

PhillipBank



Your Partner in Finance
Annual Report
| 2016 |

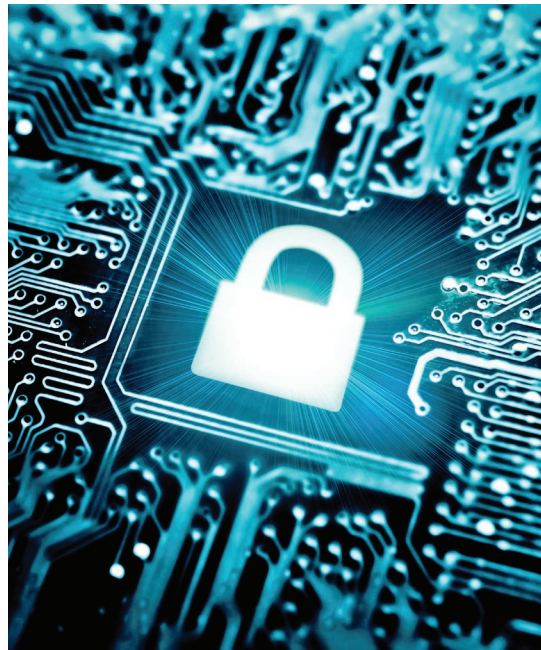
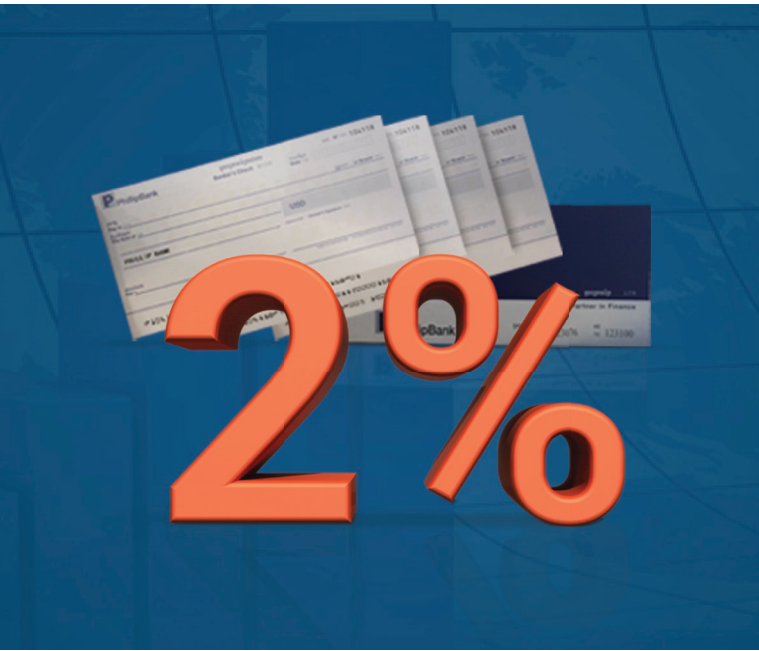


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BACKGROUND



Phillip Bank Plc is a member of PhillipCapital which is based in Singapore, and established since 1975. PhillipCapital is an Asian integrated financial house providing a wide range of products and services with presence in 16 countries with offices in Singapore, Malaysia, Indonesia, Thailand, Hong Kong, China, Japan, Sri Lanka, United Kingdom, France, Turkey, India, Australia, USA and Cambodia.

The Group has more than 3,500 employees and over 1,000,000 clients worldwide. The total asset under management of USD30 billion and shareholders' fund is in excess of USD2 billion as of 2015.

We, PhillipBank, currently have 6 branches in Phnom Penh and are planning to expand our presence throughout the Kingdom of Cambodia.

CORPORATE MISSION

“To be the premier, safe and secure commercial bank that meets customer needs and live up to our tagline “Your Partner In Finance”.

CORPORATE VISION

We are committed to:

- Offering Cambodian Citizens and Residents access to safe and secure banking
- Providing personalized attention, excellent service and to be the bank of choice
- Delivering on our promises by providing safe, secure, efficient banking, product innovation, a high tech and high touch bank to meet clients banking and financial needs
- Preserving customers’ best interest by anticipating needs in order to offer relevant business solutions to support their growth
- Improving our people, products, platforms and other resources to better serve our clients

CORPORATE PHILOSOPHY

Customer’s Perspective

- Provide our customers with safe and secure banking
- To meet our clients banking and financial needs

Employee Perspective

- Our people are our greatest asset. As such, we place great importance in developing them. A dynamic human capital development process will drive our competitive edge

Community Perspective

- To support the Government policies and objectives and contribute to the betterment of the community and ultimately, the country

Shareholder Perspective

- To create a superior shareholder value and sustainable returns on assets.

BRANCH LOCATIONS

Head Office Monivong Branch

#27DEF, Monivong Blvd., Sangkat Srah Chork
Khan Daun Penh, Phnom Penh
Telephone: +855 23 862 777
Fax: +855 23 862 727
Email: info@phillipbank.com.kh

Norodom Branch

#61-64 Norodom Blvd., Corner Street 306,
Sangkat Boeung Keng Kang I, Khan Chamkarmorn
Phnom Penh
Telephone: +855 23 218 866
Fax: +855 23 220 108
Email: nrd@phillipbank.com.kh

Mao Tse Tung Branch

#108AB, Mao Tse Tung Blvd., Sangkat Toul Tompung II,
Khan Chamkarmorn, Phnom Penh
Telephone: +855 23 220 080
Fax: +855 23 220 081
Email: mtt@phillipbank.com.kh

