

ANZ Royal Bank Annual Report 2009

2009 Annual Report

Sustainable Growth
Supporting Customers



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Our Values

Integrity

Do what is right

Collaboration

Work as one

Accountability

Own your actions

Respect

Value every voice

Excellence

Be your best



Chairman's Report



Neak Oknha Kith Meng
Chairman
ANZ Royal Bank

Our Performance

The Global Financial Crisis had a significant impact on the Cambodian economy and on many of our customers. During this challenging period, ANZ Royal Bank still managed to grow revenue by 10% and Profits Before Provisions grew by a very credible 18%. This was the strongest underlying performance amongst the major banks in Cambodia.

Our credit provisions for 2009 were higher at \$11 million and while we expect to recover the majority of these provisions in 2010, in the short term it has resulted in ANZ Royal Bank recording a loss during 2009 of \$4.6 million.

Supporting Customers Through The Downturn

We believe our approach of supporting Cambodian customers through the downturn was the right one for both our customers and our shareholders.

This means that where customers have a viable underlying business and strong asset positions, we did not have to force them to sell properties at 'distress' prices. In some cases, this resulted in large credit provisions under NBC rules. However, we expect to recover these provisions as the economy improves. This strategy is already proving to be successful.

Prudent Management

For many banks across the world, 2009 was a challenging year, however, the Cambodian bank sector has come through the crisis in good shape. Given the strong capital position of banks in Cambodia, the major risk to the bank sector was a liquidity shock rather than high credit provisions. The Board and Management of ANZ Royal Bank responded appropriately by maintaining a highly liquid balance sheet. This strength and ability to continue lending, has ensured that ANZ Royal Bank has remained well placed to continue supporting our customers.

Finally, I would like to sincerely thank the staff of ANZ Royal Bank for their dedication and hard work. I believe we have the best people in the industry, and they have been an integral part of our success.

CEO's Report

Building A Strong Foundation

The past 12 months have been a turbulent period for banks globally, and Cambodia has been no exception. In the context of the sharp economic downturn experienced by Cambodia, ANZ Royal Bank's underlying earnings growth was surprisingly strong.

The crisis also provided an opportunity for ANZ Royal Bank to strengthen its competitive position, enabling us to emerge from this period with a solid foundation for growth.

While delivering a strong underlying performance, we have dealt with a number of legacy issues including rationalisation of our property portfolio and streamlining our branch network. We have also transformed the risk profile of the Bank, with a sharp reduction in property lending and overdrafts as a proportion of the overall portfolio.

Continuing to Invest

We have continued to invest in our business. While competitors reduced marketing spend, we continued to invest in our brand. The significant investment we make in our people continued during the year, and that is paying dividends in the growing capacity and capability of our workforce, which I'm confident is the best in Cambodia.

We have significantly grown staff numbers in our Corporate and Institutional business, and are well placed to support our business customers as Cambodia's economy returns to a high growth trajectory. Lastly, we have continued to invest in technology, with the introduction of the leading cash management platform in the market for corporate clients, and a new internet banking system for consumers.

With the stronger foundation we have established, and the investments we continue to make, the outlook for ANZ Royal Bank in 2010 is quite positive, with a record earnings performance expected. Beyond 2010, the outlook is even brighter.



Stephen Higgins
CEO
ANZ Royal Bank

Rock-solid banking expertise in Cambodia



Retail Banking

The past 12 months were a consolidation period for Retail Banking as we transitioned from the rapid growth phase since start up, to a more mature and refined approach. This has allowed us to strengthen our foundation in Retail, particularly around our three pillars of convenience, superior customer service and simplicity.

This period also coincided with the Global Financial Crisis, and Retail was a beneficiary of a 'flight to quality' as depositors sought the safety of a bank whose parent ANZ is one of just 11 AA rated banks globally.

This year, 13 ATMs were relocated to more convenient locations and we invested in improving our signage and visibility, enabling a dramatic increase in ATM traffic as a result.

We also undertook Customer First training, which improved the quality of our sales efforts by focusing on the needs of the customer, rather than a 'product push' approach. We also listened to our customers and simplified many processes, from account sign-ups to ATM card distribution, making life easy for our customers.

What We Do

Retail Banking is responsible for serving consumers and business customers through our network of 19 branches (including 4 Premier lounges), 130 ATMs, a 24/7 call centre and a network of specialist sales staff.

Our Products and Services include:

- Savings and Chequing Accounts
- Term Deposits
- Home Loans and Home Equity Loans
- Domestic and International Transfers



- ATMs and POS
- Bill Payments and Mobile Credit Top-Ups
- Online Banking
- Credit Cards
- Premier Banking
- Foreign Exchange
- Payroll Services

2009 Achievements

- Rolled out a new flagship branch in Tuol Kork, including a Premier lounge
- Increased liquidity, with 10% higher deposits
- Successfully managed the loan portfolio through the global crisis, maintaining non-performing loans at less than 2%
- Successfully launched the new Fast Saver Account

Our Goals for 2010

The work done in 2009 will help make 2010 a very successful year. Retail Banking will continue developing innovative international standard solutions by:

- Launching new products (Convenience Plus, and Premier Plus) for our customers
- Continuing to simplify processes
- Increasing payment options by offering bill payments and new internet banking systems
- Establishing new call centre functions
- Offering greater reliability for customers by upgrading our ATM technology

Additionally, we will continue to invest in our greatest asset, our employees, with further customer-focused training and career development throughout the year.

Corporate and Institutional Banking

Our Business Customers

Our business philosophy is based on truly understanding our customer's needs, so we can provide effective, innovative and competitive products and services.

By focusing on relationship banking, we strive to provide our customers with a dedicated team of specialists, who understand business and the increasingly complicated economic environment in which we operate.

Our business clientele includes local companies, small and medium businesses, multinational and regional corporations, diplomatic corps, NGOs and multilateral agencies.

2009 Achievements

Highlights for Corporate & Institutional Banking during 2009 included:

- Building a new Internet Banking service and a world-class Cash Management Platform known as 'Transactive' to be launched in early 2010.
- Expansion of our Trade & Supply Chain business, including assisting our customers with their cross-border trade and international business through ANZ's regional and global network.
- Continued to expand our Financial Markets capability, particularly forward contracts in Foreign Exchanges for customers to help manage risks.
- Participation in delivery of a US\$421 million Syndicated Loan facility, the largest ever corporate transaction executed in Cambodia.

What We Offer

Our value proposition is to provide world-class service to our business customers through a dedicated relationship management team. Our relationship managers, together with product specialists, have developed a depth of industry and economic knowledge to ensure they understand and anticipate the business issues our clients face day to day, in order to tailor solutions to help our customers achieve their business goals.

ANZ Royal Bank offers a wide range of products and services to meet the banking and finance needs of the business community. We aim to match our pricing based on the business risks identified, the strength of the customers' overall financial position, capacity and track record.

Our transactional and cash management products provide a convenient and safe way for our customers to manage

payments. The Trade Finance and Foreign Exchange services offer our customers the ability to manage the risks involved in international trade and provide a method to hedge potential supply risk or exchange rates movements.

Our Goals for 2010

- Continue to develop a close working relationship with our business customers, through ongoing development and support of our dedicated relationship management and product specialist team.
- Leverage ANZ Banking Group's global trade finance expertise and worldwide network to provide specialised trade finance and international payments service, advice to minimise risk and maximise returns for our customers.
- Continue to increase our products and services in the Trade & Supply Chain and Financial Markets to ensure our customers have access to essential banking services to manage their business needs.



Our Community

Since its inception, ANZ Royal Bank has been dedicated to improving the well-being of the communities in which we operate and where our staff and customers live.

Our commitment to the community continues to grow, with the number of community support programs and staff volunteer hours increasing every year. More than 55 programs, 18 of which were volunteer activities, were implemented throughout 2009. The core focus of our support this year has been on education, by providing financial and non-financial assistance to programs that help the educational needs of the more disadvantaged members of our community.

This commitment by ANZ Royal Bank is shared by our staff, who contribute to relief and recovery efforts in times of need for the Cambodian community. This year alone, we organised five fund-raising programs, including assistance to over 100 families severely affected by Hurricane Ketsana

in Siem Reap Province. Approximately US\$10,000 was raised as a direct result of our dedicated team effort.

Throughout the year, we encouraged active engagement of our staff in various types of volunteer programs. In total, over 7,000 hours of ANZ Royal Bank employees' personal time was spent undertaking volunteer activities.

Additionally, the bank widely rolled out a Financial Literacy Program designed to provide basic banking and savings tips to rural communities. Nearly 1,000 participants, including commune council members, villagers and students, attended a total of 10 workshops.



Our People



We believe that our people are paramount to our success and we do all that we can to attract, develop and retain the very best, by providing opportunities to maximise potential for growth and recognition.

We strive to be a vibrant and energetic organisation, supporting high-performing individuals through a 'Speak Up' culture. 'Speak Up' encourages our people to freely voice their opinions and ideas, and be rewarded for their contributions.

We are committed to providing our people with a challenging, interesting and safe working environment. By providing training programs, development opportunities and performance rewards, our focus is to ensure they feel a sense of achievement and personal connection to their work and career.

Key training and development areas for 2009 included:

- Building accreditation framework for customer and risk related roles
- Rolling out leadership programs
- Developing and implementing training policies focusing on individual development, customer first sales and service, risk, systems, language and leadership
- Improving external study support programs
- Developing career planning programs

Staff development is not limited to Cambodian borders. As ANZ Royal Bank is a part of a global organisation, we also offer international opportunities to our staff and bring cutting-edge methodologies and ways of thinking to Cambodia.

Over the years, many of our people have been sent abroad on training programs or secondments and are now enjoying renewed confidence and successful careers, while being able to share their expertise and knowledge with others.

Risk Management

Risk is a core capability of ANZ Royal Bank and is infused in all areas of the operation, beginning with the induction of all staff, who undertake extensive risk awareness training as a part of their induction training.

The emphasis on a culture of risk management is inherent throughout the bank with a strong focus on improving the risk capability of our staff, so they are better equipped not only to recognize risks, but how to monitor and control them. This awareness continues through ongoing programmes, targeted training and as a component of staff performance reviews.

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

Brief outlines of the key areas of risk are as 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 on the considerable experience of the ANZ Group.

In 2009, the effects of the Global Financial Crisis were felt by businesses in Cambodia. Based on our experience in other countries during sharp economic downturns, we took a conscious decision to support affected customers through the downturn rather than taking aggressive steps to obtain repayment. We believe this will result in better outcomes for our customers, while also ensuring that ANZ Royal Bank obtains full repayment of loans. With a clear uplift in economic and business activity since the end of 2009, we are confident the approach we have taken is the right one.

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 Dollar and Khmer 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 to mitigate risk.

