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Our Vision

To be the foremost bank in Cambodia that builds deeper customer relationships with a reputation for trust, convenience, superior customer service and innovative solutions.

Our Values

- Put our customers first
- Perform and grow to create value for our shareholders
- Lead and inspire each other
- Earn the trust of the community
- Govern all actions to international banking standards



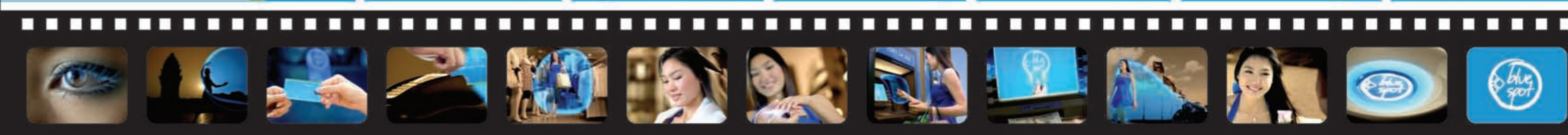
2007- A Year in Review

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Chairman's Report

This year marks a milestone achievement for ANZ Royal Bank, recording our first profit in just over two years into the journey and against a backdrop of considerably more investment into the business. On behalf of my fellow shareholders, I want to take this opportunity to thank all those stakeholders, our customers, staff and the community for the support you have given to our venture to make it the success it has become today.

In this my third Chairman's report, I feel it is important to again emphasize that at ANZ Royal Bank we stand by a set of five values that we believe make us a very different company. I have listed these values below and provided some commentary around how I see us delivering against these items.

We put our customers first – This is a core philosophy in our business model and recognises that without consistently placing our customers at the focal point of our business, we cannot regard ourselves as successful. Today we have in excess of 56,000 customers that we seek to delight at each interaction. Our investment commitment to these interactions has seen us invest over the last 12 months in with an additional 6 branches, 92 ATMs and 600 point of sale terminals.

We perform and grow to create value for our shareholders – In my opening paragraph, I talked about the profit ANZ Royal Bank has generated this year and in many ways, this is the lead indicator to a performing business. I think, however, it is as equally important to stress the value we as a board place on growing value over time. During 2007 the shareholders contributed an additional USD13m in capital to strengthen the organisation and demonstrate our long-term commitment to building a sustainable business.

We lead and inspire each other – At ANZ Royal Bank, we have empowered all our staff to be leaders. It means that we have a very different workforce and one where we leverage the diversity of all our people. Through a cultural programme

known as SPEAK OUT, we have encouraged all our people, no matter which level in the organisation, to contribute suggestions towards making us better every day. The most tangible indicator of this culture is the 2007 staff engagement result of 67%, up 16% on the previous year and noted in the top tier of engagement scores across the ANZ Banking Group.

We earn the trust of the community – This one is obviously one of the closest to my heart as it is about adding value back to Cambodia. As a nation rebuilding and growing strongly under the leadership of the Royal Cambodian Government, it is essential that all business enterprises take a lead role in being part of the communities in which we live. In 2007, ANZ Royal Bank participated and invested in over 30 different community events ranging from disabled wheelchair racing, to assisting the Cambodian National Library, to providing helmets to school children, to working with street children just to name a few. A highlight for me has been that a large portion of the investment in these community partnerships has been through the free volunteering of time and commitment from the staff at ANZ Royal Bank.

We govern all actions to international banking standards – Undertaking business in a rapidly growing environment entails a number of risks and these cannot be underestimated. I remain confident that at ANZ Royal Bank, we have improved and strengthened the governance disciplines throughout 2007. This has included the appointment of an independent senior credit risk manager, the strengthening of the internal audit function and a full review of the Bank's business continuity and crisis management plans. Our stakeholders can be assured that we have a business that is well prepared to weather any event in the future and that all the actions we are undertaking are fully assessed in terms of the risk / reward trade-offs.

It is evident to me that ANZ Royal Bank is not only growing significantly in size but over the last three years is developing in maturity and sustainability. We are no longer the new bank in the market that is untested. We have demonstrated that we have strong values that differentiate us from the competition and that we are committed to adding value to all stakeholders in Cambodia.

As a Cambodian citizen, I am proud that we have demonstrated that our country is an open and fertile ground for investment. That even in the relatively complex world of banking, there is an opportunity to make a difference and add value to the growth of our nation. It is a clear signal that our country is taking a bold step forward as a future strength to be recognised on the world stage and that there is no reason why investors should be concerned about the ability to operate successfully.

I firmly believe that ANZ Banking Group and Royal Group have demonstrated that there are significant benefits in working together, bringing the strengths of both partners to deliver more than either could bring individually. We set out to build the foremost Bank in Cambodia that builds deeper customer relationships with a reputation for trust, convenience, superior customer service and innovative solutions. There is no doubt in my mind that ANZ Royal Bank is well on its way to achieving this vision and I eagerly look forward to what 2008 will deliver in terms of steps closer to this goal.

I would like again to acknowledge the staff at ANZ Royal Bank who come to work each day with the sole purpose of fulfilling our vision and in the process delighting our customers. It is so rewarding seeing the growth of not just ANZ Royal Bank but in the process the development of the people within ANZ Royal Bank. I believe we have the best people in the banking industry and they are leading the market, whether it be through process, product knowledge, service or plain and simple attitude. I truly wish to express my sincere thanks to each and every one of them who have yet again delivered to the shareholders an extraordinary year of successes.

To close, I would simply like to reaffirm to all stakeholders that while ANZ Royal Bank has again achieved numerous business milestones throughout 2007, I believe we have only just started in our journey towards being the foremost Bank. In 2008, it is likely that the economic and macro environment will be more challenging, more competitors are likely on the horizon and the world markets are likely to have significant impact on all businesses. This context whilst potentially challenging I believe opens up opportunities for well-positioned players with strong business models to make ground and succeed. The last three years of building the frameworks that support ANZ Royal Bank have made us one of the strongest market participants give me the confidence to state that I believe 2008 will be even more successful than 2007.

Thank you one and all for your custom, support and business as we look forward to serving you throughout 2008.

Neak Okhna Kith Meng
Chairman
ANZ Royal Bank



This year has demonstrated to me that ANZ Royal Bank is undeniably building significant momentum and is daily stepping closer towards our vision of being the Foremost Bank in Cambodia that builds deeper customer relationships with a reputation for trust, convenience, superior customer service and innovative solutions. A culmination of the past 3 years of little milestones resulted in delivery of a USD0.5m profit after a mere 28 months of trading and well ahead of expected business plan outcomes.

When we launched ANZ Royal Bank as a new entrant into the market in September 2005, there was significant external speculation as to the opportunity and almost a resigned customer acceptance that banking in Cambodia was what it was. I firmly believe that our track record now is validating the significant opportunity and that the numerous market developments of which many are pioneered by ANZ Royal Bank have forever changed the landscape of banking in Cambodia.

The above may be some big statements and it is important that I contextualize these by highlighting some of the achievements in 2007 that give me grounds to make such a bold claim. In the payments landscape, ANZ Royal Bank now clearly dominates the ATM landscape with over 92 locations available to our customers. When we arrived in this market, the number in the total market was under 10. At the beginning of this year, we also launched "BLUE SPOT" our point of sales service and now have over 600 terminals in the market. Back in 2005, there were less than 1000 in the total market.

At ANZ Royal Bank, we have continued to pursue our tagline of "making life easy" for those that Bank with us. The convenience of both ATMs and POS has further been complemented through opening an additional 6 branches allowing us to reach deeper into the Cambodian communities particularly in the provinces. We have also sought to continue to deliver innovation into the market with another stable of firsts to market in the areas of leasing, triple currency ATMs, four language ATMs, forward

exchange contracts and innovative trade products for our corporate clients just to name a few.

We have not simply stopped at making a difference in banking as our people have contributed over 8,400 hours of voluntary community service to a wide range of community partners. These activities have significantly transformed the lives of ordinary Cambodians, with our team sharing leadership, life skills and financial literacy through their interactions. In addition, every staff member at ANZ Royal Bank has signed a pledge adhering to being a "child safe" organisation, providing a safe haven for the most young and vulnerable people in our community. Within this scheme, 12 of our staff spent 8-10 weekends working with street children as coaches and mentors.

It is clear to me that our people are engaged and energetic in pursuit of delivering extraordinary outcomes for our customers and Cambodia. Day to day in ANZ Royal Bank, I see this passion come to life and I know from the many compliments that I receive from our stakeholders that staff at ANZ Royal Bank really do enjoy what they do and seek to exceed expectations at every opportunity. This is the most energizing environment to work in and over the past three years a highlight for me has been the growth in our people at all levels of the organisation.

This year, we secured placements for five of our local Cambodian staff to work offshore in long-term roles in Singapore, Australia and New Zealand. These are significant development opportunities that whilst in the short term deprive us of some of our most talented people will allow us long term to localise our expatriate workforce and allow strong experienced Cambodian staff to lead the business. Locally, we have also accelerated the pace of learning and development, with our staff completing in excess of 41,000 training hours - that's over 100 hours of training per FTE in the year.

I believe it is proven that when your staff are happy, the business and customers are happy. Certainly, if we examine the growth in deposits this year ANZ Royal Bank grew at an astonishing rate of 180% to USD520m while lending assets increased almost threefold to USD146m. This to me is a clear mandate from our customers that they trust ANZ Royal Bank and the people that look after them. It is also further evidence that ANZ Royal Bank is a preferred supplier in the market with our estimated market share increasing from 13.3% to 22.3% for deposits and 5.8% to 9.1% for loans.

2008 will be another significant year for ANZ Royal Bank as the business continues to expand with more branches, more ATMs and POS together with the exciting launch of our credit card issuing business. The economic environment and global financial markets are likely to add a layer of complexity to the business environment. Local regulatory changes are also expected to impact the banking industry, with the tightening in lending criteria and excess liquidity in the market. In light of these challenges comes opportunities and given ANZ Royal Bank's strength and stability, we are well placed to overcome any downturn in the market and seize these opportunities.

As the outgoing CEO, I would like to take this opportunity to thank all my internal stakeholders who have provided me invaluable support and guidance in stepping us towards achieving our vision. In particular, it has been a privilege to work with the Cambodian team here whose contributions to running this business are significant and I believe are primarily responsible for making ANZ Royal Bank the leading Bank in Cambodia. I would also like to make special mention of our Board of Directors who have provided market insight, guidance, mentoring and challenging direction to ensure ANZ Royal Bank is true to our aspirations and in staying true to our values.

Finally, I would like to thank the most important stakeholder in our business, you ... our customers. On behalf of all the team at ANZ Royal Bank, I would like to recognise you as the most important asset in our business and we live to "make your life easy".

Dean Cleland
Chief Executive Officer
ANZ Royal Bank



Rock-solid banking expertise in Cambodia



Our Personal Customers

Personal Banking had another outstanding year in 2007 by providing customers with greater convenience and access to our superior services. This was made possible with our expansion of geographical coverage in new branches, the proliferation of Automated Teller Machines (ATMs), and the installation of hundreds of Point of Sale (POS) terminals across Cambodia. The people who run our Personal Banking services are passionate and engaged in making life easy for our customers.

What we do

Personal Banking is responsible for serving individuals and small to medium-sized business customers across Cambodia, through our network of 15 branches, our Cambodian-based call centre and our network of specialist sales staff.

Our products and services include:

- Savings and checking accounts
- Term deposits
- Overseas payment transfers
- Bill paying services
- Consumer/small business loans and salary advance facilities
- Online banking
- Mobile phone top ups

2007 Achievements

It was a year of rapid growth for Personal Banking in 2007. The number of customers increased twofold. To cater to this enormous expansion in customer base we opened six new branches in Battambang, Phnom Penh, Siem Reap, Poipet and Kompong Cham, all in keeping with our commitment to deliver convenience and superior service to our customers. The expansion ensured that ANZ Royal Bank is now represented in all the major cities and provinces in Cambodia. In addition, we increased the number of our ATMs to 92 and installed 600 POS terminals, creating the largest network of ATMs and POS terminals in the country.

We started to sign up the first accounts for civil servants in the Royal Government of Cambodia in July 2007. This was a breakthrough in our

support for the government's drive to streamline the payroll system for all civil servants. The opening of Poipet branch also brought another innovation in Thai Baht product with our ATMs dispensing the Baht along with the Khmer Riel and the US Dollar. Now, all our ATMs provide customers with the choices of four languages to choose from: Khmer, English, Chinese, and Thai.

Reflecting our strong commitment to providing affordable access to aspiring home owners, we reduced our interest rates for home loans and home equity to the lowest rates in the market. This enabled a greater number of people to buy their first home or unlock value in their existing homes to invest in and expand their businesses.

Our Goals for 2008

Superior customer service will continue to be our central focus as we are aiming to double the number of our customers again in 2008. To this end 2008 will see ANZ Royal Bank opening another 5 new branches in Phnom Penh, Kandal and Svay Rieng to bring our total branches to 20 by the end of the year. Another 35 ATMs will be added to the existing fleet to bring a total of 127 ATMs in the market. Our teams of Personal Finance Specialists and Premier Banking Specialists will go mobile by bringing their services to customers' doorsteps and making their lives easy.

Credit cards, which have been eagerly anticipated by our customers, will be introduced later in the year. A Thai Baht payroll service will be launched to cater to businesses operating in Poipet and the surrounding areas. Meanwhile, our Premier customers will be offered a suit of wealth management products, which are tailored to meet their investment needs and preferences. These are just a few new and exciting products that ANZ Royal Bank will introduce in 2008 to give our customers more choices for their banking needs. Many other innovative products and services are being looked at from across the ANZ Group to bring to the Cambodian market.

Yet another exciting year for Personal Banking in our endless strive to make life easy for our customers.



Our Business Customers

Business banking is about building strong, long-term relationships with our business customers and gaining their trust. It means thinking and acting as a partner to our customers to achieve win-win solutions where we all mutually benefit. We believe that building deep relationships and gaining a thorough understanding of each customer's business is the differentiating competitive advantage of banking at ANZ Royal.

Our relationship managers coordinate with product specialists and the branch network to provide innovative and structured solutions matched to individual client needs. We seek to understand and listen to our customers.

Our business banking clientele include multinationals, diplomatic corps, multilateral agencies, NGOs, micro-finance institutions, regional and local corporations and small and medium enterprises.

2007 Achievements

Highlights for Business Financial Services throughout 2007 have been:

- Recording growth in net loans and advances of \$79m or 164%
- Business deposit growth of \$254m or 300%
- Off-balance sheet loans and advances (trade facilities, bonds & guarantees) growth of \$15m or 81%
- No non-performing loans
- Additional 15 FTE to a total of 41 FTE to accommodate the significant growth
- Ongoing expansion of our product ranges in Foreign Exchange risk management, trade and foreign payment solutions and prepared ourselves for the launch of Cambodia's first true leasing product

What we offer

Our service proposition is to provide dedicated relationship managers for your business, regardless of its size. These relationship managers have

developed industry and economic knowledge relative to the respective clients they serve.

ANZ Royal offers competitively priced lending, based on the assessed risk of the individual business. Our pricing is unique and specific to each client based on a simple philosophy of risk and reward. We will often be able to show you how to gain a more competitive interest rate by reducing the risk.