Kampuchea Krom Branch

#640, Kampuchea Krom Blvd., Phsar Depo II
Khan Toul Kork, Phnom Penh
Telephone: +855 23 883 733
Fax: +855 23 883 811
Email: kpk@phillipbank.com.kh

Teuk Thla Branch

#11A & 13A, Russian Confederation Blvd.,
Sangkat Teuk Thla, Phnom Penh
Telephone: +855 23 888 828
Fax: +855 23 888 838
Email: tta@phillipbank.com.kh

Steung Meanchey Branch

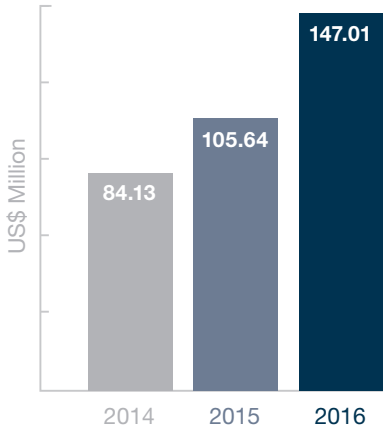
#6B – 7B, Street Preah Monireth,
Sangkat Steung Meanchey, Khan Meanchey, Phnom Penh
Telephone: +855 23 900 464
Fax: +855 23 900 463
Email: smc@phillipbank.com.kh

FINANCIAL HIGHLIGHTS

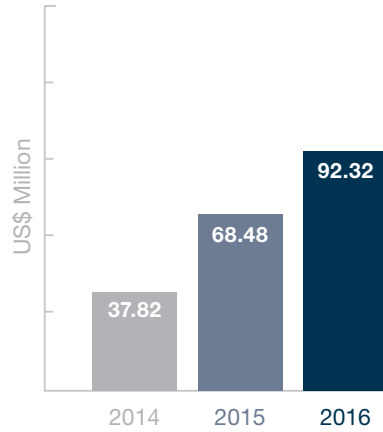
	FY2016	FY2015	FY2014
OPERATING RESULTS (USD\$'000)			
Operating revenue	8,654	5,568	4,180
Profit/ (Loss) before taxation	477	(300)	209
Net profit/(loss) for the year	499	(353)	165
KEY BALANCE SHEET DATE (USD\$'000)			
Total assets	147,007	105,644	84,136
Loan and advances	92,321	68,480	37,816
Total liabilities	107,528	66,663	45,802
Deposits	105,504	61,960	45,218
Statutory capital	41,000	41,000	40,000
Shareholder's funds	39,479	38,981	38,334
FINANCIAL RATIOS			
Earnings/(loss) per share (US\$)	0.012	(0.009)	0.004
Net assets per share (US\$)	0.96	0.95	0.96
Return on shareholders' funds (%)	1.26	(0.91)	0.43
Return on assets (%)	0.34	(0.33)	0.20
Liquidity ratio (%)	175	57.52	124.60
Loan-to-deposit ratio (%)	89.49	113.42	87.69
Non-performing loans to total loans (%)	1.42	1.57	4.15
CAPITAL MANAGEMENT			
Net worth (US\$'000)	39,362	38,430	38,598
Solvency ratio (%)	34.09	45.95	59.16

3-YEAR FINANCIAL SUMMARY

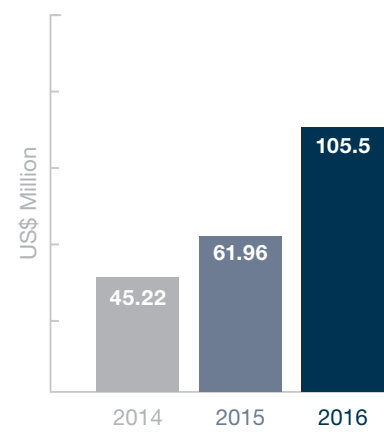
TOTAL ASSETS



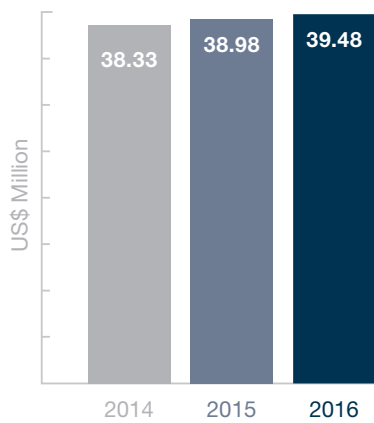
LOANS AND ADVANCES



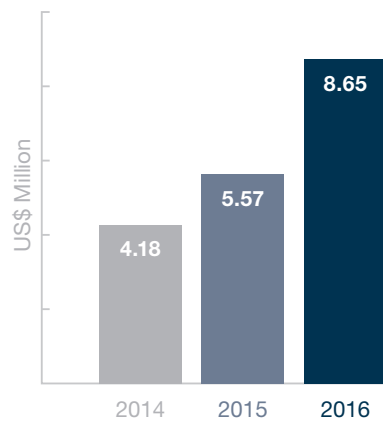
DEPOSITS



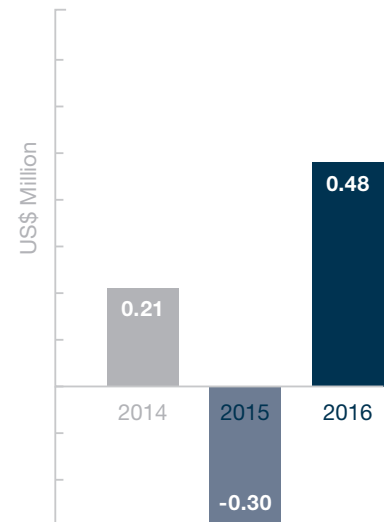
SHAREHOLDER'S FUNDS



OPERATING REVENUE



PROFIT/(LOSS) BEFORE TAX





CHAIRMAN'S STATEMENT

OVERALL BUSINESS ENVIRONMENT

On the global outlook, according to IMF World Economic Outlook Update released on 16 January 2017 titled 'A Shifting Global Economic Landscape'