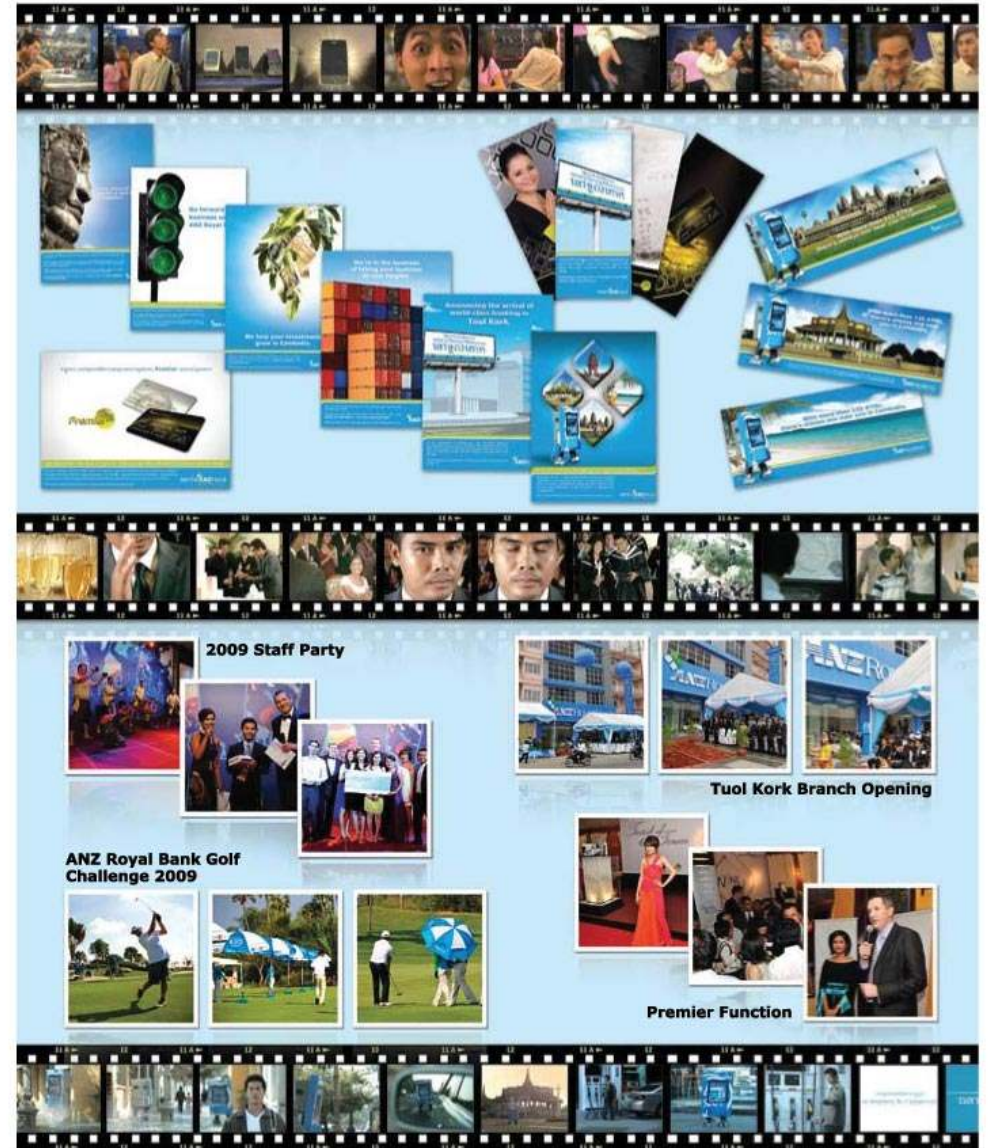
Operational Risk – is the risk of loss associated with the breakdown of internal processes or controls or from external events.

Appropriate policies to deal with operational risk are in place.

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



2009 - A Year In Review



Board of Directors (As at 31 December 2009)

Neak Okhna Kith Meng Chairman and Director

Neak Okhna Kith Meng is Chairman and Chief Executive Officer of the Royal Group of Companies. Meng has been the driving force behind bringing international business into Cambodia.

Through alliances with leading global players, he has brought international quality service to the Telecommunications, Media, Banking, Insurance, Logistics and Hospitality industries. He is a passionate entrepreneur, who is committed to the development of the Cambodian economy through direct foreign investment.

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

Nigel Denby Director

Nigel Denby joined ANZ in 2008 as Chief Risk Officer for Asia Pacific. Prior to this, he was with Nomura Asia as Regional Head for Risk Management and Credit, with overall responsibility for market, credit and operational risk management for Asia.

He brings with him over 26 years of experience in banking across Asia, the Middle East and South America, predominantly at HSBC where he held a series of important positions both in Risk Management and in the Corporate, Investment Banking and Markets Division.

He graduated from Exeter University in England, with honours in Economics in 1983.

Mark Hanna Director

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

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

Okhna Kith Thiang Director

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

Kimberley Reid Director

Kimberley Reid is ANZ's General Manager for Human Resources, Asia Pacific.

During the past 7 years with ANZ, Kim has held a number of senior Human Resources roles. Prior to joining Asia Pacific division in 2007, she was Head of HR for Operations Technology and Shared Services. Prior to this, she was the Practice Leader for Workplace Relationships, where she led a team of lawyers and IR specialists to develop and deliver industrial relations strategy.

Immediately prior to joining ANZ, Kim was a Senior Consultant at Hinton and Associates, a specialist communications consultancy engaged on large, controversial or contested share market transactions.

Kimberley completed her secondary and tertiary education in Australia, graduating with Honours in Law.

Board of Directors (As at 31 December 2009 - continued)

Wayne Stevenson Director

As Chief Financial Officer for ANZ's Asia Pacific, Europe & America Division, Wayne Stevenson is responsible for the financial management and performance of the Group's banking businesses and partnership investments across the 29 countries outside the domestic markets of Australia and New Zealand.

Wayne joined ANZ following the acquisition of PostBank NZ in 1988. He worked with ANZ in New Zealand as Chief Auditor until 1993, following which he relocated to Australia to head up the audit division responsible for the Group's Australian Operations.

Since moving from Audit in 1995, he has held a number of senior Finance, Risk and Operations roles with ANZ - including Chief Financial Officer of ANZ's International Division, Chief Financial & Operating Officer of ANZ's Personal Banking and Wealth Management Businesses in Australia, and Chief Financial Officer of ANZ's Investment Bank.

Wayne was extensively involved in the establishment of ANZ Royal Bank and has been involved with ANZ Royal Bank at Board level since it began operations.

Wayne holds a Bachelor of Commerce degree and is a member of the Institute of Chartered Accountants New Zealand.

Alex Thursby Director

Alex Thursby is ANZ's Chief Executive Officer for Asia Pacific, Europe and America. In this role, Alex is responsible for ANZ businesses in 14 Asian markets and 12 countries in the Pacific as well as Europe, America and the Middle East.

He is leading the Group's strategic expansion in Asia with a strong focus on building ANZ's franchise in five priority markets - Greater China, India, Indonesia, Greater Mekong, and Malaysia, along with key regional hubs in Hong Kong and Singapore.

Alex is also responsible for the Group Strategy and Marketing functions as ANZ pursues its ambition to become a super regional bank in Asia Pacific.

Alex joined ANZ in 2007 after 20 years with Standard Chartered Bank, where he held various senior wholesale banking roles in Hong Kong, London, Indonesia, Singapore and the UAE. Immediately prior to joining ANZ, he was Senior Managing Director and Group Head of Corporate and Institutional Client Relationships, Wholesale Banking in Singapore.

British by birth, Alex completed his secondary and tertiary education in Australia.

Management



- From left to right front: Paul Clements, Thida Heng, Stephen Higgins, Moniveark Sou, Frandara Khuon
- From left to right back: Joe Farrugia, Rohan George, James Lowrey, Simon Luu, Chris Harris



Stephen Higgins
Chief Executive Officer

Stephen joined ANZ Royal Bank as CEO in May 2008. Stephen has been with ANZ Group (the parent of ANZ Royal Bank) for over 16 years. Previous roles include Head of Investor Relations for ANZ Group where he built the most highly regarded Investor Relations team in Australasia, with ANZ winning Best Investor Relations three years running based on voting by fund managers. As part of the Investor Relations role, Stephen worked extensively with all major parts of ANZ, including the Asia business. Prior to working in Investor Relations, Stephen worked in a relationship role in Corporate Banking and a range of roles in Esanda Finance, ANZ's asset finance subsidiary.

Stephen holds a Bachelor of Economics degree from Monash University, a Master of Applied Finance from Macquarie University, and a Master of Business Administration from Melbourne Business School. He is also very active in the Cambodian business community as President of the Australian Business Association of Cambodia and the Vice-Chairman of the Association of Banks in Cambodia.



Paul Clements
Chief Operating Officer

Paul holds the position of Chief Operating Officer, which leads the Operational areas of ANZ Royal Bank, encompassing the support functions across Information Technology, Electronic Banking Services, Legal, Operating Risk, Quality Assurance, Internal Audit, Property, Procurement/Supplier Management, Administration & Operations Support and the processing areas of Trade, Treasury, Credit and Payment Processing.

He is also Company Secretary of ANZ Royal Bank (Cambodia) Limited. He is a member of ANZ Royal Bank's Risk Management Committee (RMC), Asset & Liability Committee (ALCO), and the Executive Management Committee.

Paul has over 23 years of banking experience of which the last 9 years has been with the ANZ Group. Paul joined ANZ Royal Bank in 2009 after having been with ANZ Banking Group Ltd in Australia and PT ANZ Panin Bank in Indonesia. He has experience in areas covering Relationship Banking, Corporate Finance, Credit Risk and in Transformation & Enablement programs. He has previously worked for JP Morgan Chase and Westpac Banking Corporation.

Management (continued)



Joe Farrugia
Head of Retail Banking

Joe joined ANZ Royal Bank in January 2007 and is responsible for the overall Retail operation covering our network of 19 branches, our Premier banking segment, Credit Cards/POS business, 24/7 Call Centre and 300-plus Retail banking staff, leading our Retail distribution strategy.

A career spanning over 29 years in retail banking, Joe commenced with ANZ in 1981 and has covered all general Branch banking roles, including a number of years as Branch Manager before moving into an Area Manager role, District Manager role then finally as the Local CEO within Melbourne's North Western Region.

Joe has always demonstrated a desire to work abroad, particularly within the Asian region. With so many years of frontline experience, the opportunity to come to Cambodia and share his wealth of banking knowledge and create a sustainable Retail model has been a high priority for him.



Rohan George
Head of Markets

Rohan commenced with ANZ Royal Bank in August 2009 and leads the Markets team. He is responsible for managing the Bank's interest rate and currency risk in addition to satisfying the financial market needs of our corporate customers.

He brings over 25 years of experience in fixed income, derivatives and currency markets spanning sales, trading, balance sheet and funds management with Banque National de Paris and investment bank, Schroders. Prior to joining ANZ Royal Bank, Rohan was with Westpac Bank as Treasurer - PNG & Pacific Island Nations for eight years.