Our products include:

- Lending products – from working capital finance to term loans
- Transaction banking and cash management – including term deposits
- Trade Facilities – including letters of credit, bonds and guarantees
- Foreign exchange products to provide protection and maximise returns
- KHR tax payments
- Electronic and Internet-based banking for business including electronic payroll for staff and creditors
- Point of Sale (POS) – accepting both credit cards and ANZ Royal Bank debit cards

Our Goals for 2008

- Continue developing innovative, international standard product solutions for our growing client base
- Leverage ANZ Banking Group's global trade finance expertise and worldwide network to provide specialised trade finance and international payments advice
- Launch Cambodia's first true leasing product
- Ongoing improvement of systems and processes to deliver world class service to business customers

Our Community

*You don't need legs
to run like the wind*



Helping the community is part of our commitment and a core value of ANZ Royal Bank. We are dedicated to enhancing the well-being of the communities where our people live and work, and where our business operates. Due to our continued efforts and support to various community activities, ANZ Royal Bank is considered one of the leading organisations in providing benefits to the wider Cambodian community.

We have been working closely with non-governmental organizations, government ministries, and individuals to develop activities and programs which benefit everyone. With the focus on arts/culture, sports and other community-related programs, ANZ Royal Bank participated in the following major activities:

Arts/Culture

In an effort to raise cultural recognition and awareness, ANZ Royal Bank supported:

- Amrita Performing Arts - showcasing Khmer traditional arts
- Heritage Watch - raising awareness to tourists to protect and preserve Cambodian heritage
- Bophana Audio Visual Centre - helping establish an audio-visual centre to promote Cambodia documentary and traditional songs

Sports

Significant sport events of the year that were sponsored by ANZ Royal Bank included:

- Major sponsor of the CNVLD Wheelie Grand Prix 2007
- Women's Rugby Tournament
- Volleyball World Cup 2007 for the Disabled
- Mini-Tennis Coaching Program and Tournament for children
- Sponsorship of boat racers in the Water Festival

Community

In 2007, ANZ Royal Bank sponsored various community activities namely:

- Distribution of 578 safety helmets to primary school students
- Entertaining orphans during Big Day Out
- Sponsoring the Cambodia Outlook Conference
- Donating office equipment to the National Library of Cambodia
- Joining World Food Program in Fighting Hunger campaign

In total, 2007 saw the Bank supporting over 30 programs of Non-Governmental Organizations as well as public and private organizations. Our staff, ranging from junior level to senior executives, devoted their time and energy in various volunteer programs, which equated to 8,427 hours of community volunteer hours.

With the ambition to be a leading business that is socially responsible in Cambodia, we will further increase our stake in the development of the Cambodian community in 2008. Promotion of sports, arts and culture will still be on the agenda. To join the government in reducing poverty, the Bank will initiate fund-raising programs and join other partners in activities that create employment for the poor. Another particular focus will be on improving social welfare for people with disability. The commitment in community development in every staff member of ANZ Royal Bank will ensure that we will make a positive difference in Cambodia.

*Helping the
community is part
of our commitment*



Our People

We are growing, and we are growing fast.

Tremendous business growth has resulted in a significant increase in staff at ANZ Royal Bank – up from 196 at the end of 2006 to 376 employees in 2007. We believe that to deliver our vision of being the foremost bank in Cambodia, we must ensure we have the right people and the right organizational culture to make ANZ Royal Bank the best workplace that is attractive, conducive to development and rewards based on performance.

Our people are keen to speak-out about our working environment and practices, and contribute to making ANZ Royal the best workplace.

2007 saw great achievements in our Staff Engagement and Culture survey. We hit a record of 100% response rate for the first time since the start of this annual survey in 2005. The results from the survey were also encouraging, with our positive score reaching 67% – a 16% improvement comparing to 2006 results and above the ANZ Group average.

The participation from our people and the results achieved not only reflect our success in fostering an open and speak-out culture at ANZ Royal Bank, but also a clear testament of the trust we earned from our people – their views were being listened and appropriately responded to, giving them opportunities to shape and contribute to the way we do business. We will continue to explore and understand issues that matter to our employees.

We believe having the right people is the key to business success. However, hiring the right talent is just the first step. Significant and continuous investment were made to build up our employees' competencies and capabilities across the organization throughout 2007.

Our recruitment strategies leverage on every possible resource we have to reach and attract the best talented individuals with the right attitude available within and across the border.

Significant investments in training and development were made last year in various forms of training solutions for both on the job and formal training to up-skill our staff. These included the intensive 2-week induction program, systems and process training, Management Essentials and a leadership / coaching program for our first time managers. Besides one-on-one coaching between line manager and staff, we have also imported subject matter experts to provide direct on-the-job training. On top of this, an ANZ electronic web-based training and online facility called E-train was also launched to support our employees in their self-learning.

This investment translated into a total of 41,240 training hours – that equates to almost 3 weeks training for each employee. 2007 also saw 25 staff members sent for a total of 53 weeks of off-shore training in Australia, Fiji, India, New Zealand, Singapore and Vietnam.

Approximately 63% of our total vacancies in 2007 were filled by our internal staff. This figure is a clear indicator that our investment in people, both financially and non-financially, has really paid off.

Having joined ANZ Royal Bank, our people enjoy a rewarding career with endless development opportunities.

We believe our people deserve more than just local market experience and thus we look beyond the border for opportunities to enrich their skills, preparing them in succeeding more senior expatriate roles. In 2007, 5 people were given offshore secondment opportunities for a period of 12-18 months in ANZ offices in Australia, New Zealand and Singapore. Now, our people are not only working for ANZ Royal Bank in Cambodia, but they are well within the ANZ network across the group, where only their merit and potential will show how far they can go.



2007 Staff Award Winners

Every year, ANZ Royal Bank recognizes some of its best staff through the annual staff awards. The awards recognize the outstanding dedication and efforts of certain individuals, as voted by all ANZ Royal Bank staff. 2007 was the second year for the staff awards and it was even bigger than last year, with more awards given out.

Values Award

Presented to the staff member who has demonstrated a high degree of values-driven behaviours over the last 12 months.

Winner: Rath Sophoan, Branch Manager of Kramuon Sar branch

For being the role model and living all ANZ Royal Bank values, especially in leading and inspiring his team to achieve remarkable results in 2007.

Customer Service Award

Presented to the staff member who has demonstrated superior customer service (to external and/or internal customers) over the last 12 months.

Winner: Sok Sophorn, Customer Service Manager, Kramuon Sar branch

For her great leadership and high degree of value-driven behaviour in driving her team members to provide superior customer service to customers, recognized by her staff and leadership team as being the leading example of superior customer service.

Innovation Award

Presented to the staff member who has demonstrated significant innovation (clever ideas) over the last 12 months.

Winner: Ros Sokha, Electronic Banking Manager

For his solid commitment in developing and successfully managing ATM and POS distribution across Cambodia that contributed significantly to making customers' lives easy.

Sales Award

Presented to the staff member who has achieved superior sales over the last 12 months.

Winner: Dith Sochal, Corporate Banking Manager, Business Financial Services

For his superior and professional selling skills which have brought in significant business to ANZ Royal Bank through building deeper customer relationships.

ANZ Royal Advocate Award

Presented to the staff member who has best represented ANZ Royal Bank to the public over the last 12 months.

Winner: Sreng Samork, Chief of Staff, Personal Finance Services

For his dynamic leadership that clearly lifted Personal Financial Services to achieve outstanding results and progress in 2007, particularly around managing the expanding branch network and staff.



Shown standing from left to right: Hang Chuon Narita, Ouk Sonita, Ros Sokha, Chua Sandy, Sok Sophorn, Sreng Samork, Tiv Dynare.

CEO Award

Presented to the staff member who is recognized by the CEO as adding significant value to the business over the last 12 months.

Winner: Keat Sokchan, Finance Manager

For her intense commitment and significant contribution to the success of the Finance team and for taking ownership of her own self-development to become a future leader for ANZ Royal Bank.

Community Award

Presented to the staff member who has been the most active participant in community agenda of ANZ Royal Bank over the last 12 months.

Winner: Chua Sandy, Service Quality Champion

For her endless and active involvement/participation in almost all volunteer activities with all her heart.

Star of the Year 2007 Award

Presented to the staff members who are recognized by the management team as adding remarkable value to their business unit over the last 12 months.

Operations Support

Winner: Ouk Sonita, Operation Support Supervisor

For her hard work and helpful attitude in fulfilling her tasks, especially requests for more despite her heavy workload.

Business Financial Services

Winner: Hang Chuon Narita, Credit Operations Manager

For her demonstration of all the values of ANZ Royal Bank and the solid relationships she has formed across Business Units that have earned the respect of both her team and colleagues.

Personal Financial Services

Winner: Tiv Dynare, System Manager

For his dedicated sense of responsibility and the ability to work beyond expectation, along with taking the initiative in improving the way of doing things that make his colleagues' lives easy.

Risk Management

Risk Management is a core capability of ANZ Royal Bank and is instilled in all areas of the operations, commencing with the induction of all staff, who undertake extensive risk awareness training as part of their introduction to the bank.

A key focus of 2007 has been the appointment of an independent Head of Risk and the creation of an independent risk function with a strong focus on improving the risk capability of our staff, so that they are better equipped to understand risks and how to monitor and control them.

This continues through to ongoing awareness programmes and targeted training to ensure an ongoing culture of appropriate risk management. Adherence to risk disciplines is also assessed in the performance reviews of staff.

The bank actively monitors, assesses and controls risk throughout the business. The oversight of risk activities is undertaken by the Audit & Risk committee of the Board of Directors, which meets regularly to review and discuss overall risk management across the bank.

A brief outline of the key areas of risk follows:

Credit Risk – is the risk of loss associated with the lending activities of the bank.

ANZ Royal Bank has implemented international standard credit policies and procedures, which leverage heavily from the considerable experience of the ANZ Group. In addition, the Board of Directors has approved an Asset Writing Strategy that documents the market sectors where we want to provide credit and the terms on which we are prepared to participate. It also clearly articulates areas where ANZ Royal Bank is not prepared to be active.

The bank's credit risk profile at the end of 2007 included a large proportion of customers with a higher credit risk rating. This is largely driven by lack of formal financial documentation, regardless

of cash flow being generated and financial strength of the borrower. In regards to the lending portfolio (excluding Institutional lending) of secured loans which help improve the bank's credit risk profile, 96% of loans are secured and over 65% have security in place for greater than the loan value.

Market Risk – is the risk of loss associated with changes in interest rates, exchange rates or other marketable financial instruments.

ANZ Royal Bank has a dedicated team to offer customers a range of markets related services.

To deliver this we leverage where appropriate from the global and regional resources of ANZ to offer tailored solutions to meet the needs of customers. This includes customers who have either Foreign Exchange or Interest Rate needs. Deposit services are also available in US\$ and Riel as well as a range of foreign currencies.

Appropriate policies to deal with these risks have been implemented at ANZ Royal Bank, including the review of Interest Rate Risk, Liquidity Risk and Foreign Exchange Risk procedures and appropriate monitoring, reporting and oversight review of exposures. Appropriate segregation of duties controls are used as a risk mitigant.

During the year, ANZ Royal Bank has engaged with regulators, peer banks and MFIs to workshop opportunities which promote prudent KHR usage within the official banking sector. Building mutually beneficial linkages within a transition economy has required ANZ Royal Bank to bring together key players in the finance sector and collegially work towards evolving a responsive interbank market. Together, these build a robust domestic financial market to support Cambodia's growth and, importantly, to engender public confidence.

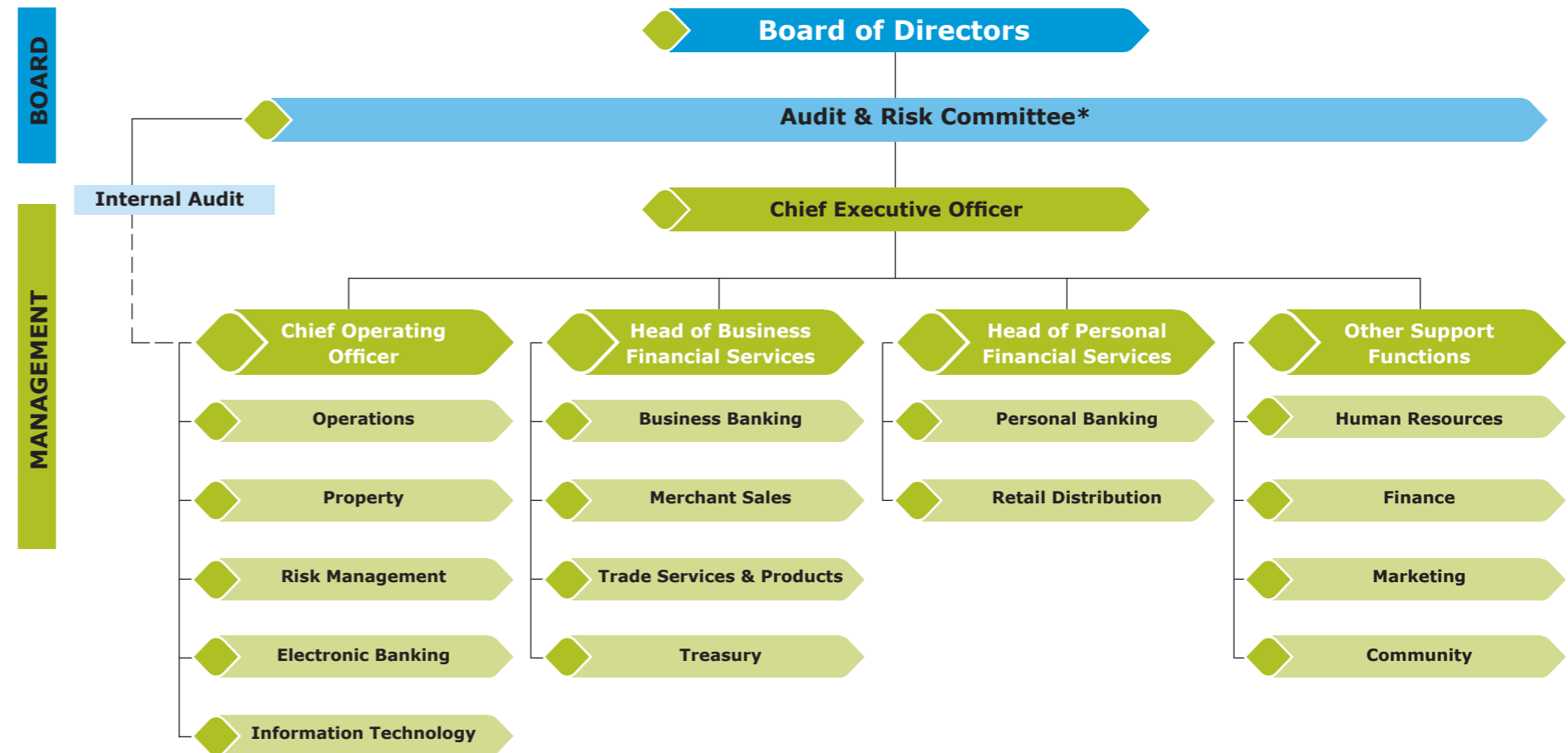
Operational Risk – is the risk of loss associated with the breakdown of internal processes or controls or from external events.



Appropriate policies to deal with Operational Risk are in place. Given the continued growth in products and services at the Bank, an Initiative Risk Review process has been introduced, where new business processes, products or services, or changes to existing practices complete a structured risk assessment, to ensure that all risks are identified and that appropriate mitigating controls are introduced at the same time.

Considerable ongoing work has also been expended during the year on refining the Bank's Regulatory Compliance programme and preparations to be able to effectively deal with unexpected disruptions to the business through our Business Continuity Planning and Disaster Recovery Planning.