- After a lackluster outturn in 2016, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies. However, there is a wide dispersion of possible outcomes around the projections, given uncertainty surrounding the policy stance of the incoming U.S. administration and its global ramifications. The assumptions underpinning the forecast should be more specific by the time of the April 2017 World Economic Outlook, as more clarity emerges on U.S. policies and their implications for the global economy.
- With these caveats, aggregate growth estimates and projections for 2016–18 remain unchanged relative to the October 2016 World Economic Outlook. The outlook for advanced economies has improved for 2017–18, reflecting somewhat stronger activity in the second half of 2016 as well as a projected fiscal stimulus in the United States. Growth prospects have marginally worsened for emerging market and developing economies, where financial conditions have generally tightened. Near-term growth prospects were revised up for China, due to expected policy stimulus, but were revised down for a number of other large economies—most notably India, Brazil, and Mexico.
- This forecast is based on the assumption of a changing policy mix under a new administration in the United States and its global spillovers. Staff now project some near-term fiscal stimulus and a less gradual normalization of monetary policy. This projection is consistent with the steepening U.S. yield curve, the rise in equity prices, and the sizable appreciation of the U.S. dollar since the November 8 election. This WEO forecast also incorporates a firming of oil prices following the agreement among OPEC members and several other major producers to limit supply.
- While the balance of risks is viewed as being to the downside, there are also upside risks to near term growth. Specifically, global activity could accelerate more strongly if policy stimulus turns out to be larger than currently projected in the United States or China. Notable negative risks to activity include a possible shift toward inward-looking policy platforms and protectionism, a sharper than expected tightening in global financial conditions that could interact with balance sheet weaknesses in parts of the euro area and in some emerging market economies, increased geopolitical tensions, and a more severe slowdown in China.

In Cambodia, the Global credit rating agency, Moody's Investors Services has maintained Cambodia's B2/stable sovereign rating. It opined that the rating was underpinned by the country's credit strengths, specifically its healthy growth prospects and a stable external payments position.

However, it warned of the dangers of Cambodia's rapid private-sector credit growth, the high level of dollarization and the narrow economic base vulnerable to external shocks.

According to the Moody's report, the credit strengths of Cambodia's rating include the robust growth supported by garment exports, tourism and sizeable foreign direct investment (FDI) inflows.

National Bank of Cambodia (NBC) in its **Macroeconomic and Banking Sector Development in 2016 and Outlook for 2017** report stated that Cambodia continued to achieve satisfactory economic growth at 7% in 2016, driven by strong

growth of garment exports, construction and real estate, and tourism, while the agricultural sector has also shown slight improvement. The continued inflow of foreign direct investment (10.7% of GDP), attracted by the positive economic outlook and the amelioration of trade deficit (-7.2% of GDP), contributed to the increase in the overall balance of payment surplus to 5.7% of GDP, compared to 3.7% last year.

Inflation remained low at around 2.9%, caused by the increases in the price of food, restaurant and cloth groups as a result of the rising domestic demand in line with the improvement of living standard. This is also partially due to low oil price environment in combination with the supportive fiscal and monetary policies.

The Cambodia's banking system continued to grow robustly and contributed to sustainable and inclusive economic growth in tandem with the government policies. The banking sector's assets increased to KHR 112.6 trillion (around USD 27.8 billion, an increase of 17.4%), while credit and deposit increased to KHR 71.2 trillion (around USD 17.6 billion, an increase of 18.3%) and KHR62.4 trillion (around USD 15.4 billion, an increase of 20.7%).

Based on the projection by major international financial institutions such as the International Monetary Fund, World Bank and Asian Development Bank, as well as the Cambodian government, Cambodian economy continues to move forward on its long-term growth path at around 7% in 2017, supported by strong garment sector, the growth in construction and real estate sector, as well as the rebound in tourism and agriculture sectors.

To further support sustainable economic growth in line with the government's policies, the National Bank of Cambodia will continue to implement prudent monetary policy to maintain price and exchange rate stability, aiming at contributing to macroeconomic stability.

SUMMARY OF THE BANK'S FINANCIAL PERFORMANCE

In 2016, Phillip Bank Plc. ("the Bank") continued with its strategy and efforts to target specific groups such as medium-sized enterprises and businessmen, residential house buyers and wholesale banking to Microfinance Institutions.

The Bank recorded total operating revenue of USD5.05 million for the year ended 31st December 2016 (as compared to USD3.62 million for the previous year), an increase of 39.50%. Loan portfolio increased to USD92.32 million as at 31st December 2016 compared to USD68.48 million a year before, an increase of 34.80%. Similarly, deposits also grew significantly from USD62 millions as at 31st December 2015 to USD105.50 million as at 31 December 2016, an increase of 70.16%.

As the result of the above, the Bank recorded a Pre-tax Profit of USD0.48 million (as compared to a Pre-tax Loss of USD0.30 million for the previous year).

The Bank has a paid up capital of USD41million and this capital is higher than the minimum capital requirement of at least KHR150 billion (or USD37.50 million) as prescribed by NBC. Meanwhile, the Bank will also increase the paid up capital to USD58 million in year 2017 to comply with the regulatory requirement.