Rohan holds a Master of Applied Finance degree from Macquarie University, is a Registered Representative of the Sydney Futures Exchange and is accredited by the Australian Financial Markets Association.



Chris Harris
Chief Risk Officer

Chris joined ANZ Royal Bank in February 2006, holding a variety of senior roles prior to becoming the Chief Risk Officer in August 2009. He leads a team dedicated to optimising the risk quality and industry spread of the Bank's loan portfolio, while enhancing the risk capability of the Cambodian staff.

Chris has a 44-year career in banking, predominantly in the UK and Australia, and has been with the ANZ Group since 1972. Prior to working in Cambodia, he worked extensively throughout Australia and the Pacific in credit and risk roles. He brings to ANZ Royal Bank a wealth of banking, relationship, credit and risk experience.



Tracy Huynh
Head of Finance

Tracy joined ANZ Royal Bank 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 New Zealand and then moved to Melbourne, working 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.

Management (continued)



Frandara Khuon
Head of Marketing & Premier Banking

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 started her career as the Public Relations Manager of Sofitel Cambodiana Hotel. She then moved on to manage the Cambodian branch of regional travel agency Exotissimo, after which she established her own travel business and café.

As the Head of Marketing since July 2008, Dara works closely with Management and advertising agencies to build and continue to develop the ANZ Royal Bank brand. Currently, in her double role as the Head of Marketing and Premier Banking, Dara and her team are also responsible for looking after the high-end of ANZ Royal clients' personal banking needs.



James Lowrey
Head of Corporate & Institutional Banking

James commenced with ANZ Royal Bank in July 2008 and leads the Corporate & Institutional Banking teams, encompassing Corporate Relationships, Commercial Banking, Trade Finance, Cash Management, Financial Markets and Corporate Strategy.

James' 19-year career in the financial services industry has included roles in retail banking, corporate and business banking, risk management, sales and service, general management and project management. He has spent the past seven years in the Asia Pacific region. Recent roles in the region have included Country Head/Head of Sales positions in New Zealand and the Pacific Islands and Regional Project roles covering Asia and Australasia.

He holds a Bachelor of Business Studies in International Finance from Massey University, New Zealand, a Diploma in Accounting and is a Senior Associate of the Australasian Institute of Banking and Finance.



Simon Luu
Head of Corporate Affairs

Simon joined ANZ Royal Bank in March 2007 as Senior Manager for Relationship Banking before becoming the Head of Premier Banking the following year. In July 2009, he was appointed to his current role as Head of Corporate Affairs, responsible for Government Relations and Community Affairs.

Simon's 22-year career incorporates the Insurance, Petroleum and Banking industries, predominantly in Cambodia and Canada. Prior to joining ANZ Royal Bank, he was the Country Manager, Global Lubricants with Chevron Cambodia (formerly Caltex Cambodia).

He holds a Bachelor's Degree in Business & Administration from Quebec University in Montreal, Canada, and a variety of Certificates in Marketing and Management from the Asian Institute of Management (AIM) in the Philippines.



Moniveark Sou
Head of Human Resources

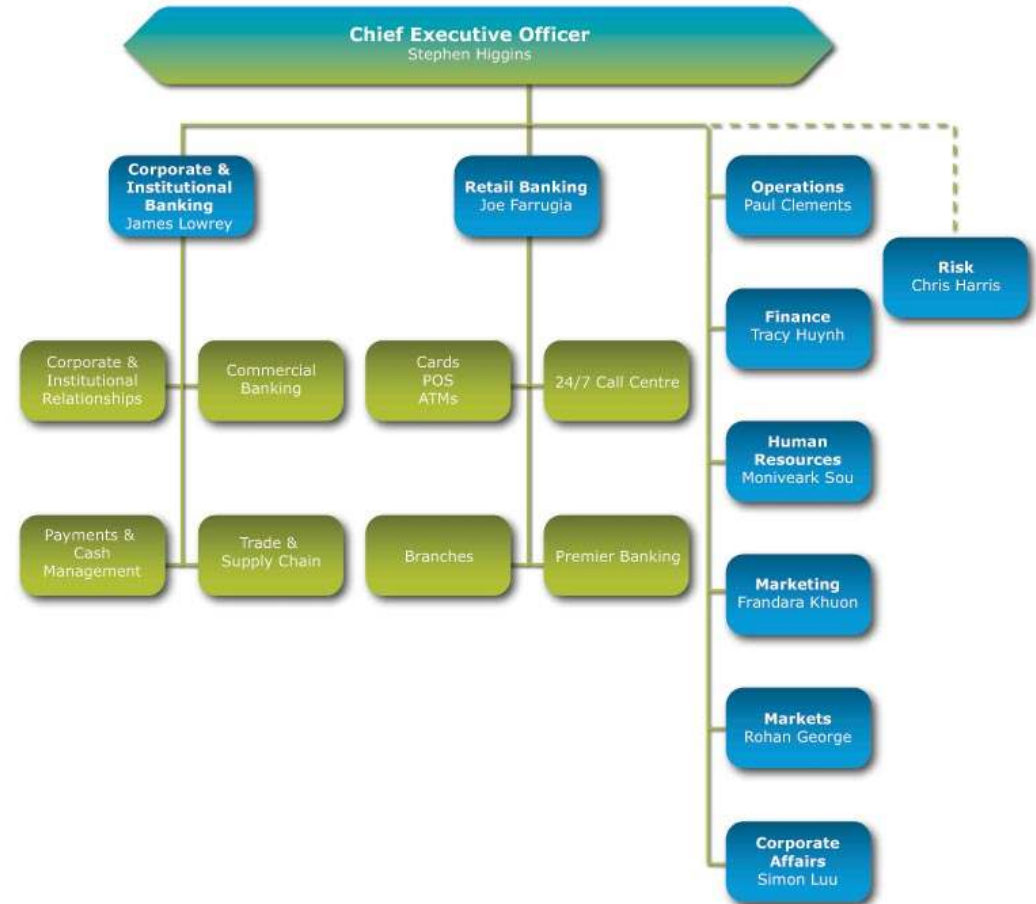
Moniveark started with ANZ Royal Bank in December 2005 as Human Resources Manager and was promoted to Head of Human Resources in late 2006. Moniveark leads human resources at ANZ Royal Bank, covering recruitment, training, remuneration, labor law governance, organisational design and development, rewards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

After completing her Bachelor's degree in Management and Education in English, she commenced her professional career at British American Tobacco (Cambodia).

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 and achievement through a 'Speak Up' culture.

Organisational Chart



Our Results

2009 has been a challenging environment for the financial services industry both in Cambodia and globally. The economic downturn associated with the Global Financial Crisis impacted Cambodia on several fronts, in particular the property market, commodity prices and tourism.

Our underlying earnings before provisions of \$6.4m is a very credible result in a difficult economic climate, despite recording a statutory reported loss of \$4.6m due to the impact of newly introduced NBC provisioning requirements. During an economic downturn, we grew revenues by 10% to achieve 18% growth in profit before provisions – an extremely strong performance within the banking industry.

The increase in our underlying performance demonstrates the consolidation of our past investments and building on our momentum in becoming the leading bank in Cambodia.

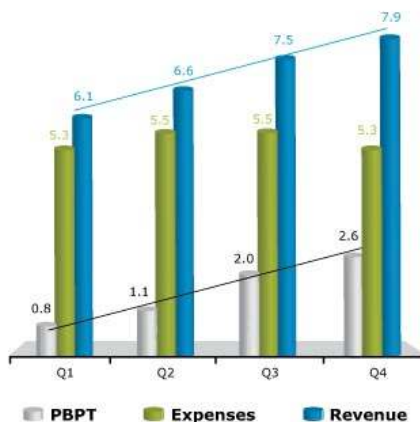
Profit before Provisions & Tax
2006 – 2009
(USD millions)



Some key highlights in 2009 included:

- The launch of our 'Fast Saver' account, providing customers with the convenience of a passbook and incentive to save. Within the first 5 months of launch, \$20m in deposits was collected, which contributed to overall deposits growth of 24%.
- Gross lending grew by 7%, slightly ahead of system growth, as we supported our customers during the financial crisis, whilst also lowering the risk profile of the lending book.
- Opening of the Tuol Kork branch and Premier level to service this growing area, as well as new office space above, to house the newly centralised operations department.
- Localising some of our key management roles across the business, recognising the strength of our local staff and the benefits of our training & development programs.

2009 PBPT Quarterly Growth
(USD millions)



Our Results (continued)

Profit and Loss Summary	2008	2009	Movt
	\$m	\$m	%
Net interest income	16.8	18.6	11%
Other operating income	8.7	9.5	9%
Operating income	25.5	28.1	10%
Operating expenses	(20.1)	(21.7)	8%
Profit before doubtful debt Provision and Income Tax	5.4	6.4	18%
Doubtful debt provision	(1.3)	(11.0)	740%
Profit before income tax	4.1	(4.6)	
Income tax expense	(1.1)	0.03	
Net Profit after tax	3.0	(4.6)	

Profit & Loss Summary

Revenue growth of 10% under constrained economic conditions has been a key achievement in the year.

Net Interest Income

- Net interest income (NII) is the difference between interest received from customer lending and interest paid by ANZ Royal Bank to those providing our funding.
- The underlying growth in our balance sheet and optimisation of our deposit mix saw NII increase by 11% to \$18.6m (2008: \$16.8m), inclusive of a significant reduction in the rate of return on our excess deposits placed with the NBC due to falling USD interest rates across 2009. It is estimated up to \$3m in interest income reduction was incurred due to SIBOR rate reductions outside of the Bank's control.
- 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.

Other Operating Income

Other operating income mainly comprises lending and non-lending fee income, trade fees and international payments income. 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 9% to \$9.5m in 2009. Key contributions to the other operating income line include:

- Trade and international payments income of \$3.9m, generating 40% of non interest income, remains a core income earner. The continued growth demonstrates we are winning customers on our ability to service their needs, reflecting our international brand, and the ANZ global network of correspondents.
- Lending fee income, with the continued growth in lending volumes, as we sought to penetrate the institutional and commercial 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.
- Foreign exchange income recorded 11% growth as we seek to promote greater foreign currency usage in Cambodia and provide suitable products to manage foreign currency risk.

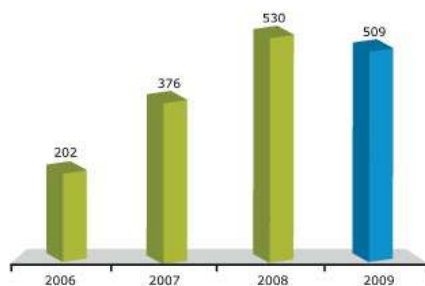
Our Results (continued)

As we move past our initial investment period, costs grew moderately by 8%, impacted by a one-off property expense of \$600k. Underlying cost growth was 5%.