Organisational Chart



***The Audit & Risk Committee is made up from members of the Board of Directors. This sub-committee of the Board oversees the high-level policy and risk management direction of the company and manages internal and external audit matters.**

For 2007, the Audit and Risk Committee comprised of:

- Owen Wilson (Committee Chairman and Director)
- Damian Johnson (Committee Member and Director)
- Debasish Pattnaik (Committee Member and Director)

Board of Directors



Neak Oknha Kith Meng
Chairman and Director

Chairman and Chief Executive Officer of the family-owned Royal Group of Companies, which was founded in 1990, Neak Oknha Kith Meng has been the driving force behind bringing international business interests into Cambodia. Initially through his joint venture with Millicom to create the enormously successful Mobitel company, now the number one mobile phone operator in Cambodia, and now bringing ANZ Banking Group into the market with a joint venture to create ANZ Royal Bank. He is a passionate entrepreneur, who is committed to adding value to the Cambodian economy through direct foreign investment. He holds numerous significant roles in Cambodia, including President of the Phnom Penh Chamber of Commerce and represents well-known brands, such as Canon, Motorola, Samsung and Siemens through distributor agreements.



Bob Edgar
Senior Managing Director, ANZ

Bob Edgar is a Senior Managing Director for ANZ. He holds responsibility for ANZ's investment in ING Australia, Asian International Partnerships and Private Banking, and leading the Group's strategic agenda.

He was previously Managing Director, Institutional Financial Services and has held a number of senior executive positions at ANZ.

Bob joined ANZ in December 1984. Bob holds a Bachelor of Economics (Hons) from University of Adelaide and a PhD from Ohio State University.

Bob is a Fellow of the Australian Institute of Bankers and a Member of the Australian Institute of Directors. He holds various ANZ Group company directorships, including Chairmanship of Esanda and directorships of ANZ National Bank Limited (NZ) and ING Australia.



Owen Wilson
Managing Director, Retail Banking Asia, ANZ

Owen Wilson is the Managing Director of Retail Banking for Asia, responsible for leading ANZ's retail banking businesses across Asia and for managing ANZ's retail banking partnerships with local banks. He manages ANZ's existing banking partnerships in China, Indonesia, Malaysia, Cambodia, Vietnam and Laos and is also responsible for ANZ's credit card businesses in Indonesia, the Philippines and Vietnam. ANZ has retail banking operations in eight countries in Asia.

Prior to this role, Owen was the Chief Operating Officer, Institutional, responsible for strategy development and implementation, operations, projects, change management and marketing and communications. This encompassed all business units within Institutional across Australia, New Zealand, Asia, Europe and the US.

Between 1995 and 2002, Owen's career included various finance roles, culminating in the Chief Financial Officer position within Institutional.

Owen joined ANZ in 1993 as Manager, Global Balance Sheet & Capital Management following a successful career with KPMG in Melbourne and London.

Owen holds a Bachelor of Commerce degree from Deakin University. He has been an associate member of the Institute of Chartered Accountants in Australia since 1989. He is also a director of ANZV Bank in Laos.



Oknha Kith Thieng
Director

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



Debasish Pattnaik
Director

Debasish is the Royal Group Director of Business Development, Project & Investment and has been heavily involved in assisting the Group's expansion since joining in 1997. He holds key roles on a large number of the Group's expanding interests. He maintains strong focus around financial controls and governance. He currently is a director in Mobitel, ANZ Royal Bank and a number of other companies of the Group's trading business. During the establishment of ANZ Royal, he contributed significantly on the ground knowledge and experience to expedite the implementation phase and continues to be actively involved in the strategic board reviews of the business.



Colin Mansbridge
ANZ Representative

Colin Mansbridge is a General Manager working with one of ANZ's Vietnamese partners. Prior to this appointment, Colin was a Local CEO for ANZ in New Zealand. Colin has held general management roles responsible for International Trade and Payments, Mortgages and Retail Banking in New Zealand. He was a Risk Director for a mining, aluminium business and LME brokerage in London, having previously worked for the Securities and Futures Authority, where he had regulatory oversight of the credit and derivatives businesses of a portfolio of banks operating in the UK.

Colin is a Director of Sacombank, Vietnam and holds a Bachelor of Commerce from the University of Otago. Colin is a Fellow of the Financial Services Institute of Australasia.



Damian Johnson
Head of Product & Segment Development Retail Asia, ANZ

Damian Johnson is one of the Retail Banking Executives responsible for growing ANZ's retail presence in Asia. He is responsible for bringing new products to market in both ANZ's businesses and bank partnerships across the Asia region. He is also responsible for establishing and developing ANZ's Small Business segment across the region.

Prior to this role, Damian was the Head of Personal & Private Banking for ANZ in Asia and previous to this, the Chief Operating Officer for ANZ in Asia, where he was responsible for strategy, operations, major initiatives, risk & compliance and change management.

Damian has had significant experience in banking, having joined ANZ in 1987, and has held roles in Corporate Banking, General Manager of ANZ's Ho Chi Minh City Branch, Systems and Operations and audit.

Damian has a Bachelor degree from Swinburne University in Melbourne and an MBA from Melbourne Business School at Melbourne University.

Management

Dean Cleland – Chief Executive Officer

Dean Cleland's banking career spans 24 years, encompassing in-depth front-line and support roles across both personal and business banking in a significant number of diverse geographies throughout Asia and Pacific.

He is strongly results driven, empowering his team to deliver by living with a customer heart whilst retaining the business mind – this has been at the core of the establishment of ANZ Royal. Working with his management team, he has articulated, documented and communicated the strategic vision and sought to build a shared commitment to deliver beyond expectation outcomes.

He is a values-driven leader, committed to coaching, mentoring, feedback and role modelling as mechanisms to build high performing teams which operate in an open, honest and sharing environment. He has held a number of senior leadership roles in ANZ, his previous role being Chief Operating Officer for ANZ's 12 Pacific countries.

Dean holds an MBA, is a fellow of the Australasian Institute of Banking and Finance, and a member of the Australian Institute of Company Directors.

Paula McKeon – Chief Operating Officer

Paula commenced with ANZ Royal Bank in August 2007, previously holding the position of Chief Operating Officer at ANZ in the Philippines. She leads the Operations areas of ANZ Royal Bank, encompassing the support functions across Information Technology, Electronic Banking, Trade, Treasury and Payments Processing, Property, Operating Risk, Administration and Operations Support.

Paula commenced her career as an external auditor with Ernst & Young in Melbourne, then travelled to London where she lived for two years and held two contracts with GlaxoSmithKline and a large manufacturing company. Upon returning to Melbourne, she took a Senior Finance role at Gillette, before joining ANZ where she has been for the last five years.

Paula holds a Bachelor of Commerce from the University of Melbourne Australia, and is a member of the Institute of Chartered Accountants of Australia.

Tracy Huynh – Head of Finance

Tracy joined ANZ Royal in May 2006, having previously worked as a Financial Controller for ANZ's Institutional Banking division, based in Melbourne. She has a solid background in Finance, with a mix of experience in audit, chartered accountancy and the corporate sector. Tracy completed her Chartered Accountancy qualification with KPMG in Auckland, New Zealand, then moved to Melbourne and worked as a Finance Manager in the private health sector.

Fulfilling her desire and interest to work in the banking sector, she took up a finance role at ANZ in 2003, before moving to Cambodia.

Tracy holds a Bachelor of Commerce with First Class Honours from the University of Auckland, and is a member of both the Institute of Chartered Accountants NZ and the Australian Institute of Company Directors.

Gary Runciman – Head of Business Financial Services

Gary Runciman commenced with ANZ Royal in December 2006 and leads the Business Financial Services team, encompassing business client relationships, lending, treasury and trade finance.

Gary's 22-year career with ANZ includes experience in retail banking, corporate and institutional banking, wealth management and marketing. Most recently, he has spent 5 years throughout the Pacific as Country Head in the Cook Islands and Solomon Islands and Chief Operating Officer roles in Papua New Guinea and Fiji.

Gary holds an MBA from Massey University, New Zealand and has completed strategic development courses at both Cornell University and Columbia University in the US.

Samork Sreng – Chief of Staff, Personal Financial Services and Company Secretary

Sam along with his family immigrated to the US in 1981. He returned to Cambodia in late 1994 and joined Cambodia Beverage Company (Coca-Cola), leading its sales and distribution team for six years. He later moved and worked as a Business Development Officer for three years with Mekong Private Development Facility, a joint IFC-led multi-donors initiative working in Cambodia, Vietnam and Laos.

Sam holds a Master of International Business Administration from West Coast University, California; and a Bachelor Degree in Electrical Engineering from California State University of Long Beach.

Joe Farrugia – Head of Personal Financial Services

Joe Farrugia joined ANZ Royal Bank in January 2007 and is responsible for our network of 15 branches and 200+ personal banking staff, leading our retail distribution strategy.

A career spanning 26 years in retail banking, Joe commenced with ANZ in 1981 and has covered all general branch banking roles, including 3 years as branch manager, before taking up an Area Manager position in the late 90's. He was then appointed as District Manager for approximately 3 years before spending his last 4 years as Local CEO within Melbourne's North Western region.

Joe has always demonstrated a strong desire to work abroad, particularly within the Asian region. With so many years of retail banking experience, the opportunity to come to Cambodia to share his banking knowledge and to create a sustainable sales culture was very high on his list of priorities.

Thida Heng – Marketing & Community Manager

Thida drives the communication, marketing and community agenda for ANZ Royal Bank. Thida earned her Bachelor Degree from National University of Management in Phnom Penh and then continued her major in marketing with an MBA from the International University of Japan.

Thida commenced her career as a saleswoman in the import/export industry. Later, she joined Bates Asia Advertising Agency for 4 years as an Account Executive. Returning from Japan, Thida joined Mekong Private Development Facility for six months as a consultant, a World Bank program that provides technical assistance to small and medium enterprises.

Thida joined ANZ Royal in May 2005. She works with the management team and agency to build a strong ANZ Royal brand and to run the marketing & community agenda of the Bank.

Moniveark Sou – Head of Human Resources

Moniveark started with ANZ Royal Bank in December 2005 as Human Resources Manager and was promoted to Head of Human Resources in late 2006. Moniveark leads Human Resources at ANZ Royal Bank, covering recruitment, training, remuneration, labor law governance, organisational design and development, rewards and recognition, performance management, payroll and staff engagement survey.

After completing her degree in Management and Bachelor of Education in English language, she commenced her professional career at British American Tobacco (Cambodia) as a graduate trainee and progressed to become a Training and Development Manager. She has over 5 years experience in Human Resources Management.

Moniveark's focus is building a strong values-based culture in ANZ Royal Bank that encourages trust and open communication. She promotes ANZ Royal Bank as an employer of choice that attracts, develops and retains talent, by providing opportunities to maximise personal potential for growth, achievement and a speak-out culture.

Frاندara Khuon – Cards Manager

Dara began her journey in the banking industry with ANZ Royal Bank in July 2006.

Dara returned to her homeland in 1993, after being educated in France and working abroad. Upon her return, she commenced her career as Public Relations Manager of Sofitel Cambodiana Hotel. Dara moved to the travel industry as Manager of the Cambodia branch of a regional travel agency, after which she established her own travel agency and café. Dara's strong background in marketing and sales in the services sector, both business-to-business and retail, has been of great benefit to her in forging close relationships with local merchants and rolling out ANZ Royal Bank's point of sale (POS) and credit card offerings in Cambodia.

Ian Matheson – Head of Risk

Ian joined ANZ Royal Bank in August 2007 as ANZ Royal's independent Head of Risk. A key focus following Ian's appointment was the creation of an independent risk function with a strong focus on improving the risk capability of ANZ Royal Bank staff.

Ian has a strong association with Asia, having led the ANZ's credit risk function in Hong Kong and China, through the Asia crisis, from 1997 through to 2000. Following his return to Australia, he continued this close association with Asia through Centre Risk roles specifically covering ANZ's International and International Partnerships divisions. Ian's previous role before his appointment with ANZ Royal Bank was as a Credit Executive with International Partnerships.

Ian has 30 years experience in banking across three International and Australian banks. Ian's most recent qualifications are a Postgraduate Certificate in Corporate Management and a Postgraduate Diploma of Management.

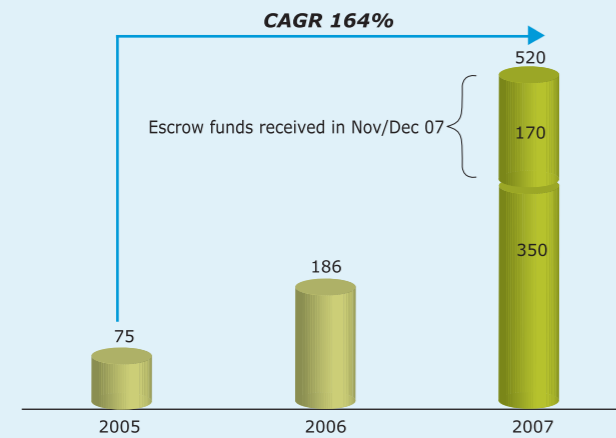


Shown standing from left to right: Dean Cleland, Tracy Huynh, Gary Runciman, Joe Farrugia, Frاندara Khuon, Ian Matheson and Paula McKeon.

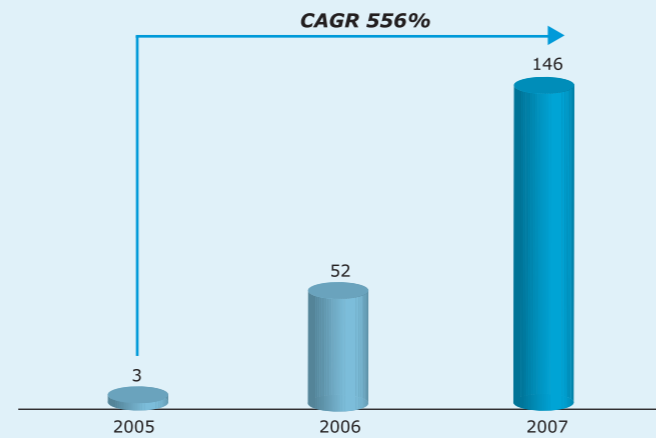
Shown seated from left to right: Thida Heng, Moniveark Sou and Samork Sreng.

Three-year Performance History

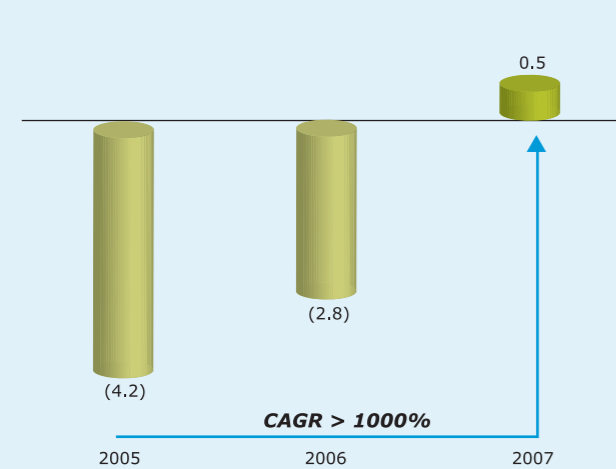
Deposits 2005-2007
(USD millions)



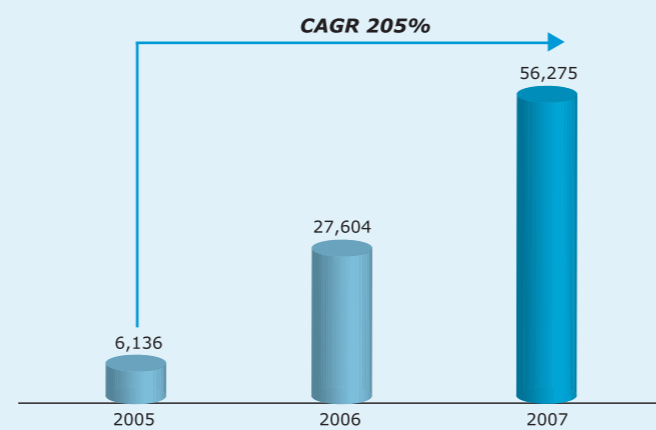
Loans 2005-2007
(USD millions)



NPAT 2005-2007
(USD millions)



No. of Customers
2005 - 2007



Our Results

Profit and Loss Summary

2007 has been a memorable year for ANZ Royal Bank – achieving its first profit after only our second full year of trading and gaining significant market share in deposits.

