Allowance for the year	3,263,397	13,112,329	1,543,721	6,232,002	2,814,628	11,309,176	1,293,486	5,221,803
Written off during the year	(1,845,193)	(7,413,985)	(1,616,579)	(6,526,129)	(1,405,997)	(5,649,297)	(871,678)	(3,518,965)
Currency translation differences	-	(25,862)	-	-	-	(23,513)	-	-
BALANCE AT 31 DECEMBER	**2,779,324**	**11,167,324**	**1,361,120**	**5,494,842**	**2,646,231**	**10,632,556**	**1,237,600**	**4,996,190**
General allowance								
Balance at 1 January	3,656,582	14,761,621	2,432,020	9,818,065	3,373,212	13,617,658	2,432,020	9,818,066
Transfer from subsidiary	-	-	88,804	358,501	-	-	-	-
Allowance for the year	1,574,740	6,327,306	1,135,758	4,585,055	1,262,168	5,071,391	941,192	3,799,592
Currency translation differences	-	(69,475)	-	-	-	(64,091)	-	-
BALANCE AT 31 DECEMBER	**5,231,322**	**21,019,452**	**3,656,582**	**14,761,621**	**4,635,380**	**18,624,957**	**3,373,212**	**13,617,658**
TOTAL ALLOWANCE AT 31 DECEMBER	**8,010,646**	**32,186,776**	**5,017,702**	**20,256,463**	**7,281,611**	**29,257,513**	**4,610,812**	**18,613,848**

A. Allowance for impairment losses on financial instruments

Allowance for bad and doubtful instruments recognised in the income statement were as follows:

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Specific allowance	3,036,591	12,201,022	1,543,721	6,232,002	2,814,628	11,309,176	1,293,486	5,221,803
General allowance	1,574,740	6,327,306	1,135,758	4,585,055	1,262,168	5,071,391	941,192	3,799,592
Regulatory allowance on placement with other								
Banks	19,468	78,222	-	-	16,179	65,007	-	-
	4,630,799	**18,606,550**	**2,679,479**	**10,817,057**	**4,092,975**	**16,445,574**	**2,234,678**	**9,021,395**

Loans to customers are analysed as follows:

(a) By performance:

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Normal loans								
Secured	507,117,439	2,037,597,871	364,159,737	1,470,112,858	461,936,602	1,856,061,267	337,128,384	1,360,987,286
Unsecured	1,918,262	7,707,577	1,498,419	6,049,118	695,285	2,793,655	192,777	778,241
Special mention loans								
Secured	476,459	1,914,412	849,396	3,429,012	399,329	1,604,504	732,279	2,956,210
Unsecured	4,682	18,812	9,700	39,159	-	-		-
Substandard loans								-
Secured	1,677,023	6,738,278	1,243,275	5,019,100	1,519,975	6,107,260	1,168,938	4,719,003
Unsecured	3,230	12,978	8,163	32,956	-	-	-	-
Doubtful loans								-
Secured	2,751,183	11,054,253	1,634,853	6,599,902	2,573,993	10,342,304	1,493,646	6,029,849
Unsecured	9,143	36,737	16,092	64,963	-	-	-	-
Loss loans								-
Secured	1,157,106	4,649,252	254,741	1,028,389	1,042,366	4,188,226	235,022	948,784
Unsecured	22,166	89,063	4,845	19,560	-	-	-	-
TOTAL	**515,136,693**	**2,069,819,233**	**369,679,221**	**1,492,395,015**	**468,167,550**	**1,881,097,216**	**340,951,046**	**1,376,419,373**

(b) By economic sector:

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Service	143,568,204	576,857,044	94,086,889	379,828,771	111,503,514	448,021,119	92,677,944	374,140,860
Wholesale and retail trades	113,577,439	456,354,150	90,496,268	365,333,434	111,549,234	448,204,822	85,032,978	343,278,132
Building and construction	28,579,989	114,834,396	44,657,059	180,280,547	25,759,105	103,500,084	28,821,282	116,351,515
Agriculture	53,102,409	213,365,479	43,982,751	177,558,366	44,526,386	178,907,019	38,919,501	157,118,026
Others	176,308,652	708,408,164	96,456,254	389,393,897	174,829,311	702,464,172	95,499,341	385,530,840
TOTAL	**515,136,693**	**2,069,819,233**	**369,679,221**	**1,492,395,015**	**468,167,550**	**1,881,097,216**	**340,951,046**	**1,376,419,373**

(c) By residency status, relationship, exposures:

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Residence status								
Residents	515,136,693	2,069,819,233	369,679,221	1,492,395,015	468,167,550	1,881,097,216	340,951,046	1,376,419,373
Relationship								
Non-related parties	515,136,693	2,069,819,233	369,679,221	1,492,395,015	468,167,550	1,881,097,216	340,951,046	1,376,419,373
Exposure								
Non-large	515,136,693	2,069,819,233	369,679,221	1,492,395,015	468,167,550	1,881,097,216	340,951,046	1,376,419,373

	GROUP		BANK	
	2018	2017	2018	2017
Annual interest rates				
Long-term loans	7.00% to 18.00%	8.00% to 18.00%	7.00% to 18.00%	8.00% to 18.00%
Short-term loans	7.00% to 18.00%	8.00% to 18.00%	7.00% to 18.00%	8.00% to 18.00%