A key focus in 2009 was to consolidate our property requirements to avoid future ongoing costs. As a result, a \$600k write-off on property costs was incurred on property locations no longer required either due to their unsuitability or change in business requirements. As a result, premise costs increased 30% due to this large expense, as well as a full year of operating our 19 Branch network.

A highlight has been more efficient use of our people which has allowed a reduction in the number of FTE despite underlying business growth. While personnel costs grew moderately at 7%, FTE numbers as at 31 December 2009 was 509 versus 530 FTE in the prior year. Staff competency and process efficiency have led to the net reduction in FTE requirements.

Staff Numbers – FTE 2005 – 2007



Provision for Credit Impairment

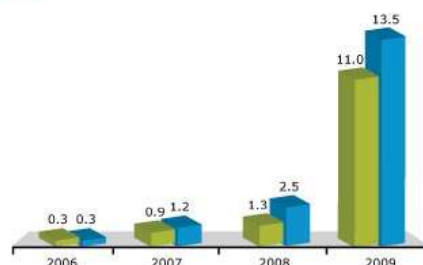
Provision for credit impairment allows for credit losses arising from the lending book. Specific and general provisioning is a requirement of the NBC. Introduction of Prakas B7.09.074 saw a significant increase in provisioning levels, combined with an increase in loans in arrears as a result of a small number of our customers facing financial difficulty during the economic crisis.

In 2009, a provisioning charge of \$11.0m (2008:\$1.3m) was booked to the profit and loss, impacting the bank's statutory reported results. Of this charge, \$10.3m related to specific provisioning, while the remainder related to general provisioning, to bring our total provision for credit impairment to \$13.6m as at 31 December 2009. As a percentage of our

total lending, this equates to 5% (2008: 1%). No losses have actually been incurred and management are of the view that the provisioning charges will largely reverse over the short to medium time frame as our customers' financial positions improve. Good progress in debt recovery has already been made in early 2010.

Provision for Credit Losses 2006 – 2009 (USD millions)

Legend:
■ Credit provisioning charge (P & L)
■ Credit provisions available (B/Sheet)



Our Results (continued)

Balance Sheet

A sign of ANZ Royal Bank's strength amidst the financial crisis was maintaining strong balance sheet funding and liquidity. The deposit to loan ratio averaged 1.5 during the year, providing a solid foundation for growth and stability.

The bank also increased its capital from \$65m to \$71m to support its growth and compliance requirements, as well as improving lending capability.

Lending Assets

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

Gross lending assets increased 7% to \$270m (2008: \$252m) over the past year, split \$240m business lending and \$30.3m consumer lending. The corporate and institutional business led the loan growth against a challenging economic environment, while the consumer lending business was subdued mainly due to the property market downturn.

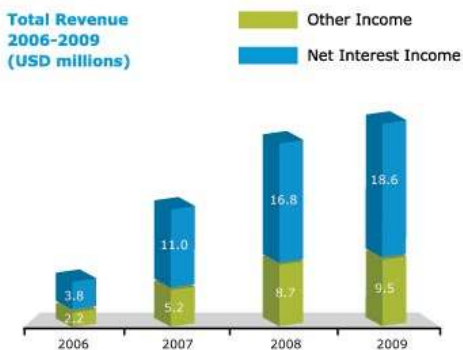
We continue to tailor our targeted approach to our different customer segments of Corporate, SME and consumer lending and this segmented approach is proving successful.

Deposit Liabilities

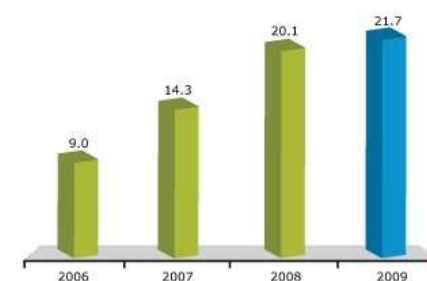
Our deposits grew 24% in 2009 to \$433m (2008: \$350m). The overall deposits market saw good double-digit growth in the latter half of 2009 and it was pleasing to gain customer deposits from our deposit product offering and focus on customer convenience and service.

A key focus in our deposit strategy has been to optimise the mix of our 'at call' and term deposits accounts – over the year, we have seen a steady increase in our at call deposit accounts, which has reduced the bank's funding costs and delivered uplift in our underlying earnings. Term deposits still remain a key contribution to our deposit base.

Total Revenue 2006-2009 (USD millions)



Total Operating Expenses 2006 – 2009 (USD millions)



Financial Statements and Auditors' Report

31 December 2009

Corporate Information

Bank	ANZ Royal Bank (Cambodia) Ltd
Registration No.	1224/04 PN
Registered Office	20 EF-E0 Corner Kramuon 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	Nigel Denby Bob Edgar (resigned 04-08-09) William Mark Hanna (appointed 04-08-09) Neak Oknha Kith Meng Oknha Kith Thieng Debasish Pattnaik (resigned 04-08-09) Kimberley Reid (appointed 04-08-09) Wayne Stevenson Alex Thursby
Management Team	Stephen Higgins , Chief Executive Officer Paul Clements , Chief Operating Officer Joe Farrugia , Head of Retail Banking Rohan George , Head of Markets Chris Harris , Chief Risk Officer Tracy Huynh , Head of Finance Frandara Khoun , Head of Marketing & Premier Banking James Lowrey , Head of Corporate & Institutional Banking Simon Luu , Head of Corporate Affairs Moniveark Sou , Head of Human Resources
Auditor	KPMG Cambodia Ltd

Report of the Directors

The Directors have pleasure in submitting their report together with the audited financial statements of ANZ Royal Bank (Cambodia) Ltd ('the Bank') for the year ended 31 December 2009.

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 2009 were as follows:

	US\$
Loss before income tax	(4,630,552)
Income tax	25,208
Loss after income tax	(4,605,344)

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 30 April 2009, the Bank increased the paid up share capital from US\$65,000,000 to US\$71,000,000 through the issue of 60,000 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 statement of comprehensive income and statement of financial position 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 statement of comprehensive income and financial position of the Bank were prepared, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Bank had been written down to an amount which they might be expected to realise.

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

Valuation Methods

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

Contingent and Other Liabilities

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

- any charge on the assets of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person, or
- any contingent liability in respect of the Bank that has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liability of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank to meet its obligations as and when they fall due.

Change of Circumstances

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

Report of the Directors (continued)

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:

Nigel Denby
Bob Edgar (resigned 04-08-09)
William Mark Hanna (appointed 04-08-09)
Neak Oknha Kith Meng
Oknha Kith Thieng
Debashish Pattnaik (resigned 04-08-09)
Kimberley Reid (appointed 04-08-09)
Wayne Stevenson
Alex Thursby

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 the Directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

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

Directors' Responsibility in respect of the Financial Statements

The Board of Directors is responsible for ascertaining that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Bank as at 31 December 2009 and of the results of its operations, change in equity and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

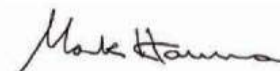
- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with International Financial Reporting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal controls;
- 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
- 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,



Wayne Stevenson
Director



William Mark Hanna
Director

Report of the Independent Auditors

To the Shareholders of ANZ Royal Bank (Cambodia) Ltd

We have audited the accompanying financial statements of ANZ Royal Bank (Cambodia) Ltd ('the Bank'), which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, 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 27 to 63.

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.

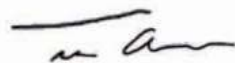
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 2009, and its financial performance and 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 4 to the financial statements. The accompanying financial statements as at 31 December 2009 and for the year then ended have been translated into Khmer Riel solely for compliance with the guidelines issued by the National Bank of Cambodia regarding the preparation and presentation of financial statements. The method of translation is specified by NBC and 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 4 to the financial statements.

For KPMG Cambodia Ltd



Tim Aman
Audit Partner

Phnom Penh
30 March 2010

Statement of Financial Position

As at 31 December 2009

Note	2009		2008	
	US\$	KHR'000	US\$	
Assets				
Cash and bank balances	5	106,096,320	442,315,558	76,150,977
Deposits and placements with banks	6	70,000,000	291,830,000	5,000,000
Net loans and advances	7	253,639,802	1,057,424,335	246,694,893
Regulatory deposits	8	60,431,766	251,940,032	66,767,560
Deferred tax assets, net	9	936,574	3,904,577	536,622
Intangible assets	10	188,419	785,519	150,540
Premises and equipment	11	15,638,717	65,197,811	17,505,773
Other assets	12	2,464,651	10,275,130	2,337,432
Total assets		509,396,249	2,123,672,962	415,143,797
Liabilities				
Deposits from other banks		148,794	620,322	14,267
Deposits from customers	13	432,568,812	1,803,379,377	349,533,301
Borrowings	14	8,100,000	33,768,900	-
Income tax liability	9	33,357	139,065	31,895
Payables and other liabilities	15	5,655,908	23,579,481	4,069,612
Total liabilities		446,506,871	1,861,487,145	353,649,075
Net assets		62,889,378	262,185,817	61,494,722
Shareholders' Equity				
Share capital	16	71,000,000	295,999,000	65,000,000
Accumulated losses		(8,110,622)	(33,813,183)	(3,505,278)
Net shareholders' funds		62,889,378	262,185,817	61,494,722

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

Statement of Comprehensive Income

For the year ended 31 December 2009

	Note	2009		2008
		US\$	KHR'000	US\$
Interest income	17	27,825,195	116,003,238	23,871,469
Interest expenses	18	(9,229,910)	(38,479,495)	(7,099,541)
Net interest income		18,595,285	77,523,743	16,771,928
Net fee and commission income	19	9,476,631	39,508,074	8,735,193
Operating income		28,071,916	117,031,817	25,507,121
Operating expenses	20	(21,660,286)	(90,301,732)	(20,057,810)
Profit before doubtful debt provision and income tax		6,411,630	26,730,085	5,449,311
Doubtful debt provision	7	(11,042,182)	(46,034,857)	(1,307,470)
(Loss)/profit before income tax		(4,630,552)	(19,304,772)	4,141,841
Income tax	9	25,208	105,092	(1,133,242)
(Loss)/profit for the year		(4,605,344)	(19,199,680)	3,008,599

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

Statement of Changes in Equity

For the year ended 31 December 2009

	Share Capital	Accumulated Losses	Total
	US\$	US\$	US\$
Balance at 1 January 2008	40,000,000	(6,513,877)	33,486,123
Share capital issued	25,000,000	-	25,000,000
Net profit for the year	-	3,008,599	3,008,599
Balance as at 31 December 2008	65,000,000	(3,505,278)	61,494,722
Share capital issued	6,000,000	-	6,000,000
Net loss for the year	-	(4,605,344)	(4,605,344)
Balance as at 31 December 2009	71,000,000	(8,110,622)	62,889,378
(KHR'000 equivalents)	295,999,000	(33,813,183)	262,185,817

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

Statement of Cash Flows

For the year ended 31 December 2009

Note	2009		2008	
	US\$	KHR'000	US\$	
Cash flows from operating activities				
Net cash generated from/(used in) operating activities	21	87,982,569	366,799,330	(231,061,065)
Cash flows from investing activities				
Premises and equipment purchased		(1,974,274)	(8,230,749)	(6,768,041)
Intangible assets purchased		(139,032)	(579,624)	-
Proceeds from disposal of premises and equipment		76,080	317,178	6,168
Net cash used in investing activities		(2,037,226)	(8,493,195)	(6,761,873)
Cash flows from financing activities				
Share capital issued		6,000,000	25,014,000	25,000,000
Net cash from financing activities		6,000,000	25,014,000	25,000,000
Net increase/(decrease) in cash and cash equivalents		91,945,343	383,320,135	(212,822,938)
Cash and cash equivalents at beginning of year		81,150,977	338,318,423	293,973,915
Cash and cash equivalents at end of year	22	173,096,320	721,638,558	81,150,977

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

Notes to the Financial Statements

For the year ended 31 December 2009

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.