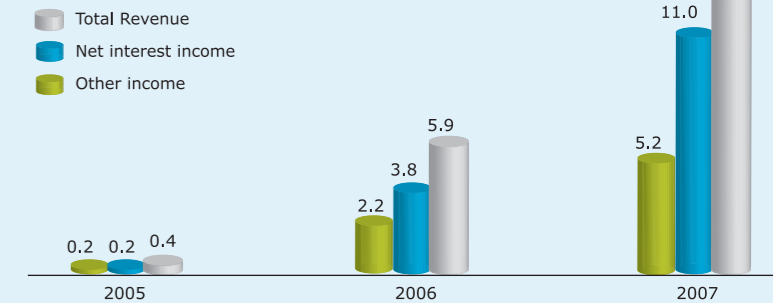
This year a net profit after tax of \$0.5 million is reported (2006: \$2.8m loss). Turning profitable within the short space of time has been a huge milestone for ANZ Royal Bank, and a key turning point in becoming the foremost bank in Cambodia. Whilst still heavy investment mode, a profit was achieved by significantly growing our customer base, strong balance sheet growth, coupled with a balanced approach to investment and expense management.

Some key achievements in 2007 included:

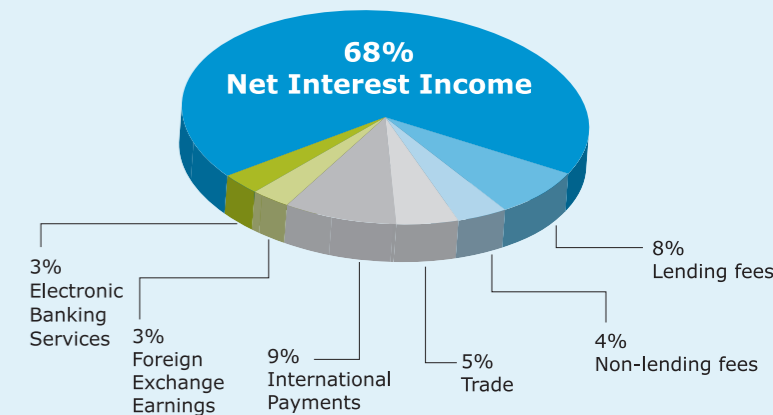
- Securing Government payroll mandate assisted customer numbers to more than double to 56,000 accounts.
- Liability growth exceeded all expectations increasing 180% to \$520m.
- The launch of “Blue Spot” in the market has been a tremendous success, with the branding representing the 600 Point of Sale terminals and 92 ATMS conveniently place around Cambodia, further enhancing our distribution capability.
- A further 6 new branches opened in 2007, including provincial openings in Poipet and Kampong Cham, to bring the total number to 15 branches in Cambodia.
- A range of new products and services launched: Fixed rate loans, forward exchange contracts, increased ATM functionality, trade products broadened, leasing and 24/7 call centre service.
- Delivering over 40,000 training hours and successful placement of some of our top local talent in other ANZ offshore offices, a significant milestone in our staff localisation planning.

Profit and Loss Summary	2006 \$m	2007 \$m	Mvnt %
Net interest income	3.75	11.00	193%
Other operating income	2.17	5.22	141%
Operating income	5.92	16.22	174%
Operating expenses	(9.02)	(14.27)	58%
Profit before doubtful debt			
Provision and Income Tax	(3.09)	1.95	163%
Doubtful debt provision	(0.26)	(0.94)	260%
Profit before income tax	(3.35)	1.01	130%
Income tax expense	0.53	0.52	-199%
Net Profit after tax	(2.83)	0.48	117%

Total revenue
2005-2007
(USD millions)



Operating income by type



Profit and Loss Summary (continued)

Significant business momentum now exists – revenue growth outpaced expense growth, more than doubling to \$16.2m (2006: \$5.9m), whilst cost growth was moderate, centering on investment.

Net interest income

Net interest income ("NII") is the difference between interest received from customer lending and interest paid by ANZ Royal to those providing our funding.

Significant balance sheet growth in both deposit and loan volumes saw NII increase by 193% to \$11.0m (2006: \$3.8m).

Our lending book has steadily grown to generate improved margins, despite a competitive and very price sensitive market. One of ANZ Royal Bank's aims is to keep our interest rate pricing transparent to our customers so they clearly understand how our loans are priced. Furthermore, where customers are able to reduce their credit risk, interest rates can also be reduced to match the assessed level of risk.

We also earn a significant portion of our interest income from our placements offshore, which allowed us to maximise our returns on excess deposits.

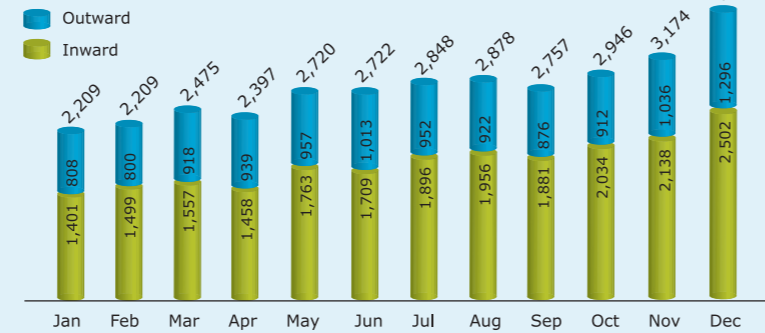
Other operating income

Other operating income mainly comprises lending and non-lending fee income, trade fees and international payments income generated from our business customers. We also earn foreign exchange income from dealing in non USD currencies and other items such as fees from our electronic banking services.

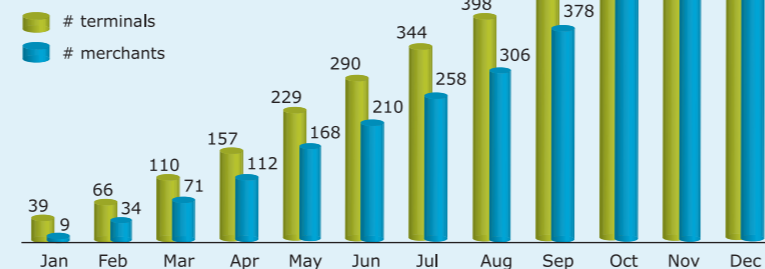
Other operating income increased 141% to \$5.2m in 2007. Key contributions to the other operating income line include:

- Trade and international payments income of \$2.4m, generating almost half of non interest income, remains a core income earner. Monthly transaction and volumes have more than doubled compared to last year, clearly reflecting our growing market share, international brand, and the ANZ global network of correspondents.
- Lending fee income, driven largely by the \$94m increase in our lending volumes, as we sought to penetrate the business loan market and build strong customer networks. Recognition of lending fee income is based on International Financial Reporting Standards (IFRS), where the loan approval fee is spread and recognised over the term of the loan, rather than upfront.
- Non-lending fee income has steadily increased each month and reflects the 28,000 new accounts opened during the year and the bank's strength in electronic banking services.

**Payment Volumes
Jan - Dec 2007
(# of transactions)**



**POS terminals & merchants
Jan - Dec 2007
(#terminals, merchants)**



In light of revenue growth, costs grew moderately in 2007 by 58% to \$14.3m (2006: \$9.0m), being a combination of both our organic business growth and continued investment in infrastructure and product enhancement.

Key areas of expenditure:

Personnel (2007: \$6.2m; 2006: \$3.9m) - A heavy recruitment agenda in 2007 saw 174 new staff join ANZ Royal, predominantly related to our front line branch staff and customer facing roles, bringing total staff numbers to 376 and driving the 59% increase in personnel costs. Staff training costs also feature strongly, and are an important part of employee development as well as ensuring world class banking services.

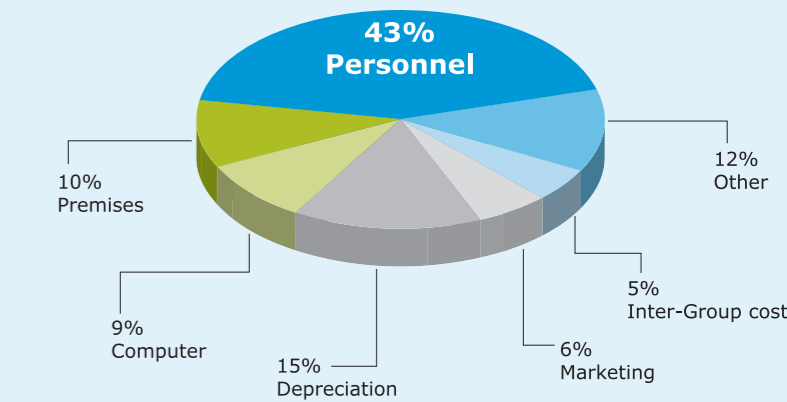
Premises (2007: \$1.9m; 2006: \$1.1m) - Premises expenses were up 78% due to the growth and investment in our branch network, as we went from 10 branches to 15 branches over the course of the year, as well as a growing head office to accommodate the business growth.

Technology (2007: \$2.4m; 2006: \$1.8m) - Technology costs increased moderately by 33%. Main drivers behind this increase related to the expansion of our ATM network to 92 ATMs, increased depreciation from past year technology investments and project costs incurred from setting up a disaster recovery site, to protect business continuity in the event of any disasters. Technology will remain a key expenditure as the bank continues to innovate and bring new products and services to Cambodia.

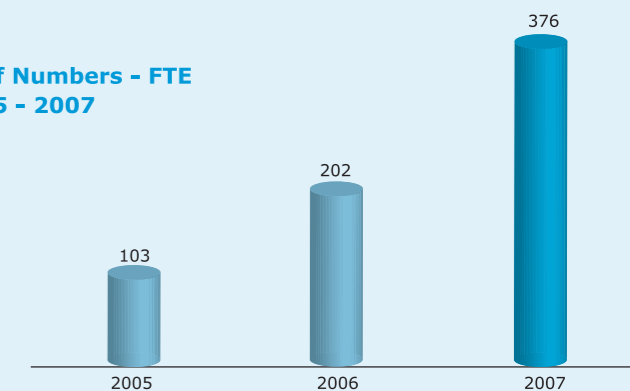
**Total Operating expenses
2005 - 2007
(USD millions)**



Operating expense by type



**Staff Numbers - FTE
2005 - 2007**



Provision for Credit Impairment

Provision for credit impairment allows for credit losses arising from the lending book. Specific provisioning for loans in arrears is a requirement of the NBC, however in addition to this, ANZ Royal Bank also provides for general provisioning in line with ANZ Group requirements and international practice.

In 2007, a provisioning charge of \$0.9m (2006:\$0.3m) was booked to the profit and loss to bring our total provision for credit impairment to \$1.2m as at 31 December 2007. As a percentage of our total lending, this equates to 0.8%.

The significant increase in the provisioning charge is commensurate with the growth in the loan book during 2007 and reflects prudent provisioning above NBC requirements – it is not due to any noticeable deterioration in the credit quality of the lending portfolio.

Balance Sheet

A highlight in 2007 was achieving significantly improved market share position in our deposits. The Bank also increased its capital from \$27m to \$40m to support its growth requirements strengthening the Bank’s balance sheet position.

Strong overall balance sheet growth in our lending assets and deposit liabilities has been a key driver in the bank’s financial success.

Lending assets

Our lending assets comprise of loans made to individuals (personal & home loans), businesses and large corporations.

Lending assets increased almost three-fold to \$146m (2006: \$52m) over the past year, split \$127m business lending and \$19m personal lending. Business lending has been particularly successful in growing its market share and their focus to build deeper customer relationships and networks, while the launch of home loans in late 2006 saw solid progress in 2007.

Our targeted approach to our different customer segments of business, SME and personal lending is proving successful and this segmented approach will be a key theme for 2008.

Deposit liabilities

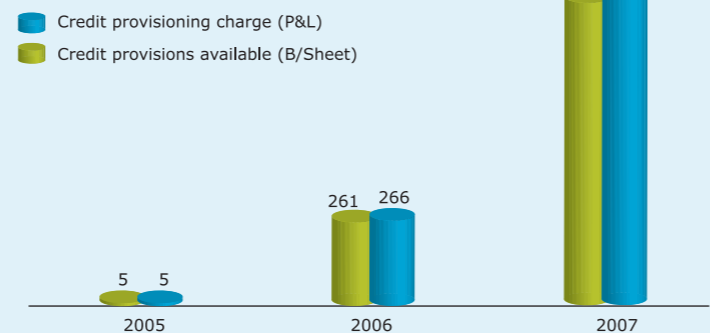
Our deposits grew an astonishing 180% in 2007 to \$520m (2006: \$186m). Whilst this significant growth was partly aided in the last quarter by some escrow funds that exited in early 2008, it shows the remaining depth in the overall market.

We gained 28,671 new accounts, to achieve a total of 56,275 accounts by December 2007. Over 20% of our new accounts this year came from the Royal Government of Cambodia (RGC), as we continue to work in close partnership with the RGC to provide payroll services and bank accounts to ministry staff.

Deposit growth will again be a key focus in 2008, as it is seen as critical in supporting the bank’s growth agenda and providing balance sheet stability.

KHR deposits increased to US\$1.8m equivalent (2006: \$0.6m), but still represents a small proportion of our overall deposits. The Bank has continued to work with various stakeholders and the NBC to promote KHR usage within the official banking sector.

Provision for credit losses 2005 - 2007 (USD 000's)



Financial Statements and Auditors’ Report 31 December 2007

Corporate information

Bank	ANZ Royal Bank (Cambodia) Ltd
Registration No	1224/04 PN
Registered office	20 EF-E0 Corner Kramoun Sar and Street 67, Sangkat Phsar Thmey I, Khan Daun Penh, Phnom Penh, Cambodia
Shareholders	ANZ Funds Pty Ltd Royal Group Finance Co., Ltd.
Directors	Neak Oknha Kith Meng Oknha Kith Thieng Debasish Pattnaik Bob Edgar Owen Wilson Colin Mansbridge (Appointed on 12 November 2007) Damian Johnson (Appointed on 25 May 2007)
Management team	Dean Cleland , <i>Chief Executive Officer</i> Paula McKeon , <i>Chief Operating Officer</i> Tracy Huynh , <i>Head of Finance</i> Gary Runciman , <i>Head of Business Financial Services</i> Joe Farrugia , <i>Head of Personal Financial Services</i> Frandara Khuon , <i>Cards Manager</i> Moniveark Sou , <i>Head of Human Resources</i> Thida Heng , <i>Marketing and Community Manager</i> Ian Matheson , <i>Head of Risk</i>
Auditor	KPMG Cambodia Ltd

The Directors have the pleasure in submitting their report together with the audited financial statements of ANZ Royal Bank (Cambodia) Ltd ("the Bank") for the year ended 31 December 2007.

Principal activities

The Bank is principally engaged in all aspects of banking business and the provision of related financial services. There were no significant changes to these principal activities during the financial year.