9. PROPERTY AND EQUIPMENT

	GROUP						
	Leasehold improvements US$	Office equipment US$	Furniture, fixtures and fittings US$	Computer and IT equipment US$	Vehicles US$	Construction in progress US$	Total US$
Cost							
As at 1 January 2018	861,461	1,314,232	396,963	1,738,444	1,473,612	121,192	5,905,904
Additions	198,445	474,936	46,317	474,668	169,996	102,969	1,467,331
Disposals	(41,582)	(12,207)	(321)	(989)	(97,893)	-	(152,992)
Write-offs	-	(10,817)	-	(14,189)	-	-	(25,006)
AS AT 31 DECEMBER 2018	**1,018,324**	**1,766,144**	**442,959**	**2,197,934**	**1,545,715**	**224,161**	**7,195,237**
Accumulated depreciation							
As at 1 January 2018	533,566	422,343	278,021	984,680	788,563	-	3,007,173
Depreciation	151,811	354,563	69,595	378,312	332,584	-	1,286,865
Disposals	(23,215)	(8,779)	(321)	(989)	(86,713)	-	(120,017)
Write-offs	-	(10,096)	-	(13,611)	-	-	(23,707)
AS AT 31 DECEMBER 2018	**662,162**	**758,031**	**347,295**	**1,348,392**	**1,034,434**	**-**	**4,150,314**
Net book value							
AS AT 31 DECEMBER 2018	**356,162**	**1,008,113**	**95,664**	**849,542**	**511,281**	**224,161**	**3,044,923**
AS AT 31 DECEMBER 2017	**327,895**	**891,889**	**118,942**	**753,764**	**685,049**	**121,192**	**2,898,731**
Equivalent in KHR'000 (Note 4)							
AS AT 31 DECEMBER 2018	**1,431,059**	**4,050,598**	**384,378**	**3,413,461**	**2,054,327**	**900,679**	**12,234,501**
AS AT 31 DECEMBER 2017	**1,323,712**	**3,600,556**	**480,168**	**3,042,946**	**2,765,543**	**489,252**	**11,702,177**

BANK

	Leasehold improvements US$	Office equipment US$	Furniture, fixtures and fittings US$	Computer and IT equipment US$	Vehicles US$	Construction in progress US$	Total US$
Cost							
As at 1 January 2018	849,829	1,238,556	328,797	1,447,916.00	1,327,173	121,192	5,313,463
Additions	178,426	459,335	41,932	407,098.00	119,996	90,243	1,297,030
Disposals	(41,582)	(12,207)	(321)	(989.00)	(67,240)	-	(122,339)
AS AT 31 DECEMBER 2018	**986,673**	**1,685,684**	**370,408**	**1,854,025**	**1,379,929**	**211,435**	**6,488,154**
Accumulated depreciation	530,666	380,832	241,653	785,485	666,534	-	2,605,170
As at 1 January 2018							
Depreciation	146,379	336,445	54,488	323,772	298,518	-	1,159,602
Disposals	(23,215)	(8,779)	(321)	(989)	(58,698)	-	(92,002)
AS AT 31 DECEMBER 2018	**653,830**	**708,498**	**295,820**	**1,108,268**	**906,354**	**-**	**3,672,770**
Net book value							
AS AT 31 DECEMBER 2018	**332,843**	**977,186**	**74,588**	**745,757**	**473,575**	**211,435**	**2,815,384**
AS AT 31 DECEMBER 2017	**319,163**	**857,724**	**87,144**	**662,431**	**660,639**	**121,192**	**2,708,293**
Equivalent in KHR'000 (Note 4)							
AS AT 31 DECEMBER 2018	**1,337,363**	**3,926,333**	**299,695**	**2,996,452**	**1,902,824**	**849,546**	**11,312,213**
AS AT 31 DECEMBER 2017	**1,288,461**	**3,462,632**	**351,799**	**2,674,235**	**2,667,000**	**489,252**	**10,933,379**

10. INTANGIBLE ASSETS

Movements of the Group's and Bank's intangible assets are as follows:

GROUP

	Computer software US$	Work in Progress US$	Total US$
Cost			
As at 1 January 2018	1,805,064	112,500	1,917,564
Additions	327,919	44,663	372,582
AS AT 31 DECEMBER 2018	**2,132,983**	**157,163**	**2,290,146**
Accumulated amortisation			
As at 1 January 2018	997,145	-	997,145
Amortisation	365,991	-	365,991
AS AT 31 DECEMBER 2018	**1,363,136**	**-**	**1,363,136**
Net book value			
AS AT 31 DECEMBER 2018	**769,847**	**157,163**	**927,010**
AS AT 31 DECEMBER 2017	**807,919**	**112,500**	**920,419**
Equivalent in KHR'000 (Note 4)			
AS AT 31 DECEMBER 2018	**3,093,245**	**631,481**	**3,724,726**
AS AT 31 DECEMBER 2017	**3,261,569**	**454,163**	**3,715,732**

BANK			
	Computer software US$	Work in Progress US$	Total US$
Cost			
As at 1 January 2018	1,494,467	112,500	1 1,606,967
Additions	292,940	44,663	337,603
AS AT 31 DECEMBER 2018	**1,787,407**	**157,163**	**1,944,570**
Accumulated amortisation			
As at 1 January 2018	858,104	-	858,104
Amortisation	301,710	-	301,710
AS AT 31 DECEMBER 2018	**1,159,814**	**-**	**1,159,814**
Net book value			
AS AT 31 DECEMBER 2018	**627,593**	**157,163**	**784,756**
AS AT 31 DECEMBER 2017	**636,363**	**112,500**	**748,863**
Equivalent in KHR'000 (Note 4)			
AS AT 31 DECEMBER 2018	**2,521,669**	**631,481**	**3,153,150**
AS AT 31 DECEMBER 2017	**2,568,997**	**454,163**	**3,023,160**

11. INVESTMENT IN SUBSIDIARY AND GOODWILL

Investment in subsidiary in the separate financial statements represents the net consideration paid for the acquisition of the unquoted shares of the subsidiary.