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

The Bank had 509 (2008:530) employees as at 31 December 2009.

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 of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

The financial statements of the Bank were authorised for issue by the Board of Directors on 30 March 2010.

(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.

(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.

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

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

(b) Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other business or geographical segments. The Bank operates within one business segment, retail and commercial banking, and within one geographical segment, the Kingdom of Cambodia.

(c) Financial instruments

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

(d) 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.

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

(e) 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 statement of financial position at the amount of principal, less any amounts written off and impairment of 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.

(f) Impairment of loans and advances

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

Impairment provisions are raised for exposures, including off-balance sheet items such as commitments and guarantees that are known to be 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 and advance or the collective portfolio of loans and advances 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.

In compliance with NBC Guidelines, all loans and advances are classified according to the repayment capacity of the

counterparty. This repayment capacity is assessed through past payment experience, financial condition of the borrower, business prospective and cash flow projections, borrowers' ability and willingness to repay, financial environment and quality of documentation.

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

Classification	Number of days past due	
	2009	2008
Normal/standard	<30 days	<90 days
Special mention	> 30 days - 90 days	N/A
Substandard	> 90 days - 180 days	> 90 days - 180 days
Doubtful	> 180 days - 360 days	> 180 days - 360 days
Loss	More than 360 days	More than 360 days

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

Classification	Minimum provision	
	2009	2008
Normal/standard	1%	-
Special mention	3%	-
Substandard	20%	10%
Doubtful	50%	30%
Loss	100%	100%

The change in the minimum percentage is applied prospectively and resulted in an increase in the allowance for doubtful loans and advances for the year of US\$3,339,134.

Recoveries on loans previously written off and reversals of previous impairment are disclosed separately together with the net movement in the allowance for bad and doubtful loans and advances in the statement of comprehensive income.

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

(g) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Upon initial recognition the leased assets is measured at an amount equal to the lower of its fair value and present value of the minimum

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(h) 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.

(i) Premises and equipment

(i) Recognition and measurement

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

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.

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 statement of comprehensive income.

(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 statement of comprehensive income as incurred.

(iii) Depreciation

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

Computers	5 - 8 years
Furniture & equipment	10 years
Motor vehicles	5 years
Leasehold improvements	10 years

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 statement of financial position until disposed or written off.

(j) 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(f).

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 statement of comprehensive income.

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.

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

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 statement of comprehensive income.

(k) 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 at reporting date, taking into account the risks and uncertainties surrounding the obligation at reporting date. 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.

(l) Deposits from customers and banks

Deposits from customers and banks are stated at placement value.

(m) Income recognition

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

Fee and commission 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 recognised when the significant act has been completed.

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

(n) Interest expense

Interest expense on deposits and borrowings are recognised on a daily accrual basis.

(o) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income 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 statement of financial position 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.

(p) Employee benefits

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

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

(q) 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 participates in the administration, direction, management or the design and implementation of the internal controls of the Bank.

(r) New standards, amendments and interpretations not yet adopted

A number of new standards, amendments and interpretations to existing standards have been published, but are not yet effective for the year ended 31 December 2009. These will have no significant effect on the Bank's financial statements.

4. Translation of United States Dollars into Khmer Riel

The financial statements are stated in United States Dollars. The translations of United States Dollars amounts into Khmer Riel are included solely for the compliance with the guidelines issued by the NBC relating to the preparation and presentation of financial statements and have been made using the prescribed official average exchange rate of US\$1 to KHR4,169 published by the NBC on 31 December 2009. These convenience translations should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into Khmer Riel at this or any other rate of exchange.

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

5. Cash and Bank Balances

	2009		2008
	US\$	KHR'000	US\$
In Cambodia:			
Cash on hand	30,513,040	127,208,864	25,051,747
Cash at banks			
National Bank of Cambodia	46,257,532	192,847,651	31,504,052
Other banks	435,430	1,815,307	315,335
	77,206,002	321,871,822	56,871,134
Outside Cambodia:			
Cash at banks			
Related parties	1,977,030	8,242,238	3,724,418
Others	26,913,288	112,201,498	15,555,425
	28,890,318	120,443,736	19,279,843
	106,096,320	442,315,558	76,150,977

The above amounts are analysed as follows:

	2009		2008
	US\$	KHR'000	US\$
(a) By currency:			
US Dollar	97,370,780	405,938,782	68,653,484
Khmer Riel	4,637,645	19,334,342	2,512,848
Other	4,087,895	17,042,434	4,984,645
	106,096,320	442,315,558	76,150,977

(b) By interest rate (per annum):

	2009	2008
Related parties	0% - 1.00%	0% - 5.26%
Other	0% - 1.00%	0% - 5.26%

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

6. Deposits and Placements with Banks

	2009		2008
	US\$	KHR'000	US\$
In Cambodia:			
National Bank of Cambodia	50,000,000	208,450,000	5,000,000
Cambodian Public Bank	20,000,000	83,380,000	-
	70,000,000	291,830,000	5,000,000

The above amounts are analysed as follows:

	2009		2008
	US\$	KHR'000	US\$
(a) By maturity:			
Within 1 month	47,000,000	195,943,000	5,000,000
2 to 3 months	20,000,000	83,380,000	-
4 to 6 months	3,000,000	12,507,000	-
	70,000,000	291,830,000	5,000,000

(b) By currency:

US dollar	70,000,000	291,830,000	5,000,000
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(c) By interest rate (per annum):

	2009	2008
National Bank of Cambodia	0.10% - 0.60%	2.67%
Cambodian Public Bank	3% - 3.32%	-

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

7. Net Loans and Advances

	2009		2008
	US\$	KHR'000	US\$
Term loans	200,989,728	837,926,176	169,639,874
Overdrafts	25,444,043	106,076,215	49,288,114
Housing loans	28,678,047	119,558,778	27,665,974
Trust receipts	12,608,331	52,564,132	1,263,355
Leasing	1,563,218	6,517,056	3,115,381
Credit cards	1,140,299	4,753,907	527,669
	270,423,666	1,127,396,264	251,500,367
Allowance for bad and doubtful loans and advances	(13,553,046)	(56,502,648)	(2,511,686)
Interest in-suspense	(1,683,212)	(7,017,311)	(275,339)
Unearned income	(1,547,606)	(6,451,970)	(2,018,449)
	253,639,802	1,057,424,335	246,694,893

The above amounts are analysed as follows:

	2009		2008
	US\$	KHR'000	US\$
(a) By maturity:			
Within 1 month	33,979,718	141,661,444	55,338,167
2 to 3 months	8,747,322	36,467,585	9,053,022
4 to 6 months	4,868,340	20,296,110	2,210,604
7 to 12 months	4,751,609	19,809,458	6,575,074
1 to 3 years	102,207,415	426,102,713	33,342,680
4 to 5 years	90,636,883	377,865,165	116,828,972
More than 5 years	25,232,379	105,193,789	28,151,848
	270,423,666	1,127,396,264	251,500,367

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

7. Net Loans and Advances (continued)

The above amounts are analysed as follows:

	2009		2008
	US\$	KHR'000	US\$
(b) By performance:			
Standard loans			
Secured	253,418,436	1,056,501,460	244,516,229
Unsecured	518,801	2,162,881	423,004
Special mention loans			
Secured	2,371,747	9,887,813	-
Sub-standard loans			
Secured	2,451,295	10,219,449	6,447,488
Unsecured	4,412	18,394	-
Doubtful			
Secured	2,415,192	10,068,936	113,646
Loss loans			
Secured	9,243,783	38,537,331	-
	270,423,666	1,127,396,264	251,500,367

(c) By economic sectors:

Commercial			
Overdrafts	25,444,043	106,076,215	49,270,236
Loans	200,459,467	835,715,518	169,345,936
Trust receipts	12,608,331	52,564,132	1,263,355
Leasing	1,563,218	6,517,056	3,115,381
Consumer			
Overdrafts	-	-	17,749
Loans	29,208,308	121,769,436	27,960,041
Credit cards	1,140,299	4,753,907	527,669
	270,423,666	1,127,396,264	251,500,367

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

7. Net Loans and Advances (continued)

	2009		2008
	US\$	KHR'000	US\$
(d) By industry:			
Services	76,383,243	318,441,740	51,192,327
Wholesale and retail	89,336,124	372,442,301	72,166,083
Consumer items	23,626,740	98,499,879	26,655,476
Real estate	37,481,492	156,260,340	46,174,895
Construction	6,154,275	25,657,172	4,946,076
Food industries	85,139	354,945	110,010
Import and export	-	-	1,465,746
Manufacturing	27,798,426	115,891,638	19,872,253
Staff loans	4,807,484	20,042,401	2,010,661
Other	4,750,743	19,805,848	26,906,840
	270,423,666	1,127,396,264	251,500,367
(e) By currency:			
US Dollar	270,423,666	1,127,396,264	251,500,367
(f) By residency status:			
Residents	270,423,666	1,127,396,264	251,500,367
(g) By relationship:			
Third parties	264,183,039	1,101,379,089	228,464,596
Staff loans	4,807,484	20,042,401	2,010,661
Related parties	1,433,143	5,974,774	21,025,110
	270,423,666	1,127,396,264	251,500,367
(h) By exposure:			
Large exposures	61,974,995	258,373,754	46,339,683
Non-large exposures	208,448,671	869,022,510	205,160,684
	270,423,666	1,127,396,264	251,500,367

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

7. Net Loans and Advances (continued)

A 'large exposure' is defined under NBC Prakas as the overall gross exposure of the aggregate balance of loans and advances with one single beneficiary, exceeding 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):

	2009	2008
Overdrafts	9.00% - 15.00%	9.00% - 15.00%
Commercial loans	Base Rate + margin	Base Rate + margin
Consumer loans	11.00% - 12.50%	9.5% - 10.90%

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

	2009		2008
	US\$	KHR'000	US\$
At beginning of year	2,511,686	10,471,218	1,204,471
Additional provision made for year:			
- Specific	10,335,653	43,089,338	678,843
- General	706,529	2,945,519	628,627
	11,042,182	46,034,857	1,307,470
Written off	(822)	(3,427)	(255)
At end of year	13,553,046	56,502,648	2,511,686

All loans and advances have been 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

	2009		2008
	US\$	KHR'000	US\$
Regulatory deposits on:			
Minimum share capital	7,100,000	29,599,900	6,500,000
Customers' deposits	53,331,766	222,340,132	60,267,560
	60,431,766	251,940,032	66,767,560

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

8. Regulatory Deposits (continued)

(a) Regulatory deposit on minimum capital

This is a capital guarantee deposit of 10% of the registered capital under the Article 1 of the Prakas No. B7-01-136 on bank's capital guarantee dated 15 October 2001. This capital guarantee, which is placed with the National Bank of Cambodia in US\$, is refundable only when the Bank ceases its operations in Cambodia. During the year, the interest earned at 3/8 SIBOR (six months) ranging from 0.28% to 0.68% per annum (2008: 1.18% to 1.89% per annum).