Financial results

The financial results of the Bank for the year ended 31 December 2007 were as follows:

	US\$
Profit before income tax	1,005,818
Income tax	(524,491)
Profit after income tax	481,327

Dividends

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

Share capital

On 19 June 2007, the Bank increased the paid up capital from US\$22,000,000 to US\$40,000,000 through the issue of 180,000 shares at US\$100 each.

Reserves and provisions

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

Bad and doubtful loans and advances

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

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

Current assets

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

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

Valuation methods

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

Contingent and other liabilities

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

- (a) any charge on the assets of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (b) any contingent liability in respect of the Bank that has arisen since the end of the financial year other than in the ordinary course of banking business.
- (c) No contingent or other liability of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank to meet its obligations as and when they fall due.

Change of circumstances

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

Items of unusual nature

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

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

Directors

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

Neak Oknha Kith Meng

Oknha Kith Thieng

Debasish Pattnaik

Bob Edgar

Owen Wilson

Allan John Marlin (Resigned on 25 May 2007)

Wayne Stevenson (Resigned on 25 May 2007)

Colin Mansbridge (Appointed on 12 November 2007)

Damian Johnson (Appointed on 25 May 2007)

Directors' interests

None of the Directors held or dealt directly in the shares of the Bank during the financial year.

Directors' benefits

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

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

Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ascertaining that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Bank as at 31 December 2007 and of the results of its operations and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii) comply with International Financial Reporting Standards and the guidelines issued by the National Bank of Cambodia or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and
- v) control and direct effectively the Bank in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

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

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



Colin Mansbridge
Director



Debasish Pattnaik
Director

31 March 2008

**To the shareholders
ANZ Royal Bank (Cambodia) Ltd**

We have audited the accompanying financial statements of ANZ Royal Bank (Cambodia) Ltd ("the Bank"), which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 36 to 62.

Management's Responsibility for the Financial Statements

The Bank's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control

relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of ANZ Royal Bank (Cambodia) Ltd as at 31 December 2007 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

We draw attention to Note 2(c) to the financial statements. In accordance with National Bank of Cambodia requirements, the assets, liabilities, revenues and expenses are presented in their Khmer Riel ("KHR") equivalents using a method of translation that does not comply with International Financial Reporting Standards. We have reviewed the KHR equivalents and found them to be accurately translated, on the basis described in Note 2(c).



KPMG Cambodia Ltd
Phnom Penh
31 March 2008

As at 31 December 2007

	Note	2007		2006
		US\$	KHR'000	US\$
Assets				
Cash and bank balances	5	88,183,829	352,999,867	27,208,062
Deposits and placements with banks	6	260,890,086	1,044,343,014	93,143,224
Net loans and advances	7	144,984,873	580,374,447	51,696,280
Regulatory deposits	8	49,227,619	197,058,159	19,323,245
Deferred tax assets, net	9	1,344,005	5,380,052	1,649,476
Intangible assets	10	99,996	400,284	188,440
Other assets	11	1,465,816	5,867,661	1,476,298
Premises and equipment	12	13,659,863	54,680,432	9,950,904
Total assets		559,856,087	2,241,103,916	204,635,929
Liabilities				
Deposits from other banks	13	148,123	592,936	4,612
Deposits from customers	14	520,411,626	2,083,207,739	185,790,652
Income tax liability	9	31,000	124,093	11,410
Payables and other liabilities	15	5,779,215	23,134,198	3,824,459
Total liabilities		526,369,964	2,107,058,966	189,631,133
Net assets		33,486,123	134,044,950	15,004,796
Shareholders' equity				
Share capital	16	40,000,000	160,120,000	22,000,000
Accumulated losses		(6,513,877)	(26,075,050)	(6,995,204)
Net shareholders' funds		33,486,123	134,044,950	15,004,796

The accompanying notes form part of these financial statements.

Income Statement

Year ended 31 December 2007

	Note	2007		2006
		US\$	KHR'000	US\$
Interest income	17	16,669,958	66,729,842	6,337,119
Interest expense	18	(5,673,713)	(22,711,873)	(2,585,187)
Net interest income		10,996,245	44,017,969	3,751,932
Net fee and commission income	19	5,223,562	20,909,919	2,160,627
Operating income		16,219,807	64,927,888	5,912,559
Operating expenses	20	(14,274,393)	(57,140,395)	(9,005,871)
Profit/(loss) before doubtful debt provision and income tax		1,945,414	7,787,493	(3,093,312)
Doubtful debt provision	7	(939,596)	(3,761,203)	(260,940)
Profit/(loss) before income tax		1,005,818	4,026,290	(3,354,252)
Income tax	9	(524,491)	(2,099,538)	528,173
Profit/(loss) for the year		481,327	1,926,752	(2,826,079)

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

Year ended 31 December 2007

	Share Capital US\$	Accumulated Losses US\$	Total US\$
Balance at 1 January 2006	18,000,000	(4,169,125)	13,830,875
Share capital issued	4,000,000	-	4,000,000
Loss for the year	-	(2,826,079)	(2,826,079)
Balance as at 31 December 2006	22,000,000	(6,995,204)	15,004,796
Share capital issued	18,000,000	-	18,000,000
Profit for the year	-	481,327	481,327
Balance as at 31 December 2007	40,000,000	(6,513,877)	33,486,123
(KHR'000 equivalents)	160,120,000	(26,075,050)	134,044,950

The accompanying notes form part of these financial statements.

Year ended 31 December 2007

	Note	2007		2006
		US\$	KHR'000	US\$
Cash flows from operating activities				
Net cash from operating activities	21	184,251,212	737,557,601	36,367,728
Cash flows from investing activities				
Premises and equipment purchased		(5,622,186)	(22,505,610)	(3,733,857)
Intangible assets purchased		(6,397)	(25,607)	(268,110)
Net cash used in investing activities		(5,628,583)	(22,531,217)	(4,001,967)
Cash flows from financing activities				
Share capital issued		18,000,000	72,054,000	4,000,000
Net cash from financing activities		18,000,000	72,054,000	4,000,000
Net increase in cash and cash equivalents		196,622,629	787,080,384	36,365,761
Cash and cash equivalents at beginning of year		97,351,286	389,697,197	60,985,525
Cash and cash equivalents at end of year	22	293,973,915	1,176,777,581	97,351,286

The accompanying notes form part of these financial statements.

1. Organisation and principal activity

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

On 19 June 2007, the Bank increased the share capital from US\$22,000,000 to US\$40,000,000. Accordingly the shareholdings have changed, whereby 70% of the shares are now held by ANZ Funds Pty Ltd and 30% of the shares are now held by Royal Group Finance Co., Ltd. The Bank's Memorandum and Articles of Association has been revised to reflect the change in the shareholdings and this has been approved by the Ministry of Commerce on 21 March 2008. In regards to this share capital increase, Royal Group Finance Co. Ltd has a share call back option which it may choose to exercise to bring its shareholding back to 45%. This option expires on 15 June 2008, but the option period may be extended by a further twelve months at the request of Royal Group Finance Co. Ltd.

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

The Bank had 376 (2006: 202) employees as at 31 December 2007.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the guidelines issued by the National Bank of Cambodia relating to the preparation and presentation of the financial statements.

The financial statements were approved by the Board of Directors on 31 March 2008.

(b) Basis of measurement

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

(c) Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Bank transacts its business 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.

In compliance with the NBC requirements, all assets, liabilities and income statement items in US\$ are presented in the financial statements in KHR using the prescribed official exchange rate announced by the NBC at the balance sheet date of US\$1: KHR4,003. The method of translation is specified by NBC and does not comply with IFRS. The translation is for presentation purposes only and should not be construed as representation that the KHR amounts are convertible into US\$ at this or any other rate of exchange.

(d) Use of estimates and judgements

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

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in currencies other than US\$ are translated to US\$ at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US\$ at the reporting 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.

(b) Cash and cash equivalents

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

(c) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans and advances include direct finance provided to customers such as bank overdrafts, credit cards, term loans and commercial bills.

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

Cash receipts on non-accrual loans are, in the absence of a contrary agreement with the customer, applied as income or fees in priority to being applied as a reduction in principal, except where the cash receipt relates to proceeds from the sale of security.

(d) Impairment of loans and advances

Loans and advances are reviewed at least at each reporting date for impairment.

Impairment provisions are raised for exposures (excluding consumer lending), including off-balance sheet items such as commitments and guarantees that are known as impaired. Exposures are impaired and impairment losses are recorded if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of loans and advances and prior to the reporting date, and that loss event, or events, has had an impact on the estimated future cash flows of the individual loan or the collective portfolio of loans that can be reliably estimated.

The impairment calculation is made individually for assets that are individually significant, and on a collective basis for exposures with similar risk characteristics. Exposures that are assessed collectively are placed in pools of similar assets with similar risk characteristics. The required provision is estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data. The estimated impairment losses are measured as the difference between the carrying amount of loans and advances and the estimated future cash flows discounted to their present value.

However, in compliance with NBC Guidelines, impairment of loans and advances ("specific allowance") is made for individual loans and advances that are considered non-performing, and identified as sub-standard, doubtful or loss, as follows:

Classification	Number of months past due	Provision
Substandard	3 months to 6 months	10%
Doubtful	6 months to 12 months	30%
Loss	Excess of 12 months	100%

In determining the specific allowance, the value of any collateral other than cash deposits pledged is disregarded. In the case of a loan classified as a loss, the market value of collateral can be used to reduce the amount of the allowance, subject to approval by the NBC on a case-by-case basis. Accordingly, a notional transfer from the collective provision to specific provision occurs for NBC reporting purposes.

Interest on impaired loans and advances is recognised using the original effective interest rate, being the rate used to discount the estimated future cash flows for calculating impairment.

(e) Intangible assets

Intangible assets comprise software including costs incurred in acquiring and building software, which is not integral to the operation of hardware, and is carried at cost less amortisation and impairment losses. Software is amortised at rates based upon the straight-line method over the expected useful lives to the Bank. Amortisation is charged at a rate of 33.33% per annum.

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

(f) Premises and equipment

(i) Recognition and measurement

Items of premises and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Construction in progress includes cost of construction, equipment and other direct costs.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment.

Gains or losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment and are recognised net within "other income" in the income statement.

(ii) Subsequent costs

The costs of replacing part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of premises and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of the individual assets at the following annual rates:

Computers	12.5% - 20%
Furniture & equipment	10%
Motor vehicles	20%
Leasehold improvements	10%

Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Fully depreciated items of premises and equipment are retained on the balance sheet until disposed or written off.

(g) 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 to customers which has a separate accounting policy stated in Note 3(d).

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 Bank's 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.

(h) Provisions

Provisions are recognised when the Bank has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised is the best estimate of the consideration required to settle the present obligation, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Any expected third party recoveries are recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(i) Deposits from customers and banks

Deposits from customers and banks are stated at placement value.

(j) Income recognition

Interest income is recognised on an accruals basis. Interest income on overdrafts, term loans and other loans is recognised by reference to rest periods, which are either monthly or daily. Fee and commission income is brought to account on an accruals basis.

Loan approval fees for loans likely to be drawn down are deferred (together with related direct costs) and recognised as income over the period of the loans.

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 and commissions that relate to the execution of a significant act (for example, advisory services, placement fees and underwriting fees) are taken to income when the fees are receivable.

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 revenue in the period in which the service is provided.

(k) Interest expense

Interest expense on deposits and borrowings are recognised on an accrual basis.

(l) Income tax

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in 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 adjustment to tax payable in respect of previous years.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Employee benefits

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

(n) Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segments), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(o) Leasing

Leases entered into by the Bank as lessee are operating leases, and the operating lease payments are included in the income statement in equal instalments over the lease term.

(p) Related parties

Parties are considered to be related if the Bank 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 vice-versa, or where the Bank and the party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

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

4. Segment reporting

Segment reporting is presented in respect of the Bank's business and geographical segments. The primary format, business segments, is based on the Bank's management and internal reporting structure.

Measurement of segment assets and liabilities and segment revenues and results is based on the accounting policies set out in the accounting policy notes.

Transactions between segments are conducted at arms' length.

Segment revenues, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, liabilities and expenses.

(a) Business segments

The Bank comprises the retail and corporate banking business segments, which carry out lending and deposit taking activities for customers in each segment. The retail banking business segment comprises the activities of the Bank's Personal Financial Services. The corporate banking business segment comprises the Business Financial Services Department and includes the treasury functions such as inter-bank lending, statutory deposits and placements of surplus liquidity.

	Retail banking US\$	Corporate banking US\$	Unallocated ¹ US\$	Total US\$
Segment revenue	3,747,250	11,942,575	529,982	16,219,807
Segment results	318,529	9,473,026	(8,785,737)	1,005,818
Segment assets	231,538,000	218,371,000	109,947,087	559,856,087
Segment liabilities	183,383,000	337,029,000	5,957,964	526,369,964

¹ This includes revenues, expenses, assets and liabilities related to the general operations and support functions of the Bank.

(b) Geographical segments

The Bank operates within one geographical segment, the Kingdom of Cambodia.

5. Cash and bank balances

	2007		2006
	US\$	KHR'000	US\$
In Cambodia:			
Cash on hand	20,004,810	80,079,254	9,798,350
Cash at banks			
National Bank of Cambodia	16,016,410	64,113,689	16,278,157
Other banks	333,851	1,336,406	25,823
	36,355,071	145,529,349	26,102,330
Outside Cambodia:			
Cash at banks			
Related parties	50,294,238	201,327,835	513,175
Others	1,534,520	6,142,683	592,557
	51,828,758	207,470,518	1,105,732
	88,183,829	352,999,867	27,208,062

The above amounts are analysed as follows:

	2007		2006
	US\$	KHR'000	US\$
(a) By currency:			
US Dollar	85,725,252	343,158,184	26,202,194
Khmer Riel	1,547,458	6,194,474	561,242
Other	911,119	3,647,209	444,626
	88,183,829	352,999,867	27,208,062

(b) By interest rate (per annum):

	2007	2006
National Bank of Cambodia	-	-
Related parties	0% - 4.13%	0% - 4.87%

6. Deposits and placements with banks

	2007		2006
	US\$	KHR'000	US\$
In Cambodia:			
National Bank of Cambodia	5,000,000	20,015,000	5,000,000
Other	86,495	346,239	24,649
Outside Cambodia:			
Related parties	255,803,591	1,023,981,775	88,118,575
	260,890,086	1,044,343,014	93,143,224

The above amounts are analysed as follows:

	2007		2006
	US\$	KHR'000	US\$
(a) By maturity:			
Within one month	173,790,086	695,681,714	43,143,224
2 to 3 months	37,000,000	148,111,000	27,000,000
4 to 6 months	41,100,000	164,523,300	23,000,000
6 to 12 months	9,000,000	36,027,000	-
	260,890,086	1,044,343,014	93,143,224
(b) By currency:			
US dollar	260,100,000	1,041,180,300	93,000,000
Khmer Riel	86,495	346,239	24,649
Other currencies	703,591	2,816,475	118,575
	260,890,086	1,044,343,014	93,143,224

(c) By interest rate (per annum):

	2007	2006
National Bank of Cambodia and other banks	3.75% - 4.25%	3.00% - 4.10%
Related parties	4.14% - 6.70%	4.20% - 6.10%

7. Net loans and advances

	2007		2006
	US\$	KHR'000	US\$
Term loans	94,846,437	379,670,287	29,073,934
Overdrafts	30,157,190	120,719,231	18,134,679
Housing loans	18,626,508	74,561,912	3,754,894
Trust Receipt	2,650,950	10,611,753	998,514
	146,281,085	585,563,183	51,962,021
Allowance for bad and doubtful loans and advances	(1,204,471)	(4,821,497)	(265,741)
Interest in-suspense	(91,741)	(367,239)	-
	144,984,873	580,374,447	51,696,280