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arms-length transaction. As verifiable market prices are not available, market prices are not available for a significant portion of the subsidiary's financial assets and liabilities. In the opinion of the management, the carrying amount of the assets acquired and liabilities assumed in the acquisition of the subsidiary are reasonable estimation of their fair values.

The acquisition of the subsidiary generated a goodwill in the Group's consolidated financial statements determined as follows:

	US$
Total cash consideration paid	8,780,516
Less: due from subsidiary arising from payment of its expenses by former shareholders	(94,698)
Net consideration transfer from the acquisition	8,685,818
Fair value of the assets acquired and liabilities assumed as at date of the acquisition.	(7,931,603)
GOODWILL	**754,215**
Equivalent in KHR'000 (Note 4)	**3,030,436**

Cash flows from the acquisition of subsidiary, net of cash acquired, is as follows:

	US$
Cash on hand	313,419
Balances with the National Bank of Cambodia	403,418
Balances and placements with other banks	476,405
Cash acquired from acquisition	1,193,242
Total cash consideration paid	(8,780,516)
CASH FLOW FROM THE ACQUISITION OF SUBSIDIARY, NET OF CASH ACQUIRED	**(7,587,274)**

12. OTHER ASSETS

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Accrued interest receivable, net	4,118,675	16,548,836	3,175,329	12,818,803	3,654,996	14,685,774	2,880,534	11,628,716
Prepaid rent and office rental deposits	973,472	3,911,410	673,971	2,720,821	820,203	3,295,576	531,613	2,146,122
Other prepayments	433,465	1,741,662	334,939	1,352,149	287,505	1,155,195	203,773	822,632
Due from subsidiary	-	-	-	-	-	-	94,698	382,296
Office supplies	86,574	347,854	65,195	263,192	86,574	347,854	65,195	263,192
Others	145,947	586,416	4,386	17,705	128,407	515,938	1,044	4,214
	5,758,133	**23,136,178**	**4,253,820**	**17,172,670**	**4,977,685**	**20,000,337**	**3,776,857**	**15,247,172**

13. DEPOSITS FROM BANKS AND OTHER FIANNCIAL INSTITUTIONS

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Current accounts	252,039	1,012,694	6,149,622	24,826,025	336,941	1,353,829	6,182,880	24,960,287
Savings accounts	2,249,289	9,037,643	57,765	233,197	2,249,289	9,037,643	57,765	233,197
Term deposits	70,166,463	281,928,847	65,862,765	265,887,982	70,166,463	281,928,848	65,862,765	265,887,982
	72,667,791	**291,979,184**	**72,070,152**	**290,947,204**	**72,752,693**	**292,320,320**	**72,103,410**	**291,081,466**

Annual interest rates on deposits by other banks follow:

	GROUP	
	2018	2017
Savings accounts	0.00% - 2.00%	0.00% - 2.00%
Term deposits	0.75% - 4.75%	2.00% - 7.25%

14. DEPOSITS FROM CUSTOMERS

Deposits from customers are all in US$ and comprise the following:

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Current accounts	21,077,797	84,690,588	20,122,192	81,233,290	21,077,797	84,690,588	20,122,192	81,233,290
Savings accounts	43,461,546	174,628,492	39,601,572	159,871,546	43,461,546	174,628,492	39,601,572	159,871,546
Term deposits	446,170,842	1,792,714,443	300,098,655	1,211,498,270	446,170,842	1,792,714,443	300,098,655	1,211,498,270
	510,710,185	**2,052,033,523**	**359,822,419**	**1,452,603,106**	**510,710,185**	**2,052,033,523**	**359,822,419**	**1,452,603,106**

Interest rates range

	GROUP	
	2018	2017
Current accounts	0.00% - 2.00%	0.00% - 2.00%
Savings accounts	0.75% - 2%	1.25%
Term deposits	2.00% - 6.25%	2.00% - 8.50%

15. INCOME TAX

Major components of income tax expense are as follows:

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Current income tax	4,354,383	17,495,911	2,775,687	11,205,449	3,702,154	14,875,255	2,674,905	10,798,592
Deferred tax	(917,530)	(3,686,636)	(638,266)	(2,576,680)	(766,463)	(3,079,649)	(508,916)	(2,054,494)
INCOME TAX EXPENSE	**3,436,853**	**13,809,275**	**2,137,421**	**8,628,769**	**2,935,691**	**11,795,606**	**2,165,989**	**8,744,098**

In accordance with the Cambodian tax regulations, current income tax expense is calculated at the higher of the taxable income for the year multiplied by the tax rate of 20% at the reporting date and 1% of turnover.