(b) Regulatory deposit on customers' deposits

This is a reserve requirement which fluctuates depending on the level of the Bank's customers' deposits. It is maintained in compliance with the National Bank of Cambodia's Prakas No. B7-09-020 dated 26 January 2009 at the rates of 8% of customers' deposits in KHR and 12% in currency other than KHR. 4% of statutory deposit on customers' deposits in currency other than KHR earns interest at 1/2 SIBOR (one month) while the remaining 8% and the statutory deposit on customers' deposits in KHR do not earn interest.

Prior to 29 January 2009, the reserve requirement was maintained according to the National Bank of Cambodia's Prakas No. B7-08-063 dated 25 April 2008, in which the reserve requirement on customers' deposits in currencies other than KHR was increased from 8% to 16% effective from the date of the base period starting from 27 June 2008. The 8% increment earned interest at 3/4 SIBOR (one month).

9. Income Tax

(a) Deferred tax assets, net

Deferred tax assets/(liabilities) comprise:

	2009		2008
	US\$	KHR'000	US\$
Tax losses	1,549,908	6,461,566	1,029,283
Provisions	40,548	169,045	325,859
Depreciation	(653,882)	(2,726,034)	(818,520)
	936,574	3,904,577	536,622

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

	US\$	KHR'000
2011	882,221	3,677,979
2014	667,687	2,783,587
	1,549,908	6,461,566

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

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

	2009		2008
	US\$	KHR'000	US\$
Balance at beginning of year	536,622	2,237,177	1,344,005
Origination and reversal of temporary differences/utilisation of tax losses	399,952	1,667,400	(807,383)
Balance at end of year	936,574	3,904,577	536,622

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 asset 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.

(b) Income tax liability

	2009		2008
	US\$	KHR'000	US\$
Balance at beginning of year	31,895	132,970	31,000
Current tax expenses	374,744	1,562,308	325,859
Taxation paid	(373,282)	(1,556,213)	(324,964)
Balance at end of year	33,357	139,065	31,895

(c) Income tax expenses

	2009		2008
	US\$	KHR'000	US\$
Current tax expenses	374,744	1,562,308	325,859
Origination and reversal of temporary differences/utilisation of tax losses:	(399,952)	(1,667,400)	807,383
	(25,208)	(105,092)	1,133,242

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.

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

9. Income Tax (continued)

(c) Income tax expenses (continued)

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

	2009		2008
	US\$	KHR'000	US\$
Revenue	38,494,279	160,482,649	33,481,697
Income tax using statutory rate	384,943	1,604,827	334,817
Reconciling differences	(10,199)	(42,519)	(8,958)
	374,744	1,562,308	325,859

10. Intangible Assets

	2009		2008
	US\$	KHR'000	US\$
Computer and banking software			
Cost			
At 1 January	474,914	1,979,917	295,011
Additions	139,032	579,624	-
Transfer from construction in progress	-	-	179,903
Balance as at year ended	613,946	2,559,541	474,914
Less: Accumulated amortisation			
At 1 January	324,374	1,352,315	195,015
Amortisation expense	101,153	421,707	129,359
Balance as at year ended	425,527	1,774,022	324,374
Net book value			
At 31 December	188,419	785,519	150,540

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

11. Premises and Equipment

	Computers	Furniture and equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Cost						
At 1 January 2009	9,374,946	3,260,057	834,288	8,751,881	1,299,018	23,520,190
Additions	627,587	139,222	187,580	411,296	747,621	2,113,306
Transfers/reclassifications	-	-	-	-	(139,032)	(139,032)
Disposal	(13,603)	-	(24,700)	-	(58,195)	(96,498)
Written off	(10,901)	(10,058)	-	(18,010)	(529,808)	(568,777)
At 31 December 2009	9,978,029	3,389,221	997,168	9,145,167	1,319,604	24,829,189
Less: Accumulated depreciation						
At 1 January 2009	3,536,204	732,658	300,119	1,445,436	-	6,014,417
Depreciation charge for the year	1,794,680	335,574	197,609	887,849	-	3,215,712
Transfers/reclassifications	-	-	-	-	-	-
Disposal	(2,682)	-	(20,498)	-	-	(23,180)
Written off	(7,432)	(3,366)	-	(5,679)	-	(16,477)
At 31 December 2009	5,320,770	1,064,866	477,230	2,327,606	-	9,190,472
Net book value						
At 31 December 2009	4,657,259	2,324,355	519,938	6,817,561	1,319,604	15,638,717
At 31 December 2008	5,838,742	2,527,399	534,169	7,306,445	1,299,018	17,505,773

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

11. Premises and Equipment (continued)

	Computers	Furniture and equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Cost						
At 1 January 2009	39,084,150	13,591,177	3,478,147	36,486,592	5,415,606	98,055,672
Additions	2,616,410	580,417	782,021	1,714,693	3,116,832	8,810,373
Transfers/reclassifications	-	-	-	-	(579,624)	(579,624)
Disposal	(56,711)	-	(102,974)	-	(242,615)	(402,300)
Written off	(45,446)	(41,932)	-	(75,084)	(2,208,770)	(2,371,232)
At 31 December 2009	41,598,403	14,129,662	4,157,194	38,126,201	5,501,429	103,512,889
Less: Accumulated depreciation						
At 1 January 2009	14,742,434	3,054,451	1,251,196	6,026,023	-	25,074,104
Depreciation charge for the period	7,482,021	1,399,008	823,832	3,701,442	-	13,406,303
Transfers/reclassifications	-	-	-	-	-	-
Disposal	(11,181)	-	(85,456)	-	-	(96,637)
Written off	(30,984)	(14,033)	-	(23,675)	-	(68,692)
At 31 December 2009	22,182,290	4,439,426	1,989,572	9,703,790	-	38,315,078
Net book value						
At 31 December 2009	19,416,113	9,690,236	2,167,622	28,422,411	5,501,429	65,197,811
At 31 December 2008	23,827,907	10,314,316	2,179,943	29,817,602	5,301,292	71,441,060

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

12. Other Assets

	2009		2008
	US\$	KHR'000	US\$
Interest receivable			
- Related parties	2,494	10,397	2,387
- Other	43,338	180,676	67,436
Deposits and prepayments	867,430	3,616,316	1,123,041
Due from related parties	1,087,717	4,534,692	1,137,471
Other	463,672	1,933,049	7,097
	2,464,651	10,275,130	2,337,432

13. Deposits from Customers

	2009		2008
	US\$	KHR'000	US\$
Current accounts	171,654,141	715,626,114	139,613,164
Savings deposits	117,908,603	491,560,966	72,305,296
Fixed deposits	143,006,068	596,192,297	137,614,841
	432,568,812	1,803,379,377	349,533,301

The above amounts are analysed as follows:

	2009		2008
	US\$	KHR'000	US\$
(a) By maturity:			
Within 1 month	352,739,991	1,470,573,022	279,499,555
2 to 3 months	43,808,903	182,639,317	38,911,709
4 to 6 months	21,435,004	89,362,532	24,929,517
7 to 12 months	14,584,914	60,804,506	6,192,520
	432,568,812	1,803,379,377	349,533,301

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

13. Deposits from Customers (continued)

	2009		2008
	US\$	KHR'000	US\$
(b) By type of customer:			
Domestic corporations	205,975,325	858,711,130	141,463,114
Foreign corporations	18,307,155	76,322,529	20,218,742
Individuals	177,112,542	738,382,188	157,860,525
Others	31,173,790	129,963,530	29,990,920
	432,568,812	1,803,379,377	349,533,301
(c) By relationship:			
Third parties	414,414,684	1,727,694,817	326,342,479
Related parties	18,154,128	75,684,560	23,190,822
	432,568,812	1,803,379,377	349,533,301
(d) By currency:			
US Dollar	424,305,874	1,768,931,189	342,011,252
Khmer Riel	4,921,267	20,516,762	2,643,337
Other currencies	3,341,671	13,931,426	4,878,712
	432,568,812	1,803,379,377	349,533,301
(e) By interest rate (per annum):			
	2009		2008
Savings deposits	0.15% - 2.50%		0.50% - 1.00%
Fixed deposits	3.35% - 5.00%		4.00% - 6.00%

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

14. Borrowings

	2009		2008
	US\$	KHR'000	US\$
Outside Cambodia:			
ANZ Singapore	8,100,000	33,768,900	-
The above amounts are analysed as follows:			
(a) By maturity:			
7 to 12 months	8,100,000	33,768,900	-
(b) By currency:			
US dollar	8,100,000	33,768,900	-

15. Payables and Other Liabilities

	2009		2008
	US\$	KHR'000	US\$
Employee entitlements	1,344,306	5,604,412	1,078,440
Accruals	1,317,852	5,494,125	1,151,718
Interest payable	1,274,897	5,315,046	981,263
Banker's cheques	219,040	913,178	377,703
Due to related parties	710,131	2,960,536	136,674
Other tax payable	209,366	872,847	124,283
Others	580,316	2,419,337	219,531
	5,655,908	23,579,481	4,069,612

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

16. Share Capital

	2009		2008
	US\$	KHR'000	US\$
Shares of US\$100 each:			
Issued and paid 710,000 shares (2008: 650,000 shares)	71,000,000	295,999,000	65,000,000

The Bank increased the paid up capital from US\$65,000,000 to US\$71,000,000 through the issue of 60,000 shares on 30 April 2009 at US\$100 each. The Bank's Memorandum and Articles of Association has been revised to reflect the change in the share capital and this has been approved by the Ministry of Commerce on 25 January 2010.