COMPLIANCE WITH REGULATIONS ISSUED BY THE CENTRAL BANK

The Bank remains steadfast and maintains its compliance to the regulations set by the National Bank of Cambodia (NBC). It is determined to maintain good corporate governance and professionalism in the management and operation of the Bank's business. The Bank continues to strictly comply with all prakas, circulars, provisions and guidelines of the Central Bank. To this end, the Bank has also continued to invest in technology and infrastructure security.

STEPS TAKEN TO STRENGTHEN THE BANK'S POSITION AND PERFORMANCE

The Bank aims to be a significant and important player in Cambodia financial sector in providing its clients fast, efficient and secure banking needs. As such, the Bank is committed to constantly assess and improve its services to provide the best customer experience.

In 2016, the Bank continued to reach out to more customers and also build better rapport with our existing customers which resulted in a significant increase in our retail deposit base and loan portfolio.

These improved performance is the result of the Bank's many initiatives during the year and carried on from the previous year, which includes the Bank's relocation of its Head Office from Preah Norodom Boulevard to a bigger premises at Preah Monivong Boulevard and the opening of the two new branches are part of a longer-term strategy to expand its distribution network.

The Bank has also installed 6 Off-Site ATMs around Phnom Penh City in 2016 resulting in a total 14 ATMs to provide additional convenience to our customers to perform their banking transactions on a 24 hours a day and 7 days a week basis.

During the year, the Bank has launched the Revolving Credit Facility to provide more flexibility to support its customers to further expand their business. This is part of the Bank's strategy to gradually move towards cash flow lending instead of just asset based lending.

Finally, the Bank will continue to conduct market research and seek opportunities to provide financial services and assistance to the untapped markets while at the same time ensure good corporate governance, sound risk management policies and prudent credit policies and practices.

BOARD FOCUS AND COMMITMENT

The Bank remains very focused and committed in our undertakings to deliver value to all stakeholders.

Being part of the PhillipCapital Group, the Bank will continue to capitalize on the Group's core competencies in finance, distribution and information technology to expand its operations to cater to the growing demand of the Cambodian banking market.

PhillipCapital is an integrated financial services group based in Singapore providing a wide range of products and services namely, stockbroking, corporate finance, factoring, futures, derivatives, insurance and wealth management with presence in 16 countries.

Presently, PhillipCapital has significant shareholdings in two microfinance institutions in Cambodia, namely, KREDIT Microfinance and First Finance.

The Group has obtained the Approval-in-Principle from the National Bank of Cambodia in December 2015 to merge the Bank and KREDIT Microfinance.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to thank all the officials of NBC for their on-going guidance, support and advice.

We also thank our customers for their confidence and support, and look forward to continue building a strong partnership in the coming years as we strive to improve our products and services.

Our achievements are also contributed by the tireless efforts and commitment of our employees, our greatest asset, and they have our deep appreciation.

Lim Hua Min

Chairman

ANALYSIS OF FINANCIAL PERFORMANCE

OPERATING REVENUE

Operating revenue of the Bank for the year ended 31 December 2016 is 55.30% higher at US\$ 8.65 million, compared to US\$ 5.57 million posted in the previous year ended 31 December 2015. Contributing to the higher operating revenue is primarily the significant increase in interest income from loans and advances to customers, on the back of significant growth in loan portfolio of the Bank as well as fee income. The key sources of operating revenue of the Bank for the year ended 31 December 2016 are loans and advances to customers (86.36%) and deposit placements with financial institutions (4.51%).

PROFIT / (LOSS) BEFORE TAXATION AND (LOSS) / EARNINGS PER SHARE

The Bank posted a marginally pre-tax profit of US\$ 0.48 million for the year ended 31 December 2016 against pre-tax loss of US\$ 0.30 million recorded in the preceding year 2015. Cost-to-income ratio for the Bank for the year 2016 is slightly lower at 0.83:1 against 0.93:1 in the previous year. Components of operating expenses of the Bank for the current year under review are personnel expenses (48%), depreciation and amortization expenses (13%), establishment related costs (20%), promotion and marketing related expenses (3%) and administrative and other operating expenses (16%).

The Bank posted a net profit for the year of US\$ 0.50 million compared to a net loss of US\$ 0.35 million in the year ended 31 December 2015 mainly due to the higher interest and fee income earned. Profit per share of the Bank for year 2016 is US\$ 0.012 versus earnings loss per share of US\$ 0.009 for the previous year.

TAXATION

Taxation consists of income tax and deferred tax. As the Bank incurred pre-tax profit during the current year, the income tax of the Bank is subjected to the 20% profit tax under the Cambodian tax laws. The effective tax rate of the Bank for the current year under review is lower than the statutory tax rate of 20% mainly due to certain expenses which are not deductible for tax purposes,

thus the Bank is subject to 20% profit tax. The bank is also recognizing the deferred tax assets of USD 0.21 million as of 31 December 2016.

TOTAL ASSETS

Total assets of the Bank stood at US\$ 147 million as at 31 December 2016, representing a 39% increase from US\$ 105.64 million as at 31 December 2015. The assets base of the Bank is largely supported by loans and advances to customers (63%), deposit placements with financial institutions (11%) and balances with the Central Bank (17%). Increase in total assets of the Bank as at 31 December 2016 relative to the last year ended 31 December 2015 is mainly attributable to the increase in customers and banks' deposits of 70%.

LOANS AND ADVANCES

Loans and advances mainly comprise secured long term loans to customers. Gross loans and advances to customers of the Bank have grown by 77.23% to US\$ 94.42 million as at 31 December 2016 from US\$ 70.27 million as at 31 December 2015.