Reconciliation of income tax expense is as follows:

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Profit before income tax	17,427,923	70,025,396	10,680,531	43,117,305	15,021,183	60,355,112	10,695,162	43,176,369
Tax at applicable income tax rate of 20%	3,485,585	14,005,081	2,136,106	8,623,459	3,004,237	12,071,024	2,139,032	8,635,274
Income tax expense before acquisition	-	-	(32,266)	(130,257)	-	-	-	-
Non-deductible expenses	47,752	191,868	33,581	135,566	37,232	149,598	26,957	108,824
Unrecognised deferred tax in prior year	(96,484)	(387,674)	-	-	(105,778)	(425,016)	-	-
	3,436,853	**13,809,275**	**2,137,421**	**8,628,769**	**2,935,691**	**11,795,606**	**2,165,989**	**8,744,098**

15.1 Current income tax liability

Details of movements of income tax liability are as follows:

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Balance at 1 January	2,286,437	9,230,346	1,965,380	7,934,239	2,225,391	8,983,903	1,965,380	7,934,239
Transfer from subsidiary	-	-	2,047	8,264	-	-	-	-
Current income tax expense	4,354,383	17,495,911	2,775,687	11,205,449	3,702,154	14,875,255	2,674,905	10,798,592
Income tax paid	(2,936,889)	(11,800,420)	(2,456,677)	(9,917,606)	(2,782,962)	(11,181,941)	(2,414,894)	(9,748,927)
Currency translation differences	-	(43,443)	-	-	-	(42,283)	-	-
BALANCE AT 31 DECEMBER	**3,703,931**	**14,882,395**	**2,286,437**	**9,230,346**	**3,144,583**	**12,634,934**	**2,225,391**	**8,983,903**

The Group's and Bank's tax returns are subject to periodic examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

15.2 Deferred tax assets, net

Deferred tax assets – net comprises the following:

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Deferred tax assets								
Allowance for loan losses	1,032,542	4,148,754	739,771	2,986,456	932,887	3,748,340	679,036	2,741,269
Allowance for employee benefits	133,380	535,921	-	-	100,034	401,937	-	-
Unearned loan commitment fees	1,047,506	4,208,879	725,414	2,928,496	904,532	3,634,410	632,820	2,554,694
Unrealized exchange loss - net	280,964	1,128,913	149,795	604,722	213,636	858,389	138,608	559,560
Unrealised exchange loss - net	-	-	2,876	11,610	-	-	-	-
Property and equipment and software	153,468	616,634	123,192	497,326	135,218	543,305	86,641	349,770
	2,647,860	**10,639,101**	**1,741,048**	**7,028,610**	**2,286,307**	**9,186,381**	**1,537,105**	**6,205,293**
Deferred tax liabilities								
Unrealised exchange loss - net	21,773	87,483	32,491	131,165	15,230	61,194	32,491	131,166
	2,626,087	**10,551,618**	**1,708,557**	**6,897,445**	**2,271,077**	**9,125,187**	**1,504,614**	**6,074,127**

Deferred tax assets – net comprises the following:

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
At 1 January	1,708,557	6,897,445	1,070,291	4,320,765	1,504,614	6,074,127	995,698	4,019,633
Recognised in income statement	917,530	3,686,636	638,266	2,576,680	766,463	3,079,649	508,916	2,054,494
Currency translation differences	-	(32,463)	-	-	-	(28,589)	-	-
AT 31 DECEMBER	**2,626,087**	**10,551,618**	**1,708,557**	**6,897,445**	**2,271,077**	**9,125,187**	**1,504,614**	**6,074,127**

16. BORROWINGS

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Canadia Bank Plc	29,949,602	120,337,501	22,915,222	92,508,751	-	-	-	-
Taiwan Cooperative Bank- Phnom Penh Branch	6,000,000	24,108,000	6,000,000	24,222,000	6,000,000	24,108,000	6,000,000	24,222,000
Industrial Commercial Bank of China Limited – Phnom Penh Branch	20,742,160	83,341,999	5,000,000	20,185,000	14,000,000	56,252,000	5,000,000	20,185,000
Mega International Commercial Bank Co., Ltd.	6,000,000	24,108,000	8,000,000	32,296,000	6,000,000	24,108,000	8,000,000	32,296,000
Cathay United Bank (Cambodia) Corporation Limited	5,039,821	20,250,000	-	-	5,039,821	20,250,001	-	-
	67,731,583	**272,145,500**	**41,915,222**	**169,211,751**	**31,039,821**	**124,718,001**	**19,000,000**	**76,703,000**

Borrowings from Canadia Bank Plc. include long-term and short-term borrowings. Long-term borrowing amounted to US$20.9 million with a term of 3 years and bears annual interest at rates ranging from 7.5% to 8.5%. Short-term borrowing amounted to US$2.00 million and bears annual interest at 8.5%.

The long-term borrowing from Taiwan Cooperative Bank- Phnom Penh Branch is for a term of 3 years and bears annual interest calculated on a daily basis at six-month LIBOR plus 5%, based on the outstanding principal amounts.

The short-term borrowing from Industrial Commercial Bank of China Limited - Phnom Penh Branch bears annual interest calculated on a daily basis at interest rate of 6.5%, based on the outstanding principal amounts.

The short-term borrowing from Mega International Commercial Bank Co., Ltd. bears annual interest calculated on a daily basis at 12-month LIBOR plus marked up margin, based on the outstanding principal amounts.

The long-term borrowing from Cathay United Bank (Cambodia) Corporation Limited is for a term of 5 years and bears annual interest calculated on a daily basis at 7.5%, based on the outstanding principal amounts.

17. SUBORDINATED DEBTS

On 31 August 2018, the Bank entered into a 7-year subordinated debts agreement with CIHP, Fullerton and CP, shareholders of the Bank. On 20 September 2018, the Bank obtained approval from the NBC allowing the Bank to include the subordinated debt under Tier II capital. The principal amount will be repaid in five equal instalments starting from 31 August 2021 until maturity. The subordinated debt bears interest at 7.5% per annum which is payable quarterly until maturity.