The above amounts are analysed as follows:

	2007		2006
	US\$	KHR'000	US\$
(a) By maturity:			
Within 3 months	35,823,248	143,400,462	18,848,170
4 to 6 months	4,286,278	17,157,971	1,115,787
7 to 12 months	6,716,734	26,887,086	3,002,417
1 to 3 years	14,138,837	56,597,765	3,429,270
3 to 5 years	67,867,535	271,673,742	17,712,653
More than 5 years	17,448,453	69,846,157	7,853,724
	146,281,085	585,563,183	51,962,021
(b) By performance:			
Standard loans			
Secured	145,248,976	581,431,651	51,129,338
Unsecured	448,866	1,796,811	66,062
Sub-standard loans			
Secured	117,500	470,352	766,621
Doubtful			
Secured	465,743	1,864,369	-
	146,281,085	585,563,183	51,962,021

7. Net loans and advances (continued)

	2007		2006
	US\$	KHR'000	US\$
(c) By economic sectors:			
Commercial			
Overdrafts	30,114,398	120,547,935	18,117,660
Loans	94,471,293	378,168,586	29,006,299
Trust Receipt	2,650,950	10,611,753	998,514
Consumer			
Overdrafts	12,073	48,328	17,020
Loans	19,032,371	76,186,581	3,822,528
	146,281,085	585,563,183	51,962,021
(d) By industry:			
Services	50,302,670	201,361,588	10,056,374
Wholesale and retail	26,599,954	106,479,616	9,267,108
Consumer items	15,682,498	62,777,039	1,659,182
Real estate	9,378,695	37,542,916	494,667
Construction	5,036,074	20,159,404	5,265,452
Food industries	2,508,513	10,041,578	986,364
Import and export	2,387,408	9,556,794	2,083,336
Staff loans	1,215,849	4,867,044	127,187
Other	33,169,424	132,777,204	22,022,351
	146,281,085	585,563,183	51,962,021
(e) By currency:			
US Dollar	146,281,085	585,563,183	51,962,021
(f) By residency status:			
Residents	146,281,085	585,563,183	51,962,021
(g) By relationship:			
Third parties	124,357,655	497,803,693	50,858,005
Staff loans	1,215,849	4,867,044	127,187
Related parties	20,707,581	82,892,446	976,829
	146,281,085	585,563,183	51,962,021

7. Net loans and advances (continued)

	2007		2006
	US\$	KHR'000	US\$
(h) By exposure:			
Large exposures	39,115,899	156,580,943	26,249,223
Non-large exposures	107,165,186	428,982,240	25,712,798
	146,281,085	585,563,183	51,962,021

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

(i) By interest rate (per annum):

	2007	2006
	Overdrafts	8.50% - 12.00%
Commercial loans	SIBOR + margin	SIBOR + margin
Consumer loans	8.50% - 10.40%	9.90% - 10.40%

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

	2007		2006
	US\$	KHR'000	US\$
At beginning of year	265,741	1,063,761	4,801
Additional provision made			
- Specific	151,473	606,346	76,662
- General	788,123	3,154,857	184,278
	939,596	3,761,203	260,940
Written off	(866)	(3,467)	-
At end of year	1,204,471	4,821,497	265,741

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

8. Regulatory deposits

	2007		2006
	US\$	KHR'000	US\$
Regulatory deposits on:			
Minimum share capital	4,300,000	17,212,900	2,200,000
Customers' deposits	44,927,619	179,845,259	17,123,245
	49,227,619	197,058,159	19,323,245

The statutory deposits are maintained with the NBC in compliance with Article 5 of NBC Prakas No. B701-136, the amounts of which are determined by defined percentages of the Bank's registered share capital and customers' deposits with the Bank.

The statutory deposit on registered share capital is refundable when the Bank ceases its operations in Cambodia. The statutory deposit on customers' deposits fluctuates depending on the level of the customers' deposits.

The statutory deposit on registered capital placed with NBC in US\$ earns interest at the rate of 3/8 six-month SIBOR with the effective annual rates in 2007 ranging from 1.76% - 2.1% (2006: 1.39% - 1.76%). The statutory deposit relating to customers' deposits does not earn interest.

9. Income tax**(a) Deferred tax assets, net**

Deferred tax assets/(liabilities) comprise:

	2007		2006
	US\$	KHR'000	US\$
Tax losses	1,772,733	7,096,250	1,960,619
Provisions	232,383	930,229	139,830
Depreciation	(661,111)	(2,646,427)	(450,973)
	1,344,005	5,380,052	1,649,476

Tax losses can be carried forward for deduction from future taxable profit for five years. Tax losses expire as follows:

	US\$	KHR'000
2010	860,107	3,443,008
2011	912,626	3,653,242
	1,772,733	7,096,250

Movement in net deferred tax assets during the year is as follows:

	2007		2006
	US\$	KHR'000	US\$
Balance at beginning of year	1,649,476	6,602,853	1,035,287
Benefits arising from recognised deferred tax assets	-	-	614,189
Origination and reversal of temporary differences/utilisation of tax losses	(305,471)	(1,222,801)	-
Balance at end of year	1,344,005	5,380,052	1,649,476

The shareholders have provided a formal undertaking to implement business strategies to ensure that the Bank will fully utilise the tax benefits of the losses through the recording of profits against which the losses can be offset. Accordingly, a deferred tax assets on the estimated benefits arising from such tax losses has been recorded in the financial statements.

The calculation of losses for tax purposes is subject to the review and assessment by the tax authorities.

9. Income tax (continued)**(b) Income tax liability**

	2007		2006
	US\$	KHR'000	US\$
Balance at beginning of year	11,410	45,674	2,736
Current tax expenses	219,020	876,737	86,016
Taxation paid	(199,430)	(798,318)	(77,342)
Balance at end of year	31,000	124,093	11,410

(c) Income tax expense

	2007		2006
	US\$	KHR'000	US\$
Current tax expense	219,020	876,737	86,016
Benefits arising from recognised deferred tax assets	-	-	(614,189)
Origination and reversal of temporary differences/utilisation of tax losses	305,471	1,222,801	-
	524,491	2,099,538	(528,173)

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

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

	2007		2006
	US\$	KHR'000	US\$
Revenue	22,521,656	90,154,189	8,766,708
Income tax using statutory rate	225,217	901,542	87,667
Reconciling differences	(6,197)	(24,805)	(1,651)
	219,020	876,737	86,016

10. Intangible assets

	2007		2006
	US\$	KHR'000	US\$
Computer and banking software Cost			
At 1 January	285,864	1,144,314	17,754
Additions	6,397	25,607	268,110
Transfer from construction in progress	2,750	11,008	-
At 31 December	295,011	1,180,929	285,864
Less: Accumulated amortisation			
At 1 January	97,424	389,988	2,116
Amortisation expense	97,591	390,657	95,308
At 31 December	195,015	780,645	97,424
Net book value At 31 December	99,996	400,284	188,440

11. Other assets

	2007		2006
	US\$	KHR'000	US\$
Interest receivable			
- Related parties	407,399	1,630,818	900,108
- Other	26,666	106,744	45,249
Deposits and prepayments	1,025,459	4,104,912	510,381
Due from related parties	3,401	13,614	19,469
Other	2,891	11,573	1,091
	1,465,816	5,867,661	1,476,298

12. Premises and equipment

	Computers US\$	Furniture and equipment US\$	Motor vehicles US\$	Leasehold improvements US\$	Construction in progress US\$	Total US\$
Cost						
At 1 January 2007	4,822,850	2,442,352	333,522	2,524,201	1,238,307	11,361,232
Additions	1,542,786	355,743	220,099	1,978,280	1,525,278	5,622,186
Transfers/reclassifications	557,376	(303,757)	12,122	969,474	(1,237,965)	(2,750)
Written off	-	(17,666)	-	-	-	(17,666)
At 31 December 2007	6,923,012	2,476,672	565,743	5,471,955	1,525,620	16,963,002
Less: Accumulated depreciation						
At 1 January 2007	854,166	252,974	71,398	231,790	-	1,410,328
Depreciation charge for the year	1,131,183	247,746	88,325	430,996	-	1,898,250
Transfers/reclassifications	-	(59,996)	-	59,996	-	-
Written off	-	(5,439)	-	-	-	(5,439)
At 31 December 2007	1,985,349	435,285	159,723	722,782	-	3,303,139
Net book value						
At 31 December 2007	4,937,663	2,041,387	406,020	4,749,173	1,525,620	13,659,863
At 31 December 2006	3,968,684	2,189,378	262,124	2,292,411	1,238,307	9,950,904

	Computers KHR'000	Furniture and equipment KHR'000	Motor vehicles KHR'000	Leasehold improvements KHR'000	Construction in progress KHR'000	Total KHR'000
Cost						
At 1 January 2007	19,305,868	9,776,735	1,335,089	10,104,376	4,956,943	45,479,011
Additions	6,175,772	1,424,039	881,056	7,919,055	6,105,688	22,505,610
Transfers/reclassifications	2,231,176	(1,215,939)	48,524	3,880,805	(4,955,574)	(11,008)
Written off	-	(70,717)	-	-	-	(70,717)
At 31 December 2007	27,712,816	9,914,118	2,264,669	21,904,236	6,107,057	67,902,896
Less: Accumulated depreciation						
At 1 January 2007	3,419,226	1,012,655	285,806	927,856	-	5,645,543
Depreciation charge for the year	4,528,125	991,727	353,565	1,725,277	-	7,598,694
Transfers/reclassifications	-	(240,163)	-	240,163	-	-
Written off	-	(21,773)	-	-	-	(21,773)
At 31 December 2007	7,947,351	1,742,446	639,371	2,893,296	-	13,222,464
Net book value						
At 31 December 2007	19,765,465	8,171,672	1,625,298	19,010,940	6,107,057	54,680,432

12- Premises and equipment (continued)

Under Prakas No. B7-01-186 issued by the NBC on 8 November 2001, fixed assets (which includes premises and equipment and intangible assets) acquired for operational purposes shall not exceed 30% of the net worth of the bank. As at 31 December 2007 the Bank had excess fixed assets of US\$4,321,050 (2006: US\$6,025,642) calculated as follows:

	2007		2006
	US\$	KHR'000	US\$
30% of net worth	9,438,809	37,783,553	4,113,702
Net book value of			
Premises and equipment	13,659,863	54,680,432	9,950,904
Intangible assets	99,996	400,284	188,440
	13,759,859	55,080,716	10,139,344
Excess	4,321,050	17,297,163	6,025,642

In recognition of the start-up nature of the Bank's operations, the Bank has received an exemption from the NBC with respect to the above non-compliance.

13. Deposits from other banks

Deposits from other banks are in US Dollar and are due within one month.

14. Deposits from customers

	2007		2006
	US\$	KHR'000	US\$
Current accounts	140,955,671	564,245,551	65,514,506
Savings deposits	239,792,535	959,889,518	33,780,012
Fixed deposits	139,663,420	559,072,670	86,496,134
	520,411,626	2,083,207,739	185,790,652

14. Deposits from customers (continued)

The above amounts are analysed as follows:

	2007		2006
	US\$	KHR'000	US\$
(a) By maturity:			
Within 3 months	512,089,948	2,049,896,062	163,989,789
4 to 6 months	6,044,201	24,194,937	16,234,737
7 to 12 months	2,277,477	9,116,740	5,566,126
	520,411,626	2,083,207,739	185,790,652
(b) By type of customer:			
Domestic corporations	248,536,178	994,890,321	75,423,385
Foreign corporations	19,911,098	79,704,125	11,232,586
Individuals	219,288,026	877,809,968	90,395,484
Others	32,676,324	130,803,325	8,739,197
	520,411,626	2,083,207,739	185,790,652
(c) By relationship:			
Third parties	492,132,134	1,970,004,932	175,668,844
Related parties	28,279,492	113,202,807	10,121,808
	520,411,626	2,083,207,739	185,790,652
(d) By currency:			
US Dollar	517,240,895	2,070,515,303	184,737,243
Khmer Riel	1,859,470	7,443,458	623,272
Other currencies	1,311,261	5,248,978	430,137
	520,411,626	2,083,207,739	185,790,652
(e) By interest rate (per annum):			
	2007	2006	
Savings deposits	0.50% - 2.00%	0.50% - 1.50%	
Fixed deposits	3.50% - 5.00%	3.50% - 4.00%	

15. Payables and other liabilities

	2007		2006
	US\$	KHR'000	US\$
Due to related parties	1,197,438	4,793,344	307,079
Employee entitlements	1,008,876	4,038,531	487,346
Accruals	981,118	3,927,415	910,071
Banker's cheques	916,645	3,669,330	937,484
Deferred loan approval fees	766,650	3,068,900	243,898
Interest payable	694,523	2,780,176	446,591
Other tax payable	169,500	678,509	59,455
Others	44,465	177,993	432,535
	5,779,215	23,134,198	3,824,459

16. Share capital

	2007		2006
	US\$	KHR'000	US\$
Shares of US\$100 each:			
Issued and paid 400,000 shares			
(2006: 220,000 shares)	40,000,000	160,120,000	22,000,000

On 19 June 2007, the Bank increased the paid up capital from US\$22,000,000 to US\$40,000,000 through the issue of 180,000 shares at US\$100 each.