As at 31 December 2016, the loan portfolio of the Bank comprises loans and advances to various sectors in Cambodia, mainly real estate and renting activities (27%), housing (16%), wholesale and retail trade (20%), financial sector (10%), manufacturing (3%), and hotel and restaurants (2%) sectors.

TOTAL LIABILITIES

Total liabilities of the Bank have increased to US\$ 107.53 million as at 31 December 2016 from US\$ 66.66 million as at 31 December 2015 on the back of higher deposits from customers and banks which increased by US\$43.54 million as at 31 December 2016.

Deposit placements from financial institutions and customers remain the key components of the Bank's total liabilities as at 31 December 2016, i.e. accounted for 98% (2015: 92.95%) of the total liabilities of the Bank.

DEPOSITS

Deposits from financial institutions and customers as at 31 December 2016 consist of term deposits (73%), current accounts (24%) and savings accounts (3%). As at 31 December 2015, the main component of deposits from financial institutions and customers was term deposit accounts, which comprised 71.84% of the total deposits. Increase in deposits from financial institutions and customers as at 31 December 2016 is primarily attributed to higher term deposits from customer.

STATUTORY CAPITAL

The paid-up statutory capital of the Bank as at 31 December 2016 amounted to US\$ 41.00 million.

SHAREHOLDER'S FUNDS AND NET ASSETS PER SHARE

As at 31 December 2016, shareholder's funds of the Bank is marginally higher at US\$ 39.48 million compared to US\$ 38.98 million as a result of net profit generated in 2016. Net assets per share of the Bank as at 31 December 2016 stood at US\$ 0.96 (2015: US\$ 0.95).

RETURN ON SHAREHOLDER'S FUNDS AND RETURN ON ASSETS

The Bank recorded positive returns on shareholder's funds and assets for the year ended 31 December 2016, i.e. the return on shareholder's funds is 1.26% (2015: -0.91%) and the return on assets is 0.34% (2015: -0.33%) respectively.

LIQUIDITY RATIO

The liquidity ratio of the Bank as at 31 December 2016 is higher at 175% compared to 57.52% as at 31 December 2015 mainly due to the increase in term deposit from retails and corporate. The Bank is in compliance with the Central Bank's Prakas No.B7-04-207 which requires a liquidity ratio of 60%. The liquidity ratio of the Bank indicates the Bank has the ability to honour withdrawals of deposits by its customers.

LOAN-TO-DEPOSIT RATIO

The loan-to-deposit ratio of the Bank as at 31 December 2016 is relatively lower at 89.49% as compared to 113.42% as at 31 December 2015 mainly attributed to the increase in deposit from financial institutions and customers, partly offset by the enlarged loan portfolio as at 31 December 2016.

NON-PERFORMING LOANS TO TOTAL LOANS (%)

The non-performing loans to total loans ratio as at 31 December 2016 is slightly reduced to 1.42% compared to 1.57% as at 31 December 2015. Non-performing loans are mostly secured and the Bank is in the process of recovering the loans.