CIHP, Fullerton and CP also have the following options to convert the subordinated debt, subject to approval of the NBC:

i. Convert instalment payment into ordinary shares of the Bank; or

ii. Convert outstanding amount into ordinary shares of the Bank.

Conversion shall be conducted at a price to be determined by the BoD of the borrower in accordance with the Memorandum and Articles of Association of the borrower.

18. OTHER LIABILITIES

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Accrued interest payable	14,302,166	57,466,103	10,985,176	44,347,156	14,302,166	57,466,103	10,900,648	44,005,916
Accounts payable	3,034,522	12,192,709	2,498,634	10,086,985	2,991,169	12,018,517	2,498,634	10,086,985
Accrued staff bonus and unused leave	1,021,418	4,104,058	667,346	2,694,076	1,021,418	4,104,058	667,346	2,694,076
Accrued expenses	949,459	3,814,926	277,058	1,118,483	365,884	1,470,122	220,980	892,096
Other taxes payable	183,308	736,532	178,360	720,039	174,282	700,265	169,048	682,447
Others	143,602	576,993	549,561	2,218,578	(291)	(1,169)	269,414	1,087,625
	19,634,475	**78,891,321**	**15,156,135**	**61,185,317**	**18,854,628**	**75,757,896**	**14,726,070**	**59,449,145**

19. PROVISION FOR EMPLOYEE BENEFITS

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
At 1 January	-	-	-	-	-	-	-	-
Recognised in profit or loss	666,900	2,679,604	-	-	500,171	2,009,687	-	-
AT 31 DECEMBER	**666,900**	**2,679,604**	**-**	**-**	**500,171**	**2,009,687**	**-**	**-**

This represents provision for seniority indemnity payments required by Prakas No. 443 issued by the Ministry of Labour and Vocational Training ("MoLVT") on 21 September 2018. This Prakas requires all employers to settle the seniority indemnity to their employee starting from 2019 onward.

The payment is determined at the amounts equal to 15 days of net wage per year. It is also required the employer to settle the retrospective (back-pay) seniority indemnity at a maximum amount of 6 months (depends on the length of the service employee served) to the employee who has seniority before 2019.

Payments will be made twice a year, in June and December at 7.5 days each. Employee does not entitle to the remaining back-pay seniority indemnity which is not yet due, if he/she resigns from the entity.

Assumptions:

The following are the principal assumptions at the reporting date.

Discount rate *	4.74%
Term of payments	7.5 days each in June and December
Turnover rate	18%

* As information on Cambodian corporate or government bonds are not readily available, the Company has analysed the medium to long term deposit rates in denomination of US$ of major banks in Cambodia.

20. SHARE CAPITAL

(a) Ownership is as follows:

	2018		2017	
	Ownership	Shares	Ownership	Shares
CIHP	50%	38,000,000	50%	35,395,000
Fullerton	45%	34,200,000	45%	31,855,500
Cambodia Post	5%	3,800,000	5%	3,539,500
	100%	**76,000,000**	**100%**	**70,790,000**

The 76 million ordinary shares are issued and fully paid with a par value of US$1 per share.

On 9 March 2018, the Bank sent the request to the NBC to increase the share capital from US$70,790,000 to US$76,000,000. The request was approved by NBC on 28 March 2018.

(b) Capital guarantee

The Bank's capital guarantee of 10% of registered capital amounting to US$7.6 million (2017: US$7.1 million) is maintained with the NBC, as disclosed in Note 6.

21. INTEREST INCOME

	GROUP				BANK			
	2017		2016		2017		2016	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Loans and advances	62,272,205	250,209,720	46,646,862	188,313,382	55,206,383	221,819,247	43,447,528	175,397,671
Balances with other banks	469,112	1,884,892	895,410	3,614,770	456,023	1,832,300	884,624	3,571,227
Balances with the NBC	389,508	1,565,043	651,787	2,631,264	389,508	1,565,043	651,787	2,631,264
	63,130,825	**253,659,655**	**48,194,059**	**194,559,416**	**56,051,914**	**225,216,590**	**44,983,939**	**181,600,162**

22. INTEREST EXPENSE

Deposits from customers	23,062,080	92,663,437	19,567,772	78,995,096	23,062,080	92,663,437	19,567,772	78,995,096
Deposits from other banks	3,243,537	13,032,532	3,626,515	14,640,241	3,243,537	13,032,532	3,626,515	14,640,241
Borrowings	3,760,313	15,108,938	1,691,110	6,827,011	1,262,079	5,071,033	920,499	3,716,054
Subordinated debt	147,545	592,836	47,704	192,581	147,545	592,836	43,067	173,862
	30,213,475	**121,397,743**	**24,933,101**	**100,654,929**	**27,715,241**	**111,359,838**	**24,157,853**	**97,525,253**

23. FEES AND COMMISSION INCOME

The Group's and the Bank's fees and commission income arise from:

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Loan commitment fees	5,616,930	22,568,825	2,775,073	11,202,970	2,523,877	10,140,938	1,823,436	7,361,211
Early and late payment penalties	2,571,226	10,331,186	1,896,521	7,656,255	2,286,758	9,188,194	1,801,190	7,271,404
Others	111,565	448,268	44,084	177,967	108,451	435,756	44,084	177,967
	8,299,721	**33,348,279**	**4,715,678**	**19,037,192**	**4,919,086**	**19,764,888**	**3,668,710**	**14,810,582**