17. Interest Income

	2009		2008
	US\$	KHR'000	US\$
Loans and advances	27,636,703	115,217,415	20,145,870
Placement with banks	69,552	289,962	3,234,329
National Bank of Cambodia	118,940	495,861	491,270
	27,825,195	116,003,238	23,871,469

18. Interest Expense

	2009		2008
	US\$	KHR'000	US\$
Deposits from customers	9,025,770	37,628,435	7,058,912
Other financial institutions	204,140	851,060	40,629
	9,229,910	38,479,495	7,099,541

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

19. Net Fee and Commission Income

	2009		2008
	US\$	KHR'000	US\$
Fee and commission income:			
Trade and payment income	3,936,486	16,411,210	3,596,554
Lending fees	2,478,453	10,332,671	2,268,337
Other fees	3,133,793	13,064,783	2,733,667
	9,548,732	39,808,664	8,598,558
Fee and commission expense	(1,192,453)	(4,971,337)	(875,035)
Net fee and commission income	8,356,279	34,837,327	7,723,523
Foreign exchange gains	1,120,352	4,670,747	1,011,670
	9,476,631	39,508,074	8,735,193

20. Operating Expenses

	2009		2008
	US\$	KHR'000	US\$
(a) Personnel			
Salaries and wages	7,216,246	30,084,530	6,490,798
Performance reward scheme	904,234	3,769,752	960,253
Pension fund	218,656	911,577	106,827
Others	1,172,543	4,888,331	1,343,084
	9,511,679	39,654,190	8,900,962
(b) Premises			
Rent	1,009,341	4,207,943	860,209
Utilities and other outgoings	1,239,812	5,168,776	1,158,556
Amortisation of leasehold improvements	887,849	3,701,442	722,159
Others	903,431	3,766,404	373,101
	4,040,433	16,844,565	3,114,025

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

20. Operating Expenses (continued)

	2009		2008
	US\$	KHR'000	US\$
(c) Computer			
Data communication	840,514	3,504,102	628,971
Depreciation and amortisation	1,895,833	7,903,728	1,680,214
Computer related expenses	618,912	2,580,244	838,795
	3,355,259	13,988,074	3,147,980
(d) Other operating expenses			
Advertising	924,495	3,854,220	1,104,732
Depreciation of motor vehicles, furniture and equipment	533,183	2,222,840	451,928
Travel	499,861	2,083,921	620,873
Postage and stationery	193,163	805,297	180,762
Professional fees	341,119	1,422,125	541,708
Telephone	286,779	1,195,582	276,204
Freight and cartage	30,789	128,359	32,922
Non-lending losses, frauds and forgeries	28,825	120,171	(9,674)
Inter-group expenses	944,843	3,939,050	787,321
Others	969,858	4,043,338	908,067
	4,752,915	19,814,903	4,894,843
	21,660,286	90,301,732	20,057,810

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

21. Cash Flows from Operating Activities

	2009		2008
	US\$	KHR'000	US\$
(Loss)/profit before income tax	(4,630,552)	(19,304,772)	4,141,841
Adjustments for:			
Depreciation	3,215,712	13,406,303	2,725,437
Amortisation	101,153	421,707	129,359
Gain on disposal of premises and equipment	(2,762)	(11,515)	(2,574)
Premises and equipment written off	552,300	2,302,539	13,197
Provision for bad and doubtful loans and advances	11,042,182	46,034,857	1,307,470
Operating profit before changes in operating assets and liabilities	10,278,033	42,849,119	8,314,730
Decrease/(increase) in:			
Deposits and placements with banks	(3,000,000)	(12,507,000)	55,100,000
Loans and advances	(17,987,091)	(74,988,182)	(103,784,140)
Regulatory deposits	6,335,794	26,413,925	(17,539,941)
Other assets	(127,219)	(530,375)	(871,616)
Increase/(decrease) in:			
Deposits from customers	83,035,511	346,175,045	(170,878,325)
Deposits from other banks	8,234,527	34,329,743	(133,856)
Other liabilities	1,586,296	6,613,268	(942,953)
Net cash generated from/(used in) operations	88,355,851	368,355,543	(230,736,101)
Income taxes paid	(373,282)	(1,556,213)	(324,964)
Net cash generated from/(used in) operating activities	87,982,569	366,799,330	(231,061,065)

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

22. Cash and Cash Equivalents

	2009		2008
	US\$	KHR'000	US\$
Cash and bank balances	106,096,320	442,315,558	76,150,977
Deposits and placements with banks (with maturities of 3 months or less)	67,000,000	279,323,000	5,000,000
	173,096,320	721,638,558	81,150,977

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:

	2009		2008
	US\$	KHR'000	US\$
Bank guarantees	13,383,476	55,795,711	4,581,783
Letters of credit	22,965,910	95,744,879	22,741,872
Unused portion of loans and advances	42,409,065	176,803,392	28,953,186
Foreign exchange commitments	8,005,029	33,372,966	2,417,533
	86,763,480	361,716,948	58,694,374

(b) Lease commitments

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

	2009		2008
	US\$	KHR'000	US\$
Within 1 year	1,047,617	4,367,515	818,400
1 to 3 years	1,264,860	5,273,201	1,108,198
4 to 5 years	334,019	1,392,525	664,011
More than 5 years	539,444	2,248,942	620,778
	3,185,940	13,282,183	3,211,387

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

23. Commitments and Contingencies (continued)

(c) Capital expenditure

	2009		2008
	US\$	KHR'000	US\$
Contracted for outstanding capital expenditure within one year	73,790	307,631	321,555

(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 period there were the following significant transactions with related parties:

	2009		2008
	US\$	KHR'000	US\$
Interest income	28,051	116,945	3,231,842
Interest expense	204,140	851,060	29,804
Rental expense	133,333	555,865	160,000
Purchase/transfer technology from ANZ Banking Group Limited	944,843	3,939,050	787,321

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

25. Financial Risk Management Policies

Introduction and overview

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

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

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

Risk management framework

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

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Audit and Risk Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

(a) Operational risk

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

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

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

(b) Credit risk

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

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

25. Financial Risk Management Policies (continued)

(b) Credit risk (continued)

(i) Management of credit risk

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

(ii) Exposure to credit risk

	2009		2008
	US\$	KHR'000	US\$
Loans and advances			
Individually impaired	14,114,682	58,844,110	6,561,134
Past due but not impaired	2,371,747	9,887,813	-
Neither past due nor impaired	253,937,237	1,058,664,341	244,939,233
	270,423,666	1,127,396,264	251,500,367
Allowance for doubtful loans and advances	(13,553,046)	(56,502,648)	(2,511,686)
	256,870,620	1,070,893,616	248,988,681

Impaired loans and advances

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

Past due but not impaired loans and advances

Past due but not impaired loans and advances are those for which contractual interest or principal payments are past due for more than 30 days but less than 90 days, unless other information is available to indicate otherwise. In compliance with NBC Guidelines such loans are classified as special mention with a specific provision of 3% (2008: Nil).

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

25. Financial Risk Management Policies (continued)

(b) Credit risk (continued)

(ii) Exposure to credit risk (continued)

Loans with renegotiated terms/restructured loans

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

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

Write-off policy

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

Collateral

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

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

	2009		2008
	US\$	KHR'000	US\$
Against individually impaired:			
Land	46,257,572	192,847,818	22,199,173
Buildings	7,322,261	30,526,506	6,468,995
Past due but not impaired:			
Land	5,579,650	23,261,561	-
Buildings	1,787,192	7,450,803	-
	60,946,675	254,086,688	28,668,168

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

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

25. Financial Risk Management Policies (continued)

(b) Credit risk (continued)

(ii) Exposure to credit risk (continued)

Concentration of credit risk

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

(c) Market risk

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

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

(i) Foreign currency exchange risk

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

As of 31 December 2009, balances in monetary assets and liabilities denominated in currencies other than US\$ are not significant. Therefore, no sensitivity analysis for foreign currency exchange risk was presented.

(ii) Interest rate risk

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

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

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

25. Financial Risk Management Policies (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

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

2009	Up to	> 1 - 3	> 3 - 6	> 6 - 12	> 1 - 5	Over 5	Non-interest	Total	Weighted
	1 month	months	months	months	years	years	sensitive		average
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	%
Assets									
Cash and bank balances	28,890	-	-	-	-	-	77,206	106,096	-
Deposits and placements with banks	47,000	20,000	3,000	-	-	-	-	70,000	0.23%
Loans and advances	30,895	24,281	9,691	8,528	127,518	69,510	(16,783)	253,640	10.66%
Regulatory deposits	-	-	-	-	-	25,233	35,199	60,432	0.06%
Other assets	-	-	-	-	-	46	-	46	-
Total Assets	106,785	44,281	12,691	8,528	127,518	94,789	95,622	490,214	
Liabilities									
Deposits from other banks	-	-	-	-	-	-	149	149	-
Deposits from customers	350,628	43,762	21,443	16,736	-	-	-	432,569	2.16%
Borrowings	-	-	-	8,100	-	-	-	8,100	3.28%
Income tax liability	-	-	-	-	-	-	33	33	-
Payables and other liabilities	-	-	-	1,275	-	-	4,381	5,656	-
Total Liabilities	350,628	43,762	21,443	26,111	-	-	4,563	446,507	
	(243,843)	519	(8,752)	(17,583)	127,518	94,789	91,059	43,707	

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

25. Financial Risk Management Policies (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

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

2008	Up to	> 1 - 3	> 3 - 6	> 6 - 12	> 1 - 5	Over 5	Non-interest	Total	Weighted
	1 month	months	months	months	years	years	sensitive		average
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	%
Assets									
Cash and bank balances	19,280	-	-	-	-	-	56,871	76,151	5.26%
Deposits and placements with banks	5,000	-	-	-	-	-	-	5,000	3.12%
Loans and advances	54,814	11,643	1,528	13,678	144,384	25,178	(4,530)	246,695	9.41%
Regulatory deposits	-	-	-	-	-	33,384	33,384	66,768	1.17%
Other assets	-	-	-	-	-	-	69	69	-
Total Assets	79,094	11,643	1,528	13,678	144,384	58,562	85,794	394,683	
Liabilities									
Deposits from other banks	-	-	-	-	-	-	14	14	-
Deposits from customers	279,500	38,912	24,929	6,192	-	-	-	349,533	1.90%
Income tax liability	-	-	-	-	-	-	32	32	-
Payables and other liabilities	-	-	-	-	-	-	4,070	4,070	-
Total Liabilities	279,500	38,912	24,929	6,192	-	-	4,116	353,649	
	(200,406)	(27,269)	(23,401)	7,486	144,384	58,562	81,678	41,034	

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

25. Financial Risk Management Policies (continued)

(d) Liquidity risk

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

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

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

2009	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	No fixed terms	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Financial liabilities							
Deposits from other banks	149	-	-	-	-	-	149
Deposits from customers	350,628	43,762	38,179	-	-	-	432,569
Borrowings	-	-	8,100	-	-	-	8,100
Income tax liability	-	-	-	-	-	33	33
Payables and other liabilities	-	-	1,275	-	-	4,381	5,656
	350,777	43,762	47,554	-	-	4,414	446,507

2008	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	No fixed terms	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Financial liabilities							
Deposits from other banks	14	-	-	-	-	-	14
Deposits from customers	279,500	38,912	31,121	-	-	-	349,533
Income tax liability	-	-	-	-	-	32	32
Payables and other liabilities	-	-	-	-	-	4,070	4,070
	279,514	38,912	31,121	-	-	4,102	353,649

Notes to the Financial Statements

For the year ended 31 December 2009 (continued)

25. Financial Risk Management Policies (continued)

(e) Capital management

(i) Regulatory capital

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

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

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

(ii) Capital allocation

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

26. Fair Values of Financial Assets and Liabilities

The aggregate fair values of financial assets and liabilities carried on the statement of financial position are approximately equal to their carrying values as at 31 December 2009.