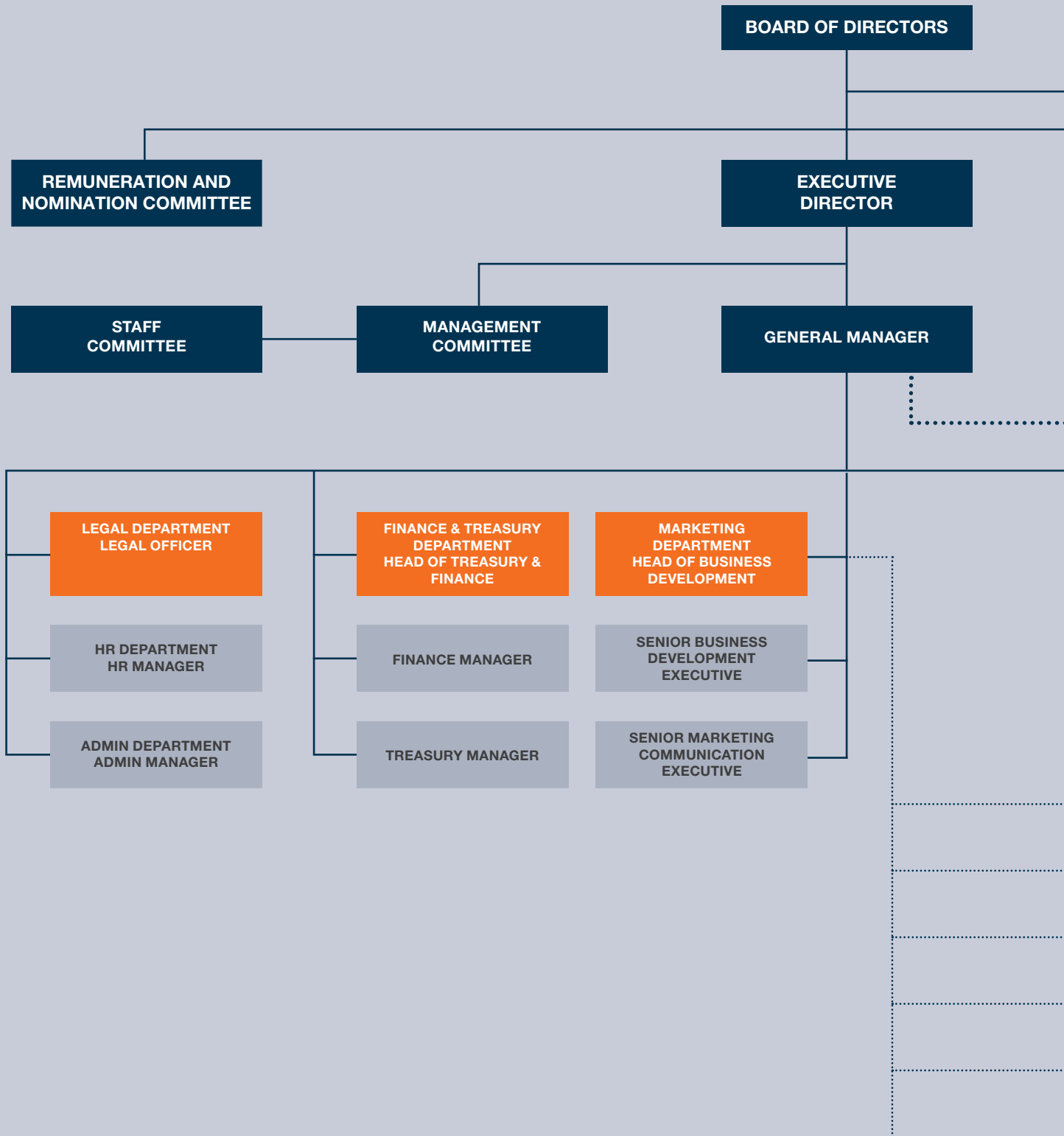
NET WORTH

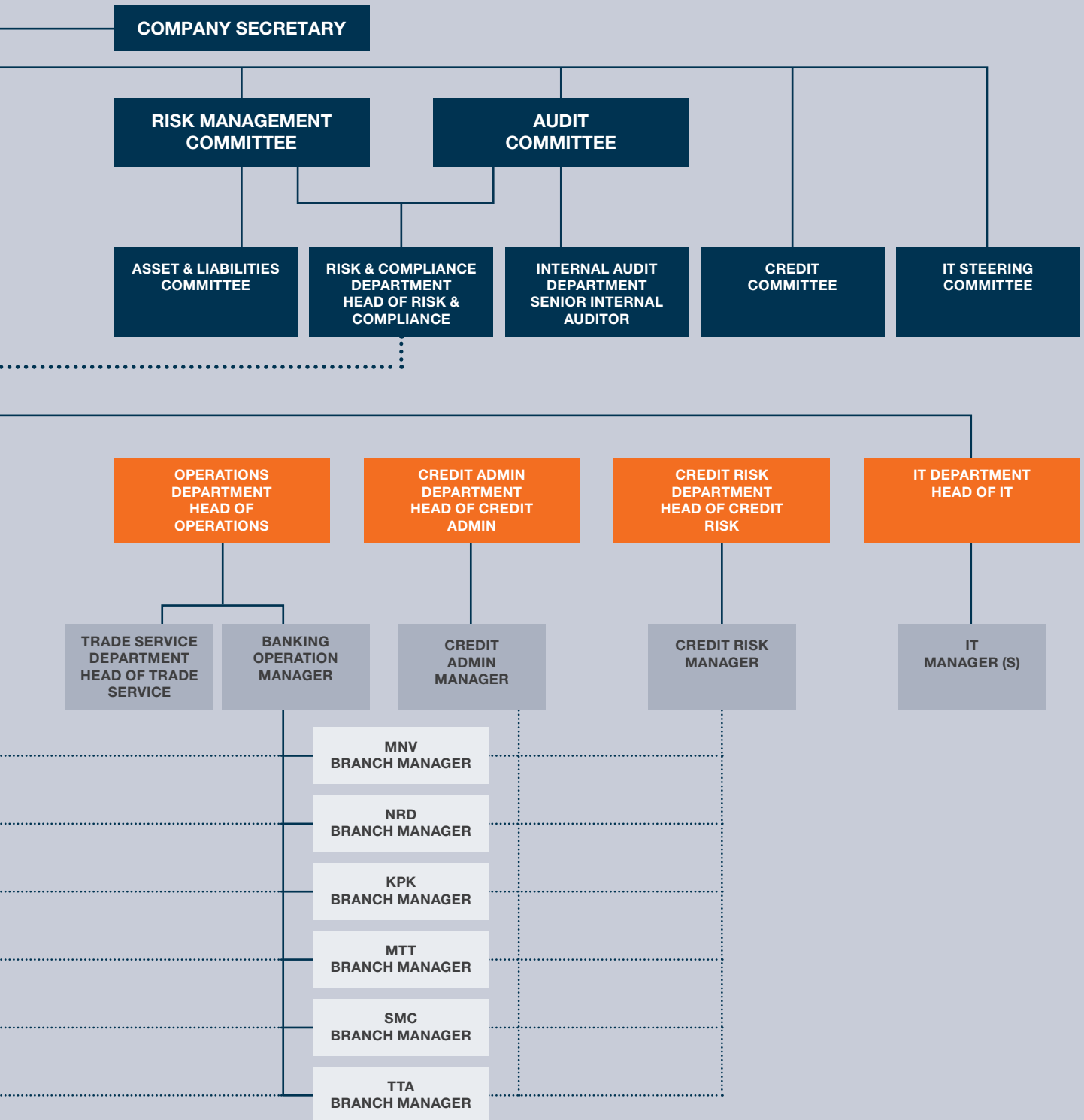
As at 31 December 2016, the net worth of the Bank of US\$ 39.36 million (2015: US\$ 38.43 million) is in excess of the minimum regulatory capital requirement of US\$37.50 million. The increase is mainly due to net profit generated in 2016.