24. OTHER INCOME

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Foreign exchange gains - net	159,890	642,438	153,220	618,549	127,141	510,853	189,073	763,288
Other income	260,218	1,045,556	276,410	1,115,867	154,244	619,752	9,699	39,155
	420,108	**1,687,994**	**429,630**	**1,734,416**	**281,385**	**1,130,605**	**198,772**	**802,443**

25. PERSONNEL EXPENSES

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Salaries and wages	10,905,730	43,819,223	7,893,824	31,867,367	7,677,962	30,850,051	6,013,373	24,275,987
Other short-term benefits	571,644	2,296,866	504,841	2,038,043	448,438	1,801,824	300,001	1,211,104
Staff insurance	141,273	567,635	27,423	110,707	141,265	567,603	27,423	110,706
	11,618,647	**46,683,724**	**8,426,088**	**34,016,117**	**8,267,665**	**33,219,478**	**6,340,797**	**25,597,797**

26. DEPRECIATION AND AMORTIZATION

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Depreciation (Note 9)	1,286,865	5,170,624	1,224,977	4,945,232	1,159,602	4,659,281	1,044,143	4,215,205
Amortisation (Note 10)	365,991	1,470,551	447,495	1,806,537	301,710	1,212,271	414,361	1,672,776
	1,652,856	**6,641,175**	**1,672,472**	**6,751,769**	**1,461,312**	**5,871,552**	**1,458,504**	**5,887,981**

27. GENERAL AND ADMINISTRATIVE EXPENSES

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Rental	1,978,061	7,947,849	1,507,632	6,086,310	1,426,646	5,732,264	1,200,061	4,844,646
Motor vehicles	713,973	2,868,744	567,368	2,290,465	510,719	2,052,069	474,740	1,916,525
License fees	495,873	1,992,418	460,186	1,857,771	465,396	1,869,961	443,571	1,790,696
Communication	407,808	1,638,573	357,307	1,442,448	321,534	1,291,924	300,808	1,214,362
Utilities	321,951	1,293,599	281,430	1,136,133	252,525	1,014,645	238,044	960,984
Stationery and supplies	232,557	934,414	212,859	859,312	181,642	729,838	170,304	687,517
Repairs and maintenance	395,660	1,589,762	241,366	974,395	249,746	1,003,479	167,439	675,951
Legal and professional fees	305,303	1,226,707	152,772	616,741	241,932	972,083	135,356	546,432
Travel, accommodation and food	266,522	1,070,885	170,407	687,933	143,415	576,241	130,160	525,456
Advertising and public relations	219,251	880,951	132,152	533,498	198,895	799,160	129,984	524,745
Non-capitalized equipment and fixtures	98,294	394,945	81,051	327,203	69,059	277,479	70,907	286,252
Taxes and duties	83,614	335,961	57,284	231,256	66,561	267,442	45,514	183,740
Printing and forms	28,515	114,573	53,583	216,312	22,326	89,706	46,223	186,603
Others	628,056	2,523,529	577,238	2,330,310	504,294	2,026,253	337,520	1,362,568
	6,175,438	**24,812,910**	**4,852,635**	**19,590,087**	**4,654,690**	**18,702,544**	**3,890,631**	**15,706,477**

28. NET CASH GENERATED FROM OPERATING ACTIVITIES

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Profit before income tax	17,427,923	70,025,396	10,680,531	43,117,305	15,021,183	60,355,112	10,695,162	43,176,369
Adjustments for:								
Allowance for deposits and other placement with banks	19,468	78,222	-	-	16,179	65,007	-	-
Allowance for bad and doubtful loans	4,611,332	18,528,332	-	-	4,076,797	16,380,570	-	-
Depreciation and amortisation	1,652,856	6,641,175	1,672,472	6,751,769	1,461,312	5,871,552	1,458,504	5,887,981
Gain on disposal of equipment	(60,958)	(244,929	(177,673)	(717,266)	(50,251)	(201,909	-	-
Net interest income	(32,917,350)	(132,261,912)	-	-	(28,336,673)	(113,856,752)	-	-
Pension fund expense	666,900	2,679,604	-	-	500,171	2,009,687	-	-
	(8,599,829)	**(34,554,112)**	**12,175,330**	**49,151,808**	**(7,311,282)**	**(29,376,733)**	**12,153,666**	**49,064,350**
Changes in:								
Loans and advances	145,465,402)	(584,479,985)	(110,211,057)	(44,922,037)	(127,263,945)	(511,346,531)	(93,194,891)	(376,227,775)
Other assets	(560,967)	(2,253,965)	3,743,943	15,114,298	(426,366)	(1,713,139)	196,781	794,405
Reserves requirements	(18,112,652)	(72,776,636)	-	-	(18,112,652)	(72,776,636)	-	-
Deposits from banks and other financial institutions	597,639	2,401,314	(8,850,381)	(35,728,988)	649,283	2,608,819	(8,817,122)	(35,594,722)
Deposits from customers	150,887,766	606,267,044	113,239,516	457,147,926	150,887,766	606,267,044	113,239,516	457,147,926
Other liabilities	1,161,350	4,666,304	309,551	1,249,657	727,041	2,921,251	4,533,555	18,301,962
	(20,092,095)	**(80,730,036)**	**10,447,196**	**42,175,331**	**(850,155)**	**(3,415,925)**	**28,111,505**	**113,486,146**
Interest received	62,187,479	249,869,290	-	-	55,277,452	222,104,802	-	-
Interest paid	(26,896,485)	(108,070,078)	-	-	(24,313,724)	(97,692,543)	-	-
Income tax paid	(2,936,889)	(11,800,420)	(2,456,677)	(9,917,606)	(2,782,962)	(11,181,941)	(2,414,894)	(9,748,927)
Net cash generated from operating activities	**12,262,010**	**49,268,756**	**7,990,519**	**32,257,725**	**27,330,611**	**109,814,393**	**25,696,611**	**103,737,219**