17. Interest income

	2007		2006
	US\$	KHR'000	US\$
Loans and advances	8,847,489	35,416,499	2,050,695
Placement with banks	7,551,460	30,228,494	4,184,055
National Bank of Cambodia	271,009	1,084,849	102,369
	16,669,958	66,729,842	6,337,119

18. Interest expense

	2007		2006
	US\$	KHR'000	US\$
Deposits from customers	5,642,205	22,585,747	2,567,561
Other financial institutions	31,508	126,126	17,626
	5,673,713	22,711,873	2,585,187

19. Net fee and commission income

	2007		2006
	US\$	KHR'000	US\$
Fee and commission income:			
Trade and payment income	2,381,596	9,533,529	961,998
Lending fees	1,281,088	5,128,195	583,356
Other fees	1,608,595	6,439,206	585,326
	5,271,279	21,100,930	2,130,680
Fee and commission expense	(628,136)	(2,514,428)	(268,962)
Net fee and commission income	4,643,143	18,586,502	1,861,718
Foreign exchange gains	580,419	2,323,417	298,909
	5,223,562	20,909,919	2,160,627

20. Operating expenses

	2007		2006
	US\$	KHR'000	US\$
(a) Personnel			
Salaries and wages	4,495,555	17,995,707	2,786,521
Performance reward scheme	694,080	2,778,402	291,526
Pension fund	51,050	204,353	30,918
Others	929,592	3,721,157	753,820
	6,170,277	24,699,619	3,862,785
(b) Premises			
Rent	540,560	2,163,862	318,005
Utilities and other outgoings	684,137	2,738,600	440,458
Amortisation of leasehold improvements	430,996	1,725,277	177,652
Other	257,956	1,032,598	140,375
	1,913,649	7,660,337	1,076,490
(c) Computer			
Data communication	494,434	1,979,219	423,886
Depreciation and amortisation	1,228,774	4,918,782	913,850
Computer-related expenses	657,862	2,633,422	479,895
	2,381,070	9,531,423	1,817,631
(d) Other operating expenses			
Advertising	840,992	3,366,491	524,572
Depreciation of motor vehicles, furniture and equipment	336,071	1,345,292	274,673
Travel	480,527	1,923,549	209,397
Postage and stationery	155,089	620,821	135,045
Professional fees	198,532	794,724	163,568
Telephone	180,224	721,437	123,983
Freight and cartage	26,703	106,892	54,242
Non-lending losses, frauds and forgeries	191,591	766,939	6,659
Inter-group expenses	721,123	2,886,655	400,368
Other	678,545	2,716,216	356,458
	3,809,397	15,249,016	2,248,965
	14,274,393	57,140,395	9,005,871

21. Cash flows from operating activities

	2007		2006
	US\$	KHR'000	US\$
Profit/(loss) before income tax	1,005,818	4,026,290	(3,354,252)
Adjustments for:			
Depreciation	1,898,250	7,598,694	1,270,867
Amortisation	97,591	390,657	95,308
Provision for bad and doubtful loans and advances	939,596	3,761,203	260,940
Premises and equipment written off	12,227	48,944	158,480
Operating profit/(loss) before changes in operating assets and liabilities	3,953,482	15,825,788	(1,568,657)
Decrease/(increase) in:			
Deposits and placements with other banks	(32,100,000)	(128,496,300)	(12,000,000)
Loans and advances	(94,228,189)	(377,195,441)	(48,593,494)
Regulatory deposits	(29,904,374)	(119,707,209)	(10,506,222)
Other assets	10,482	41,959	(945,447)
Increase/(decrease) in:			
Deposits from customers	334,620,974	1,339,487,759	111,216,308
Deposits from other banks	143,511	574,475	2,416
Other liabilities	1,954,756	7,824,888	(1,159,834)
Net cash generated from operations	184,450,642	738,355,919	36,445,070
Income taxes paid	(199,430)	(798,318)	(77,342)
Net cash from operating activities	184,251,212	737,557,601	36,367,728

22. Cash and cash equivalents

	2007		2006
	US\$	KHR'000	US\$
Cash and bank balances	88,183,829	352,999,867	27,208,062
Deposits and placements with banks (with maturities of 3 months or less)	205,790,086	823,777,714	70,143,224
	293,973,915	1,176,777,581	97,351,286

23. Commitments and contingencies**(a) Operations**

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

	2007		2006
	US\$	KHR'000	US\$
Bank guarantees	2,625,601	10,510,281	1,381,203
Letters of credit	30,588,381	122,445,289	16,608,706
Unused portion of loans and advances	15,934,192	63,784,571	12,212,473
Foreign exchange commitments	1,533,814	6,139,857	718,187
	50,681,988	202,879,998	30,920,569

(b) Lease commitments

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

	2007		2006
	US\$	KHR'000	US\$
Within one year	737,000	2,950,211	409,520
1 to 3 years	975,527	3,905,034	807,647
3 to 5 years	389,238	1,558,120	339,850
More than 5 years	561,278	2,246,796	181,778
	2,663,043	10,660,161	1,738,795

23. Commitments and contingencies (continued)**(c) Capital expenditure**

	2007		2006
	US\$	KHR'000	US\$
Contracted for outstanding capital expenditure within one year	1,078,476	4,317,139	996,722

(d) Taxation contingencies

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to differing interpretations among numerous taxation authorities and jurisdictions.

These facts create risks of additional taxes through reassessment, fines, penalties and interest charges, which are substantially more significant in Cambodia than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of current tax legislation.

24. Related party balances and transactions**(a) Identity of related parties**

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

(b) Other related party transactions

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

	2007		2006
	US\$	KHR'000	US\$
Interest income	7,548,972	30,218,535	4,183,542
Rental expense	137,778	551,525	96,000
Purchase/transfer technology from ANZ Banking Group Limited	1,021,502	4,089,073	616,453

25. Financial risk management policies

The guidelines and policies adopted by the Bank to manage the following risks that arise in the conduct of business activities are as follows:

(a) Credit risk

Credit risk is the potential loss of revenue and principal losses in the form of specific provisions as a result of defaults by the borrowers or counterparties through its lending, hedging and investing activities.

The primary exposure to credit risk arises through its loans and advances. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the balance sheet. The lending activities are guided by the Bank's credit policy to ensure that the overall objectives in the area of lending are achieved, i.e., that the loan portfolio is strong and healthy and credit risks are well diversified. The credit policy documents the lending policy, collateral policy and credit approval processes, including the Bank's own internal grading system, and procedures implemented to ensure compliance with NBC Guidelines.

The credit exposure arising from off balance sheet activities, i.e., commitments and contingencies, is disclosed in Note 23.

(b) Market risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk. Market risk arising from the trading activities is controlled by marking to market the trading positions against their predetermined market risk limits.

(i) Foreign currency exchange risk

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

(ii) Interest rate risk

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

An analysis of the interest rate risk pertaining to the Bank's assets and liabilities is disclosed on page 59 - 60.

(c) Liquidity risk

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

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

An analysis of liquidity risk is disclosed on page 61 - 62.

(ii) Interest rate risk (continued)

The table indicates the effective interest rates at the balance sheet date and the periods in which the financial instruments re-price or mature, whichever is earlier.

31 December 2007	Up to 1 month US\$'000	> 1 – 3 months US\$'000	> 3 – 6 months US\$'000	> 6 – 12 months US\$'000	> 1 – 5 years US\$'000	Over 5 years US\$'000	Non-interest sensitive US\$'000	Total US\$'000	Weighted average interest %
Assets									
Cash and bank balances	-	-	-	-	-	-	88,184	88,184	-
Deposits and placements with banks	173,790	37,000	41,100	9,000	-	-	-	260,890	4.69
Loans and advances									
- Performing	471	34,800	4,289	6,711	7,685	91,742	-	145,698	9.37
- Non performing	-	-	-	-	-	-	583	583	16.50
- Specific provision	-	-	-	-	-	-	(151)	(151)	-
- General provision	-	-	-	-	-	-	(1,053)	(1,053)	-
- Interest in-suspense	-	-	-	-	-	-	(92)	(92)	-
Regulatory deposits	-	-	-	-	4,300	-	44,927	49,227	1.26
Deferred tax assets, net	-	-	-	-	-	-	1,344	1,344	-
Intangible assets	-	-	-	-	-	-	100	100	-
Other assets	-	-	-	-	-	-	1,466	1,466	-
Premises and equipment	-	-	-	-	-	-	13,660	13,660	-
Total assets	174,261	71,800	45,389	15,711	11,985	91,742	148,968	559,856	
Liabilities and shareholders' funds									
Deposits from other banks	-	-	-	-	-	-	148	148	-
Deposits from customers	377,244	47,523	6,044	2,277	-	-	87,324	520,412	1.96
Income tax liability	-	-	-	-	-	-	31	31	-
Payables and other liabilities	-	-	-	-	-	-	5,779	5,779	-
Total liabilities	377,244	47,523	6,044	2,277	-	-	93,282	526,370	
Maturity gap	(202,983)	24,277	39,345	13,434	11,985	91,742	55,686	33,486	

(ii) Interest rate risk (continued)

The table indicates the effective interest rates at the balance sheet date and the periods in which the financial instruments re-price or mature, whichever is earlier.

31 December 2006	Up to 1 month US\$'000	> 1 – 3 months US\$'000	> 3 – 6 months US\$'000	> 6 – 12 months US\$'000	> 1 – 5 years US\$'000	Over 5 years US\$'000	Non-interest sensitive US\$'000	Total US\$'000	Weighted average interest %
Assets									
Cash and bank balances	-	-	-	-	-	-	27,208	27,208	-
Deposits and placements with banks	43,143	27,000	23,000	-	-	-	-	93,143	4.71
Loans and advances									
- Performing	310	18,250	1,116	3,003	20,662	7,854	-	51,195	9.65
- Non performing	-	287	-	-	480	-	-	767	11.50
- Specific provision	-	-	-	-	-	-	(77)	(77)	-
- General provision	-	-	-	-	-	-	(189)	(189)	-
Regulatory deposits	-	-	-	-	2,200	-	17,123	19,323	1.58
Deferred tax assets	-	-	-	-	-	-	1,650	1,650	-
Intangible assets	-	-	-	-	-	-	189	189	-
Other assets	-	-	-	-	-	-	1,476	1,476	-
Premises and equipment	-	-	-	-	-	-	9,951	9,951	-
Total assets	43,453	45,537	24,116	3,003	23,342	7,854	57,331	204,636	
Liabilities and shareholders' funds									
Deposits from other banks	-	-	-	-	-	-	5	5	-
Deposits from customers	51,593	64,695	16,235	5,566	-	-	47,702	185,791	1.84
Income tax liability	-	-	-	-	-	-	11	11	-
Payables and other liabilities	-	-	-	-	-	-	3,824	3,824	-
Total liabilities	51,593	64,695	16,235	5,566	-	-	51,542	189,631	
Maturity gap	(8,140)	(19,158)	7,881	(2,563)	23,342	7,854	5,789	(15,005)	

(c) Liquidity risk

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

31 December 2007	Less than 1 month US\$'000	Between 1 and 3 months US\$'000	Between 3 months and 1 year US\$'000	Between 1 year and 5 years US\$'000	Over 5 years US\$'000	No fixed terms US\$'000	Total US\$'000
Financial assets							
Cash and bank balances	88,184	-	-	-	-	-	88,184
Deposit and placements with other banks	173,790	37,000	50,100	-	-	-	260,890
Loans and advances							
- Performing	471	34,800	11,000	7,685	91,742	-	145,698
- Non performing	-	-	-	583	-	-	583
- Specific provision	-	-	-	(151)	-	-	(151)
- General provision	-	-	-	(1,053)	-	-	(1,053)
- Interest in-suspense	-	-	-	(92)	-	-	(92)
Regulatory deposits	-	-	-	4,300	-	44,927	49,227
Deferred tax assets, net	-	-	-	-	-	1,344	1,344
Other assets	-	-	-	-	-	1,466	1,466
	262,445	71,800	61,100	11,272	91,742	47,737	546,096
Financial liabilities							
Deposits from other banks	148	-	-	-	-	-	148
Deposits from customers	464,568	47,522	8,322	-	-	-	520,412
Income tax liability	-	31	-	-	-	-	31
Payables and other liabilities	-	-	-	-	-	5,779	5,779
	464,716	47,553	8,322	-	-	5,779	526,370
Maturity gap	(202,271)	24,247	52,778	11,272	91,742	41,958	19,726

(c) Liquidity risk (continued)

31 December 2006	Less than 1 month US\$'000	Between 1 and 3 months US\$'000	Between 3 months and 1 year US\$'000	Between 1 year and 5 years US\$'000	Over 5 years US\$'000	No fixed terms US\$'000	Total US\$'000
Financial assets							
Cash and bank balances	27,208	-	-	-	-	-	27,208
Deposit and placements with other banks	43,143	27,000	23,000	-	-	-	93,143
Loans and advances							
- Performing	310	18,250	4,119	20,662	7,854	-	51,195
- Non performing	-	287	-	480	-	-	767
- Specific provision	-	-	-	(77)	-	-	(77)
- General provision	-	-	-	(189)	-	-	(189)
Regulatory deposits	-	-	-	2,200	-	17,123	19,323
Deferred tax assets, net	-	-	-	-	-	1,650	1,650
Other assets	-	-	-	-	-	1,476	1,476
	70,661	45,537	27,119	23,076	7,854	20,249	194,496
Financial liabilities							
Deposits from other banks	5	-	-	-	-	-	5
Deposits and other borrowings	99,295	64,695	21,801	-	-	-	185,791
Income tax liability	-	11	-	-	-	-	11
Payables and other liabilities	-	-	-	-	-	3,824	3,824
	99,300	64,706	21,801	-	-	3,824	189,631
Maturity gap	(28,639)	(19,169)	5,318	23,076	7,854	16,425	4,865

26. Fair values of financial assets and liabilities

The aggregate fair values of financial assets and liabilities carried on the balance sheet are equal to their carrying values as at 31 December 2007.

Computation of Financial Ratios as at 31 December 2007

Capital (Amount in US\$)	
1 Equity to total asset (A/B)	5.98%
A- Equity	33,486,123
B- Total assets	559,856,087
2 Capital tier I to total asset (A/B)	5.98%
A- Capital tier I	33,486,123
B- Total assets	559,856,087
3 Capital tier I to risk weighted assets (A/B)	19.72%
A- Capital tier I	33,486,123
B- Risk weighted assets	169,838,774
4 Capital tier 1 + tier 2 to risk weighted assets (A/B)	19.72%
A- Capital tier 1+tier 2	33,486,123
B- Risk weighted assets	169,838,774
5 Net worth to total assets (A/B)	5.62%
A- Net worth	31,462,697
B- Total assets	559,856,087
6 Solvency ratio (A/B)	18.53%
A- Net worth	31,462,697
B- Risk weighted assets	169,838,774
7 Debt to total asset (A/B)	94.02%
A- Total liabilities	526,369,964
B- Total assets	559,856,087
8 Debt to equity (A/B)	1571.90%
A- Total liabilities	526,369,964
B- Equity	33,486,123
9 Dividend to net profit (A/B)	0%
A- Dividend	-
B- Net profit	481,327
Asset Quality (Amount in US\$)	
10 Banking reserve to total loans (A/B)	22.89%
A- Banking reserves	33,486,123
B- Total loans (gross)	146,281,085
11 Banking reserve to total assets (A/B)	5.98%
A- Banking reserves	33,486,123
B- Total assets	559,856,087
12 NPL to total loans (A/B)	0.40%
A- NPL	583,243
B- Total loans (gross) (A/B)	146,281,085
13 NPL to total assets (A/B)	0.10%
A- NPL	583,243
B- Total assets	559,856,087
14 Classified assets to total loan (A/B)	0.40%
A- Classified assets	583,243
B- Total loans (gross)	146,281,085

15 Classified assets to total asset (A/B)	0.10%
A- Classified assets	583,243
B- Total assets	559,856,087
16 Classified assets to equity (A/B)	1.74%
A- Classified assets	583,243
B- Equity	33,486,123
17 Loan to related parties to total loans (A/B)	1.31%
A- Loan to related parties	1,923,430
B- Total loans (gross)	146,281,085
18 Large exposure to total loans (A/B)	17.85%
A- Large exposure	26,113,308
B- Total loans (gross)	146,281,085
19 Loan to related parties to net worth (A/B)	6.11%
A- Loan to related parties	1,923,430
B- Net worth	31,462,697
20 Large exposure to net worth (A/B)	83.00%
A- Large exposure	26,113,308
B- Net worth	31,462,697
21 General provision to total loans (A/B)	0.72%
A- General provision	1,052,998
B- Total loans (gross)	146,281,085
22 Specific provision to total loans (A/B)	0.10%
A- Specific provision	151,473
B- Total loans (gross)	146,281,085
23 Specific provision to NPL (A/B)	25.97%
A- Specific provision	151,473
B- NPL	583,243
24 All allowances to total assets (A/B)	0.22%
A- Total all allowances	1,204,471
B- Total assets	559,856,087
25 Loans to deposits (A/B)	28.11%
A- Total loans to non-bank customers (gross)	146,281,085
B- Customer's deposits	520,411,626
Earnings (Amount in US\$)	
26 Return on assets (A/B)	0.09%
A- Net profit	481,327
B- Total assets	559,856,087
27 Return on equity (A/B)	1.44%
A- Net profit	481,327
B- Equity	33,486,123
28 Gross yield (A/B)	2.98%
A- Interest income	16,669,958
B- Total assets	559,856,087
29 Net interest margin (NIM) to total assets (A/B)	1.96%
A- Int. inc. - int. exp.	10,996,245
B- Total assets	559,856,087