SOLVENCY RATIO

Solvency ratio provides a measure of the Bank's net worth as a percentage of its risk-weighted credit exposures. As at 31 December 2016, the solvency ratio of the Bank of 34.09% (2015: 45.95%) is in compliance with Central Bank's Prakas No.B704-206 which requires a solvency ratio of at least 15%. The solvency ratio as at 31 December 2016 is relatively lower mainly due to the increase in loans and advances to customers coupled with higher level of undrawn loans and advances as at 31 December 2016.

ORGANIZATIONAL STRUCTURE





PROFILE OF DIRECTORS



MR. LIM HUA MIN

Chairman

Mr. Lim Hua Min is the Executive Chairman of Phillip-Capital Group of Companies and was also appointed Chairman of IFS Capital Limited on 20 May 2003. He began his career holding senior positions in the Stock Exchange of Singapore and the Securities Research Institute. He has served on a number of committees and sub-committees of the Stock Exchange of Singapore. In 1997, he was appointed Chairman of the Stock Exchange of Singapore (SES) Review Committee, which is responsible for devising a conceptual framework to make Singapore's capital markets more globalised, competitive and robust. For this service, he was awarded the Public Service Medal (PBM) in 1999 by the Singapore Government. He served as a board member in the Inland Revenue Authority Singapore from 2004 to 2010.

Mr. Lim holds a Bachelor of Science Degree (Honours) in Chemical Engineering from the University of Surrey and obtained a Master's Degree in Operations Research and Management Studies from Imperial College, London University.



MR. ONG TEONG HOON

Director

Mr. Ong Teong Hoon started working in the financial sector in 1977, first as a Money Broker and then, after a year, with Standard Chartered Bank, as a Management Trainee. For 25 years with the Bank, he had been through all aspects of Commercial Banking, apart from Treasury function and ended his banking career as Country Manager for the Bank in Cambodia in 2002.

This was after being the Bank's Chief Representative in Myanmar and before that, Regional Manager, Asia Pacific Region covering Financial Institutions. Almost immediately after that, he joined Phillip Securities Pte Ltd and had covered various functions, including a stint in Phillip Securities Thailand PLC as its Ag CEO and last, the Director OTC Capital prior to being assigned to Kredit MFI PLC in 2012.

Mr. Ong is a graduate from the University of Singapore with a Bachelor of Business Administration and an Associate of the Chartered Institution of Bankers since 1978.



MR. CHAN MACH

Director

Mr. MARCH, the first local CEO of KREDIT, was promoted from his Operation Manager position in 2006. With a Bachelor of Mathematics and experience as a math teacher, Mach joined KREDIT initially in 1999 as Auditor and Trainer. His managerial potential was recognized and he became the Phnom Penh Branch Manager in 2001. The branch flourished and in 2003 he was appointed the Operations Director. Under his leadership, KREDIT became sustainable and tripled the portfolio. Mach completed 2 Master's Degrees: MBA and MFB. He attended nationally internationally numerous courses related to microfinance and banking.



MR. MICHAEL TAN TECH KEONG

Director

Mr. Michael Tan is currently Director, Corporate Office at PhillipCapital. Prior to joining PhillipCapital, he previously held positions in both industry and academia including stints as Assistant Professor at University of Nevada, Reno, United States, Lecturer at National University of Singapore, and various IT management and consultancy positions in Singapore. He holds a PhD in Information Systems from the National University of Singapore, a Certified SAP Consultant (Project Systems) certification from SAP Germany, a CDipAF (Accounting and Finance) qualification from ACCA (UK), and has also passed various CMFAS modules administered by IBF (Singapore) and SCI (Singapore).

PROFILE OF DIRECTORS



MS. DIANA SEAH YEN GOON

Independent Director

Ms. Diana Seah Yen Goon has more than 30 years of working experience in financial institutions including GE Commercial Finance, that specialize in financing small and medium sized enterprises. She held senior position in Finance, Operations, IT overseeing operation in Singapore, Thailand and Hing Kong. She was the Chief Financial Officer in charge of the finance and controllership, strategic and financial planning, funding and compliance.

She conducts training workshops at the Civil Service College and serves at the HR sub-committees of St. Luke's Hospital and the Singapore Christian Home.

Diana Seah is a Chartered Accountant (Singapore) who holds a Bachelor of Accountancy degree from the University of Singapore, now called the National University of Singapore and a MBA degree (Business Law) from the Nanyang Technological University.



MR. PAUL GWEE CHOON GUAN

Independent Director

Mr. Paul Gwee Choon Guan is in banking career over 25 years of experience in universal & treasury/investment banking with asset/fund & wealth management industry across Asia Pacific. His specialized skills include the fields of enterprise risk management (credit, market, liquidity and operational), control & compliance and back room operations with robust combination of strategic business finance and accounting reporting, mergers & acquisitions and capital management. He was the Head of Risk Management & Compliance in United Overseas Bank Group followed by as the Country CFO in Hong Kong & Shanghai Bank, Indonesia and as Chief Operating Officer in Bank of East Asia, Singapore. He is currently the Secretary General of the ASEAN Banker Association. Mr. Gwee holds an Master in Business Administration from University of Chicago, Graduate School of Business, majoring in finance and was awarded the Bachelor of Commerce degree from the University of Newcastle. He qualified as a Chartered Accountant in 1984 and is a Fellow of the Institute of Chartered Accountants in Australia and Institute of Singapore Chartered Accountants.