Supplementary Financial Information

31 December 2009

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

No.	Other Ratios	Formula by NBC		2009		2008	
		Numerator	Denominator	Calculation (in figure)		Ratio	
				Numerator (A)	Denominator (B)	A/B	A/B
A	B	US\$	US\$	%	%		
CAPITAL							
1	Equity to total assets	Equity	Total assets	62,889,378	509,396,249	12.35%	14.74%
2	Capital tier 1 to total assets	Capital tier 1	Total assets	62,889,378	509,396,249	12.35%	14.74%
3	Capital tier 1 to risk weighted assets	Capital tier 1	Risk weighted assets	62,889,378	288,997,665	21.76%	22.84%
4	Capital tier 1 + tier 2 to risk weighted assets	Capital tier 1 + tier 2	Risk weighted assets	62,889,378	288,997,665	21.76%	22.84%
5	Net worth to total assets	Net worth	Total assets	61,267,816	509,396,249	12.03%	13.98%
6	Solvency ratio	Net worth	Risk weighted assets	61,267,816	288,997,665	21.20%	21.66%
7	Debts to total assets	Total liabilities	Total assets	446,506,871	509,396,249	87.65%	85.26%
8	Debt to equity	Total liabilities	Equity	446,506,871	62,889,378	709.99%	578.37%
9	Dividend to net profit	Dividend	Net profit	-	(4,605,344)	-	-
ASSET QUALITY							
10	Banking reserve to total loans	Banking reserves	Total loans (gross)	62,889,378	270,423,666	23.26%	24.45%
11	Banking reserve to total assets	Banking reserves	Total assets	62,889,378	509,396,249	12.35%	14.74%
12	NPL to total loans	NPL	Total loans (gross)	14,114,682	270,423,666	5.22%	2.61%
13	NPL to total assets	NPL	Total assets	14,114,682	509,396,249	2.77%	1.57%
14	Classified assets to total loans	Classified assets	Total loans (gross)	14,114,682	270,423,666	5.22%	2.61%
15	Classified assets to total assets	Classified assets	Total assets	14,114,682	509,396,249	2.77%	1.57%
16	Classified assets to equity	Classified assets	Equity	14,114,682	62,889,378	22.44%	10.66%
17	Loan to related parties to total loans	Loan to related parties	Total loans (gross)	1,433,143	270,423,666	0.53%	1.21%
18	Large exposure to total loans	Large exposure	Total loans (gross)	61,974,995	270,423,666	22.92%	18.43%
19	Loan to related parties to net worth	Loan to related parties	Net worth	1,433,143	61,267,816	2.34%	5.21%
20	Large exposure to net worth	Large exposure	Net worth	61,974,995	61,267,816	101.15%	79.47%
21	General provision to total loans	General provision	Total loans (gross)	2,539,373	270,423,666	0.94%	0.73%
22	Specific provision to total loans	Specific provision	Total loans (gross)	11,013,673	270,423,666	4.07%	0.27%
23	Specific provision to NPL	Specific provision	NPL	11,013,673	14,114,682	78.03%	10.35%
24	All allowances to total assets	Total all allowances	Total assets	13,553,046	509,396,249	2.66%	0.60%
25	Loans to deposits	Total loans to non-bank customers (gross)	Customers' deposits	270,423,666	432,717,606	62.49%	71.98%

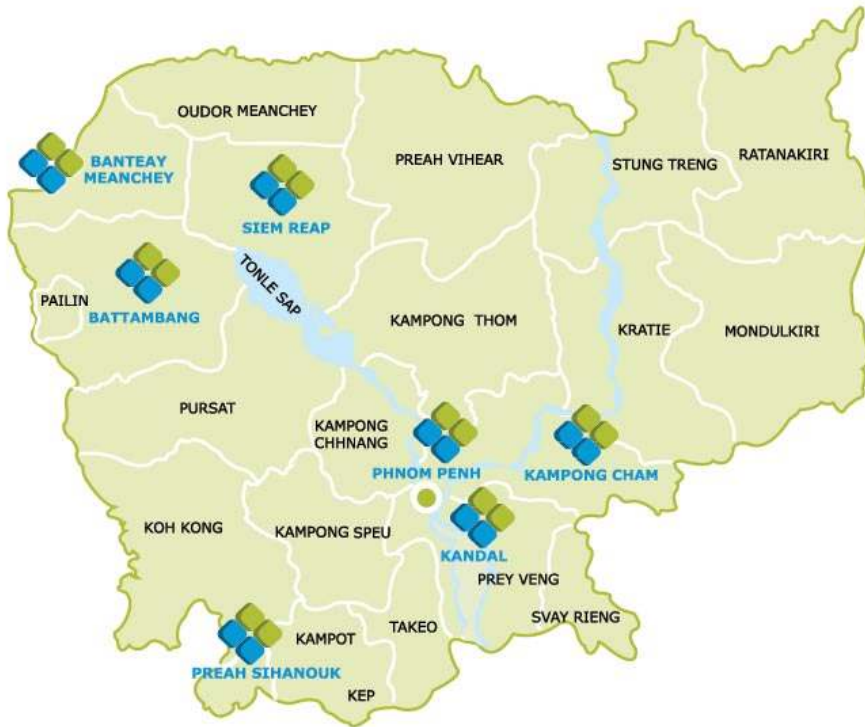
Supplementary Financial Information

31 December 2009 (continued)

No.	Other Ratios	Formula by NBC		2009		2008	
		Numerator	Denominator	Calculation (in figure)		Ratio	
				Numerator (A)	Denominator (B)	A/B	A/B
A	B	US\$	US\$	%	%		
EARNINGS							
26	Return on assets	Net profit	Total assets	(4,605,344)	509,396,249	-0.90%	0.72%
27	Return on equity	Net profit	Equity	(4,605,344)	62,889,378	-7.32%	4.89%
28	Gross yield	Interest income	Total assets	27,825,195	509,396,249	5.46%	5.72%
29	Net interest margin to total assets	Interest income-interest expense	Total assets	18,595,285	509,396,249	3.65%	4.02%
30	Other income to total assets	Other incomes	Total assets	9,476,631	509,396,249	1.86%	2.30%
31	Provision to total assets	Provisions	Total assets	13,553,046	509,396,249	2.66%	0.60%
32	Overhead to total assets	Non-interest expenses	Total assets	21,660,286	509,396,249	4.25%	4.81%
33	Net income before tax to total assets	Net income before tax	Total assets	(4,630,552)	509,396,249	-0.91%	0.99%
34	Taxes to total assets	Taxes	Total assets	25,208	509,396,249	-	0.27%
35	Interest margin to gross income	Interest income-interest expense	Gross income	18,595,285	37,301,826	49.85%	50.09%
36	Non-interest income to gross income	Non-interest income	Gross income	9,476,631	37,301,826	25.41%	28.70%
37	Non-interest expense to gross income	Non-interest expense	Gross income	21,660,286	37,301,826	58.07%	59.91%
38	Times interest earned	Profit before tax + interest expenses	Interest expenses	4,599,358	9,229,910	0.50 times	1.58 times
LIQUIDITY							
39	Liquid asset	Liquid asset	Total assets	176,096,320	509,396,249	34.57%	19.45%
40	Short-term liabilities	Short-term liabilities (less than one year)	Total assets	446,506,871	509,396,249	87.65%	85.26%
41	Net liquid assets	Liquid assets - short-term liabilities	Total liabilities	(270,410,551)	446,506,871	-60.56%	-77.18%
42	Quick ratio	Quick assets*	Current liabilities	174,676,329	446,506,871	39.12%	22.82%
43	Deposits to total loans	Total customers' deposit	Total loans to non-bank customers (gross)	432,717,606	270,423,666	160.01%	138.93%

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

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, Sangkat Boeng Keng Kang I, Khan Chamkarmorn, Phnom Penh

Olympic Branch:
361 & 363 Preah Sihanouk Boulevard, Sangkat Veal Vong, Khan 7 Makara, Phnom Penh

Riverside Sales & Service Branch:
265 Sisowath Quay, Sangkat Chey Chumneas Khan Daun Penh, Phnom Penh

Phsar Derm Thkov Branch:
616A+B, Street 271, Sangkat Phsar Derm Thkov Khan Chamkarmorn, Phnom Penh

Pet Lok Sang Branch:
1A+1B, Street 271, Sangkat Teuk Thla Khan Russei Keo, Phnom Penh

Teuk Thla Branch:
1E0 & 1E1, Street 110A, Sangkat Teuk Thla Khan Russei Keo, Phnom Penh

Stung Mean Chey Branch:
23-25A, Street 217, Sangkat Stung Mean Chey Khan Mean Chey, Phnom Penh

Chbar Ampoeu Branch:
35, National Road No. 1, Phum Doeum Sleng, Sangkat Chbar Ampoeu II, Khan Mean Chey, Phnom Penh

Chom Chao Branch:
1B, 2B and 3B, National Road No. 4 Sangkat Chom Chao, Khan Dangkor, Phnom Penh

Tuol Kork Branch
95 Kim Ilsong Boulevard (289)
Sangkat Boeng Kak II, Khan Tuol Kork, Phnom Penh

Siem Reap Phsar Kandal Branch

Lots 566, 568 and 570, Street Tep Vong
Phum Mondul I, Khum Svay Dangcum, Siem Reap

Siem Reap Phsar Leu Branch:
556 Phsar Leu, National Road No. 6
Phum Chong Kavsou, Srok Siem Reap, Siem Reap

Siem Reap Old Market Agency:
218, Group 7, Mondul I, Khum Svay Dangcum, Siem Reap

Sihanoukville Branch

215 Vithey Ekreach, Sangkat 2, Khan Mittapheap
Sihanoukville

Battambang Branch

2, 4 & 6 Street 1, Phum Mphey Usphea, Khum Svay Por
Srok Battambang, Battambang

Poipet Branch

22, 23 & 24, National Road No. 5, Phum Balelay
Sangkat Poipet, Srok O'Chrov, Banteay Mean Chey

Kampong Cham Branch

Preah Monivong & Neary Rath Kosamak Street
Phum 12, Khum Kampong Cham, Srok Kampong Cham
Kampong Cham

Takhmao Branch

1E0-E1-E2, near Takhmao roundabout, Khum Takhmao
Srok Takhmao, Kandal