29. COMMITMENTS AND CONTINGENCY

Lease commitments

Details of future minimum lease payments under a non-cancellable operating lease arrangement are as follows:

	GROUP				BANK			
	2018		2017		2018		2017	
	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)	US$	KHR'000 (Note 4)
Within one year	1,150,018	4,620,772	1,271,945	5,134,842	753,606	3,027,989	888,056	3,585,082
From 2 to 5 years	1,662,916	6,681,596	1,931,029	7,795,563	1,457,224	5,855,126	1,686,721	6,809,292
More than 5 years	747,884	3,004,998	-	-	683,080	2,744,615	-	-
	3,560,818	**14,307,367**	**3,202,974**	**12,930,405**	**2,893,910**	**11,627,730**	**2,574,777**	**10,394,374**

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4. Teuk Thla Branch

#A127 & A129, Russie Federation Blv, Group 7, Phoum Teuk Thla, SangKat Teuk Thla, Khan Sen Sok, Phnom Penh

(855) 23 883 630 / 23 883 634 / 70 600 013

bm.ttl@cambodiapostbank.com

5. Cana City Branch

#A1 & A2, Street Veng Sreng, Sangkat Chaom Chao, Khan Por Sen Chhey, Phnom Penh City

(855) 23 865 025 / 23 865 026 / 70 600 025

bm.cnc@cambodiapostbank.com

6. Sovanna Branch

#D33, Street Diamon, Sangkat Tonub Teuk, Khan Cham Karmon, Phnom Penh City

(855) 23 217 420 / 70 600 089

bm.svn@cambodiapostbank.com

7. Chba Am Pao Branch

#40, National Road N01, Phoum Tangao, Sangkat Niroat, Khan Chba Am Pao, Phnom Penh City

(855) 23 720 728 / 23 720 729 / 70 600 014

bm.mch@cambodiapostbank.com

8. Ou Bek Ka Orm Branch

#117A, Street 271, Phoum 1,
Sangkat Boeng Salang, Khan Toul Kouk, Pnhom Penh City

(855) 70 600 051 / 70 600 357

bm.obm@cambodiapostbank.com

9. Kien Svay Branch

National Road No 1, Dei Edth Kaoh Phos Village, Dei Edth Commune, Kien Svay District, Kandal Province

(855) 70 600 092

bm.ksy@cambodiapostbank.com

10. Takhmao Branch

#5A-6A, St. 21, Phoum Thmei, Sangkat Takhmao, Krong Takhmao, Kandal Province

(855) 23 425 465 / 70 600 087

bm.tmo@cambodiapostbank.com

11. Sen Sok Branch (Aeon Mall II)

Aeon Sen Sok, St, 1003, Phnom Penh

(855) 92 600 116

bm.ssk@cambodiapostbank.com

12. Doun Penh Branch

St 13-102, Sangkat Wat Phnom, Khan Doun Penh,
Phnom Penh.

(855) 70 600 026 / 23 220 767

bm.dpn@cambodiapostbank.com

13. Angk Snuol District Branch

1 & 2, National Road No 4, Borei Kammeakkar Village, Baek Chan Commune, Angk Snuol District, Kandal Province.

(855) 70 7000 54

bm.asl@cambodiapostbank.com

14. S'ang Branch

National Road No 21, Preaek Snang Village, Preaek Koy Commune, S'ang District, Kandal Province

(855) 70 600 019 / 77 345 627

bm.sag@cambodiapostbank.com

15. Battambang Branch

#248, National Road 5, Sangkat Ou Char,
Krong Battambang, Battambang Province

(855) 53 732 184 / 70 600 097

bm.btb@cambodiapostbank.com

16. Thmar Koul Branch

#28, National Road No 5, Phoum Kouk Trap, Tameun Communce, Thmar Koul District, Battambang Province

(855) 53 211 446 / 70 600 091

bm.tkl@cambodiapostbank.com

17. Sampov Luon Branch

#914, Road No 57B, Group 15, Trapiang Prolit Village, Santepheap Commune, Sampov Luon District

(855) 70 600 084

bm.spl@cambodiapostbank.com

18. Pailin Branch

Pahi Tboung Village, Sangkat Pailin, Krong Pailin,
Pailin Province

(855) 70 600 073

bm.pln@cambodiapostbank.com

19. Banteay Meanchey Branch

Phoum 3, Sangkat Preh Ponlear, Krong Serey Sorporn,
Banteay Meanchey Province.

(855) 70 600 046

bm.bmc@cambodiapostbank.com

20. Poi Pet Branch

National Raod No 5, Kilometr No 4, Sangkat Phsar Kandal, Krong Poipet, Ban Teay Meanchey Province.

(855) 54 218 385 / 54 218 386 / 70 600 045

bm.ppt@cambodiapostbank.com

21. Oddar Meanchey Branch

Doun Kaen Village, Sangkat Samraong, Krong Samroang,
Oddar Meanchey Province.