30 Other income to total assets (A/B)	1.05%
A- Other incomes	5,851,698
B- Total assets	559,856,087
31 Provision to total assets (A/B)	0.17%
A- Provision	939,596
B- Total assets	559,856,087
32 Overhead to total assets (A/B)	2.55%
A- Non-interest expenses	14,274,393
B- Total assets	559,856,087
33 Net income before tax to total assets (A/B)	0.18%
A- Net income before tax	1,005,818
B- Total assets	559,856,087
34 Tax to total assets (A/B)	0.09%
A- Tax	524,491
B- Total assets	559,856,087
35 Interest margin to gross income (A/B)	48.83%
A- Int. inc. - int. exp.	10,996,245
B- Gross income	22,521,656
36 Non-interest income to gross income (A/B)	25.98%
A- Non-interest income	5,851,698
B- Gross income	22,521,656
37 Non-interest expense to gross income	63.38%
A- Non-interest expense	14,274,393
B- Gross income	22,521,656
38 Times interest earned (A/B)	1.18 time
A- Profit before tax + interest expense	6,679,531
B- Interest expense	5,673,713
Liquidity (Amount in US\$)	
39 Liquid assets (A/B)	62.35%
A- Liquid assets	349,073,915
B- Total assets	559,856,087
40 Short-term liabilities (A/B)	94.02%
A- Short-term liabilities (less than one year)	526,369,964
B- Total assets	559,856,087
41 Net liquid assets (A/B)	-33.68%
A- Liquid assets - short-term liabilities	(177,296,049)
B- Total liabilities	526,369,964
42 Quick ratio (A/B)	66.32%
A- Quick assets	349,073,915
B- Current liabilities	526,369,964
43 Deposits to total loans (A/B)	355.76%
A- Total customers' deposits	520,411,626
B- Total loans to non-bank customers (gross)	146,281,085

Preferred Correspondent Banks

Country of Correspondent	Currency	Name of Bank	Address	Swift Code
Australia	AUD	ANZ Banking Group Limited	1/570 Church Street, Richmond, Victoria, 3121 Australia	ANZBAU3M
Canada	CAD	Royal Bank of Canada	Montreal, Canada	ROYCCAT2
Denmark	DKK	Den Danske Bank AS	Copenhagen, Denmark	DABADKKK
Fiji	FJD	Australia & New Zealand Banking Group Limited	Suva, Fiji	ANZBFJFX
Germany	EUR	Deutsche Bank AG	Frankfurt, Germany	DEUTDEFF
Hong Kong	HKD	Hongkong and Shanghai Banking Corp. Ltd	1 Queens Road, PO Box 64 Central HK	HSBCHKHHKHK
Indonesia	IDR	ANZ Panin Bank PT	Jakarta, Indonesia	ANZBIDJX
Japan	JPY	Mixuho Corporate Bank Ltd	1-3-3, Marunouchi, Chiyodaku, Tokyo, Japan	MHCBJPJT
New Zealand	NZD	ANZ National Bank Limited	International Services, Correspondent Accounting Services, P.O. Box 1492, Wellington, New Zealand	ANZBNZ22
Singapore	SGD	United Oversea Bank Limited	UOB Plaza: 80, Raffles Place, Singapore	UOVBSGSG
Sweden	SEK	Skandinaviska Enskilda Banken	Stockholm, Sweden	ESSESESS
Switzerland	CHF	UBS AG	Zurich, Switzerland	UBSWCH2H
Thailand	THB	Bangkok Bank Public Company	333, Silom Road, Bangkok, Thailand	BKKBTHBK
United Kingdom	GBP	Barclays Bank plc, London	St. Swithens House, 3rd Floor, 11-12 St. Swithens Lane, London, Great Britain	BARCGB22
USA	USD	JP Morgan Chase Bank	15 Floor, 4 New York Plaza, New York, 10004-2413, USA	CHASUS33

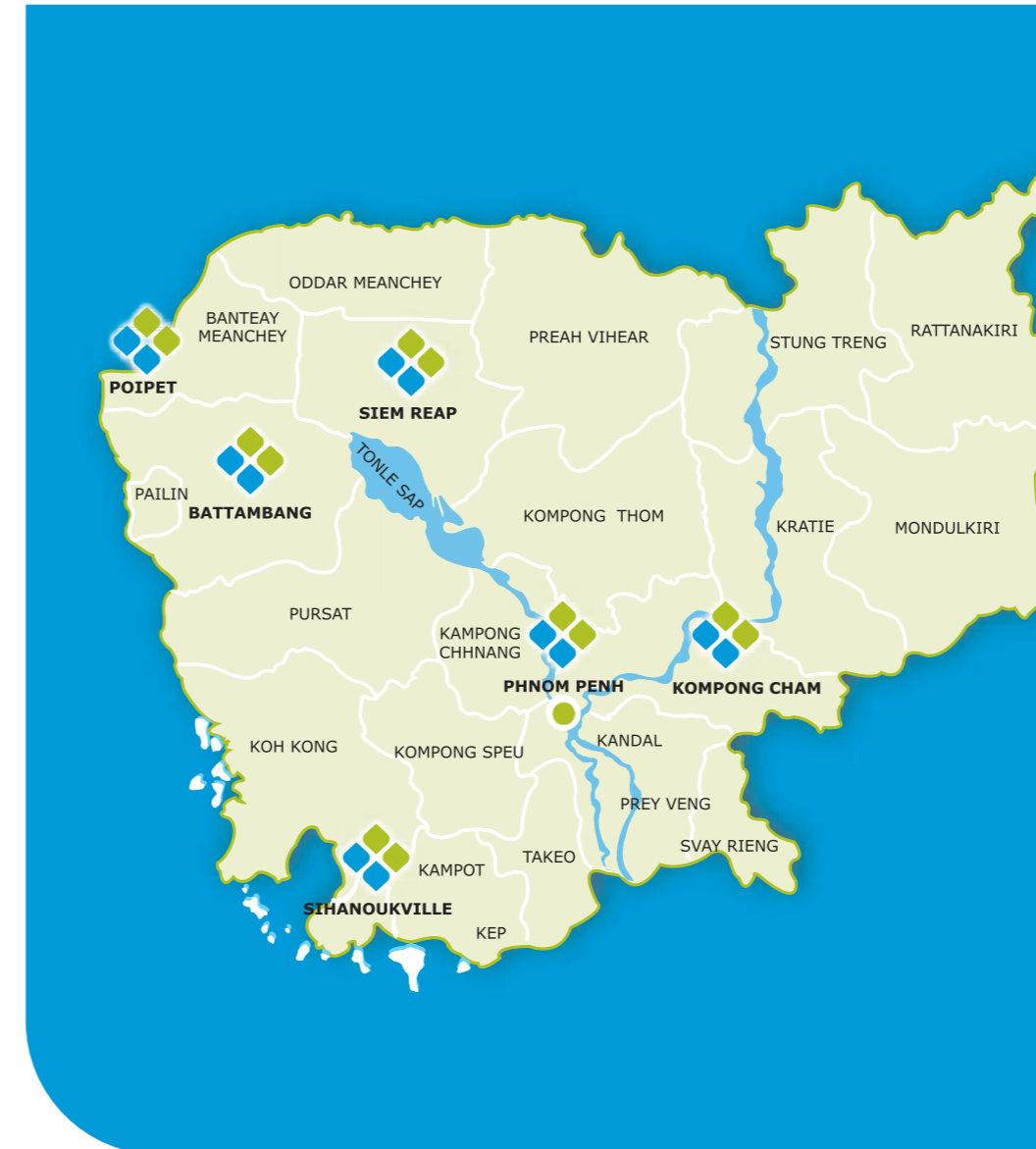
Other Correspondent Banks

Country	Currency	Bank
Austria (2)	EUR EUR	Bank Austria AG Erste Bank
Bahrain (2)	BHD BHD	Ahli United Bank (Bahrain) BSC HSBC Bank Middle East
Bangladesh (1)	BDT	Standard Chartered Bank Limited
Belgium (3)	EUR EUR EUR	Banque Bruxelles Lambert KBC Bank NV Fortis Bank SA/NV
Brunei (1)	BND	Malayan Banking Berhad
Canada (5)	CAD CAD CAD CAD CAD	Bank of Montreal Bank of Nova Scotia Banque Nationale du Canada Canadian Imperial Bank of Commerce Toronto Dominion Bank
Croatia (1)	HRK	Raiffeisenbank Austria DD
Cyprus (2)	CYP CYP	Cyprus Popular Bank Laiki Telebank
Czech Republic (1)	CZK	Ceskoslovenska Obchodni Banka
Denmark (1)	DKK	Danske Bank AS
Estonia (1)	EEK	Nordea Bank Finland PLC
Finland (1)	EUR	Nordea Bank Finland PLC
France (3)	EUR EUR EUR	BNP-Paribas Credit Agricole SA Societe Generale
Germany (7)	EUR EUR EUR EUR EUR EUR EUR	Bayerische Hypo-und Vereinsbank Bayerische Landesbank Commerzbank AG Deutsche Bundesbank Dresdner Bank AG JPMorgan AG WestLB
Greece (2)	EUR EUR	EFG Eurobank Ergasias SA National Bank of Greece
Hong Kong (6)	HKD HKD HKD HKD HKD HKD	Bank of China Bank of East Asia Ltd DBS Bank (HongKong) LTD Hang Seng Bank Limited Shanghai Commercial Bank Standard Chartered Bank Limited
Hungary (1)	HUF	ING Bank RT
India (3)	INR INR INR	Bank of Baroda Bank of India Standard Chartered Bank Limited
Indonesia (1)	IDR	Bank Negara Indonesia PT
Iran (1)	IRR	Bank Mellii Iran
Italy (2)	EUR EUR	IntesaBCI SPA Unicredito Italiano SPA

Country	Currency	Bank
Japan (7)	JPY JPY JPY JPY JPY JPY JPY	Aozora Bank Limited Australia & New Zealand Banking Group Limited Bank of Tokyo-Mitsubishi Limited Daiwa Bank Limited Norinchukin Bank Sumitomo Mitsui Banking Corporation UFJ Bank Limited
Jordan (1)	JOD	Standard Chartered Bank Limited
Kenya (2)	KES KES	Barclays Bank of Kenya Limited Stanbic Bank Kenya Limited
Korea (1)	KRW	Shinhan Bank
Kuwait (2)	KWD KWD	Gulf Bank Kuwait KSC (The) National Bank of Kuwait
Latvia (1)	LVL	Nordea Bank Finland PLC
Lithuania (1)	LTL	Nordea Bank Finland PLC
Malta (1)	MTL	HSBC Bank Malta PLC
Mauritius (1)	MUR	Mauritius Commercial Bank Limited
Netherlands (2)	EUR EUR	ING Bank NV Rabobank Nederland
New Caledonia (2)	XPF XPF	Banque de Nouvelle Caledonie Societe Generale Caledonienne de Banque
Norway (3)	NOK NOK NOK	DNB Nor Bank AS Focus Bank Nordea Bank Norge ASA
Oman (2)	OMR OMR	Bank Muscat BankMuscat SOAG
Pakistan (2)	PKR PKR	Habib Bank Limited Standard Chartered Bank Limited
Papua New Guinea (1)	PGK	Australia & New Zealand Banking Group (PNG) Limited
Philippines (5)	PHP PHP PHP PHP PHP	Australia & New Zealand Banking Group Limited Bank of the Philippine Islands Equitable PCI Bank Metropolitan Bank and Trust Company Philippine National Bank
Poland (1)	PLN	Bank Przemyslowo Handlowy PBK SA
Portugal (1)	EUR	Banco Commercial Portugues
Qatar (2)	QAR QAR	International Bank of Qatar Standard Chartered Bank Limited
Rep of Ireland (2)	EUR EUR	AIB Bank Bank of Ireland International Banking
Samoa (1)	WST	ANZ Bank (Samoa) Limited
Saudi Arabia (1)	SAR	National Commercial Bank
Singapore (4)	SGD SGD SGD SGD	Bangkok Bank Public Company Limited DBS Bank Limited Maybank Oversea-Chinese Banking Corporation

Country	Currency	Bank
Solomon Islands (1)	SBD	Australia & New Zealand Banking Group Limited
South Africa (3)	ZAR ZAR ZAR	ABSA Bank Limited Firststrand Bank Limited Standard Bank of South Africa Limited
Spain (3)	EUR EUR EUR	Banco Bilbao Vizcaya Banco Popular Espanol SA Banco Santander Central Hispano
Sri Lanka (1)	LKR	Bank of Ceylon
Sweden (3)	SEK SEK SEK	Nordea Bank Sweden AB Svenska Handelsbanken AB Swedbank
Switzerland (3)	CHF CHF EUR	Credit Suisse First Boston Zuercher Kantonalbank UBS AG
Tahiti (1)	XPF	Banque de Tahiti
Tanzania (1)	TZS	National Bank of Commerce
Thailand (2)	THB THB	Bangkok Bank Public Company Limited Kasikornbank Public Company
Tonga (1)	TOP	Australia & New Zealand Banking Group Limited
U.A.E. (1)	AED	Standard Chartered Bank Limited
Uganda (1)	UGX	Stanbic Bank Uganda Limited
United Kingdom (7)	EUR EUR GBP GBP GBP GBP GBP	Barclays Bank PLC NatWest Bank PLC NatWest Bank PLC HSBC Bank PLC Lloyds Bank PLC NatWest Bank PLC Royal Bank of Scotland PLC
USA (18)	USD USD USD USD USD USD USD USD USD USD USD USD USD USD USD USD USD USD	American Express International Banking ANZ OBU (a/c with JPMorgan) Bank of America NT & SA Bank of New York Bank One Brown Brothers Harriman & co Citibank NA Deutsche Bank Trust Company Americas Fleet National Bank HSBC Bank USA Keybank NA Northern Trust International Bank PNC Bank NA Suntrust Bank U.S. Bankcorp Union Bank Wachovia Bank NA Wells Fargo Bank NA
Vanuatu (1)	VUV	ANZ Bank (Vanuatu) Limited
Zambia (1)	ZMK	Stanbic Bank Zambia Limited
Zimbabwe (1)	ZWD	Stanbic Bank Zimbabwe Limited

Branch Locations



Phnom Penh

- **Kramuon Sar Branch (Head Office)**
20 Kramuon Sar (Corner of Street 67), Phnom Penh
- **Independence Monument Branch**
100 Preah Sihanouk Boulevard, Phnom Penh
- **Olympic Market Branch**
361 & 363 Preah Sihanouk Boulevard, Phnom Penh
- **Riverside Branch**
265 Sisowath Quay, Phnom Penh
- **Phsar Derm Thkov Branch**
616A A+B Street 271, Phsar Derm Thkov Commune, Phnom Penh
- **Pet Lok Sang Branch**
1A+B Street 271, Teuk Thla Commune, Phnom Penh
- **Teuk Thla Branch**
1EoE1 Street 110A Teuk Thla, Phnom Penh

Siem Reap

- **Phsar Kandal (Main Branch)**
Lots 566, 568 & 570 Street Tep Vong
- **Phsar Chas Branch**
218, Group 7, Khum Svay Dangcum
- **Phsar Leu Branch**
556, National Road No. 6
- **Siem Reap International Airport Agency (Arrival Terminal)**

Sihanoukville Branch

215, Ekreach Boulevard, Commune 2, Mittapheap District

Battambang Branch

2, 4, & 6 Street 1, 20 Usphea Village, Svay Por Commune

Poipet Branch

22,23, & 24, National Road 5, Ba Lelay Village, Poipet

Kampong Cham Branch

Village 12, Kampong Cham Commune



Royal

555

blue spot