(855) 70 600 042

bm.omc@cambodiapostbank.com

22. Krong Battambang Branch

Kammeakor Village, Sangkat Svay Por, Krong Battambang,
Battambang Province

(855) 70 700 062

bm.kbb@cambodiapostbank.com

23. Pouk Branch

National Road No 6A, Chambak Haer Village, Pouk Commune, Pouk District, Siem Reap Province

(855) 70 600 093

bm.puk@cambodiapostbank.com

24. Cheung Prey District Branch

Skon Village, Soutib Commune, Cheung Prey District,
Kampong Cham Province

(855) 70 600 096

bm.chp@cambodiapostbank.com

25. Ponhea Kraek Branch

National Road No 7, Kraek Tboung Village, Kraek Commune, Ponhea Kraek District, Tboung Khmum Province.

(855) 93 7000 26

bm.pnk@cambodiapostbank.com

26. Memot Branch

National Road No 7, Masin Tuek Village, Memot Commune, Memot District, Tboung Khmum Province.

(855) 93 7000 19

bm.mmt@cambodiapostbank.com

27. Mok Kompul District Branch

National Road 6A, Kraom Village, Prek Anhchanh Commune, Mok Kompul District and Kandal Province

(855) 70 600 047

bm.mkp@cambodiapostbank.com

28. Prey Veng Branch

#52, National Road No 11, Lekh Buon Village, Sangkat Kampong Leav, Krong Prey Veng, Prey Veng Province.

(855) 70 600 094

bm.pvg@cambodiapostbank.com

OUR BRANCH NETWORKS

29. Svay Rieng Branch

#32, National Road No 1, Kien Sang Village, Sangkat Svay Rieng, Krong Svay Rieng, Svay Rieng Province

(855) 70 600 076

bm.svg@cambodiapostbank.com

30. Bavet Branch

National Road No 1, Bavet Kandal Village, Sangkat Bavet, Krong Bavet, Svay Rieng Province

(855) 70 600 042

bm.bvt@cambodiapostbank.com

31. Pursat Branch

#155, National Road No 5, Meann Che, Prey Nhi Commune, Pursat District, Pursat Province

(855) 52 953 888 / 70 600 078

bm.pur@cambodiapostbank.com

32. Bakan Branch

National Road No 5, Beung Khnar Village, Beung Khnar Commune, Bakan District, Pursat Province

(855) 52 684 0019 / 70 254 111 / 70 6000 82

bm.bkn@cambodiapostbank.com

33. Siem Reap Branch

Canadia building, St. Sivatha (North-West of Kandal Market), Phoum Mondul 1, Siem Reap Province

(855) 63 765 117 / 70 600 035

bm.srp@cambodiapostbank.com

34. Siem Reap-Phsar Leu Branch

Cambodia Post Bank Plc. Siem Reap-Phsar Leu Branch

(855) 70 700 034

bm.sph@cambodiapostbank.com

35. Rotonak Mondol District Branch

Sdau Village, Sdau Commune, Rotonak Mondol District, Battambang Province

(855) 70 600 050

bm.rmd@cambodiapostbank.com

36. Kratie Provincial Branch

Preah Suramarith Street, Phsar Veaeng Village, Sangkat Kratie, Krong Kratie, Kratie Province.

(855) 70 7000 58

bm.kte@cambodiapostbank.com

37. Kampong Thom Branch

National Road 6A, Balang Lech, Sangkat Damrey Chean Khla, Krong Steung Sen, Kampong Thom Province

(855) 62 210 516 / 70 600 027

bm.ktm@cambodiapostbank.com

38. Baray Branch

National Road No 71, Tras Village, Ballangk Commune, Baray District, Kampong Thom Province.

(855) 93 7000 32

bm.bry@cambodiapostbank.com

39.Stoung Branch

Road No 6A, Chheu Teal Village, Kampong Chen Tboung Commune, Stoung District, Kampong Thom

(855) 70 600 043

bm.stn@cambodiapostbank.com

40. Takeo Branch

National Road No 2, Phoum 3, Sangkat Rokarknong, Krong Doun Keo, Takeo Province.

(855) 70 600 215 / 70 600 034

bm.tko@cambodiapostbank.com

41. Kampong Speu Branch

National Road No 4, Phoum Sam Nang, Sangkat Rokar Thom, Krong Chbar Mon, Kampong Speu Province

(855) 70 600 074

bm.ksp@cambodiapostbank.com

42.Kompot Branch

Phoum Kampong Bay Tboung, Sangkat Kampong Bay, Krong Kampong Bay, Kampot Province

(855) 33 932 291 / 33 932 292 / 70 600 031

bm.kpt@cambodiapostbank.com

43. Preah Sihanouk Branch

77, Mettapheap Street, Phum Pir, Sangkat Buon, Krong Preah Sihanouk, Preah Sihanouk Province.

(855) 70 7000 84

bm.psn@cambodiapostbank.com

44. Kampong Cham Branch

Street Preah Kosamak Nearyrath, Sangkat Kampong Cham, Krong Kampong Cham, Kampong Cham Province

(855) 42 942 249 / 42 942 940 / 70 600 052

bm.kcm@cambodiapostbank.com

45. Tram Kok District Branch

National road 3, Prey Rumdeng Village, Angtasaom Commune, Tram Kak District and Takeo Province

(855) 70 6000 48

bm.trk@cambodiapostbank.com

ធនាគារ ប្រៃសណីយ៍កម្ពុជា ក.ស

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