MR. KOH YONG GUAN

Independent Director

Mr. Koh joined Singapore's Civil Service as a Biomedical Engineer in the Ministry of Health in 1972 and was absorbed into the Administrative Service in 1979. He served in the Ministries of Finance (Revenue Division), Education and Defence before being appointed Permanent Secretary in the Ministry of Defence in 1989. Mr. Koh was the Commissioner of Inland Revenue from 1991 to 1997. In 1998, he was appointed Managing Director, Monetary Authority of Singapore (Governor of the Central Bank). He had also held the appointments of Permanent Secretary, Ministries of Health and National Development, and Second Permanent Secretary, Ministry of Finance (Budget and Revenue) between 1998 and 2001. He retired as the Managing Director, Monetary Authority of Singapore (MAS), in June 2005, and remained a member of the MAS Board until April 2011. He served as the Chairman of Central Provident Fund Board, the national pension fund for all employees in both the private and public sectors in Singapore, from 2005 to 2013. He was Singapore's Non-Resident High

Commissioner to Canada from May 2008 to March 2013. Mr. Koh is currently the Chairman of the Board of SMRT Corporation Ltd, a publicly listed company that runs the underground train system, and buses and taxi services in Singapore. He is also Chairman of the Singapore Deposit Insurance Corporation, and Chairman of the Cancer Sciences Institute of Singapore. Mr. Koh is Singapore's Ambassador (Non-Resident) to Greece since May 2013.

He graduated with a Bachelor of Applied Science (Honours) degree in Mechanical Engineering in 1970 and a Master of Applied Science in Mechanical Engineering and Biomedical Engineering in 1972 from the University of Toronto on a Colombo Plan scholarship. He obtained a Master in Business Administration (with distinction) from the Catholic University of Leuven, Belgium in 1981. He was conferred an Honorary Doctorate by the University of Toronto in 2011.

PROFILE OF DIRECTORS



MR. VICHIT ITH

Independent Director

Vichit possesses an extensive international experience focused on financial and economic advisory and senior corporate management with foreign and regional multinationals, in soft and hard commodity trading (France, Middle-East, Southeast Asia and Egypt), banking with two leading global Wall Street investment banks and private equity (New York, United Kingdom, Singapore, Indonesia), general management in manufacturing as Country Manager and Group CFO (Thailand), airline and aviation as Chairman and CEO, General Manager (Cambodia and Singapore). He had also headed foreign statutory boards in charge of foreign direct investments and private sector development and advised a number of foreign direct investments and private sector development and advised a number of foreign Presidents and Prime Ministers on rapid inclusive economic development and institutional restructuring.

His development advice was centered on economic strategy, policy design and policy implementation, including advice on privatization and corporate restructuring of the local airline industry, international airports, seaports and public utilities.

His advice had led to the set up and/or reforms of key economic institutions and units with the host countries such as the Economic Development Board of Madagascar, the Economic Strategy Task Force of the Presidency (Madagascar), the Rwanda Development Board and the Cambodian Investment Board (CIB/CDC). He contributed to the strategic thinking and drafting of the Madagascar Action Plan (MAP) with Harvard University, an ambitious five-year strategic plan that aims at triggering a transformational development and a quantum leap in the economic and social development of the country between 2007-2012. He was the Chairman of the Strategy Task Force of the Presidency and the first CEO of the Madagascar Economic Development Board. He had set up and led the Cambodian Investment Board, from 1994 to 1997 where the first successful wave of economic liberalization had taken place. The strategies and policies that he had designed and implemented had paved the way for the rapid growth of the garment and tourism industries and helped move Cambodia from a command to a market economy.

He was one of the international recipients of the “Global Leader for tomorrow” award given by the World Economic Forum in Davos in 1996.

His more recent economic advisory work was with the governments of Nigeria, Rwanda, Sao Tome and Principe where he was tasked, among other things, to audit and restructure the Rwanda Development Board and provide an assessment on the efficiency of the government system.

Vichit was the Country Advisor of Axiata Group for Cambodia and independent director of its subsidiaries Hello and Smart. He is currently an independent

director of GL Finance, a leading leasing company. He was the Southeast Asia Senior Advisor to Monitor Consulting, a Boston based strategy consulting firm founded by Professor Michael Porter of the Harvard Business School. Vichit graduated with a Master Degree from Harvard University with a double major in macroeconomic policies and capital markets. He had attended a senior management program at Stanford Business School, Stanford University. He has lived and worked in Asia, Europe, the United States, the Middle East and Africa. He speaks fluent English, French and Cambodian.





PROFILE OF MANAGEMENT



HAN PENG KWANG

General Manager

Han graduated with a Bachelor Degree in Economics (Honor) from Northern University of Malaysia in 1995 and he is a Certified Credit Professional of the Institute of Bankers Malaysia.

He has 19 years of banking experience starting from 1994 when he joined Public Bank Berhad, a well known Malaysian listed commercial bank as Graduate Trainee and thereafter was gradually promoted until becoming a Branch Manager. His banking experience includes frontline operations, marketing, credit processing, loan securities and documentations, credit review, credit control and trade financing.

Han joined HwangDBS Commercial Bank Plc (now known as Phillip Bank Plc) from its beginning in 2009 to date as Senior Vice President and subsequently re-designated as General Manager in 2011. He is responsible to oversee the entire operations of the bank and expanded the network of the bank from one branch in 2009 to 6 branches. He remains as the General Manager of Phillip Bank Plc upon the change of ownership in the beginning of 2014.



HOW POY LEONG

Credit Risk Department

Jensen How graduated with Bachelor of Commerce (Honor) Degree from University of Windsor, Canada (1984) and passed the Certified Credit Professional (CCP) of the Institute of Bankers Malaysia(2004).

He has more than 30 years of banking experience starting from 1985 when he joined Public Bank Berhad as a Graduate Trainee and thereafter was gradually promoted to be a Branch Manager in 1991. His banking experience include banking operations, marketing, credit processing, loans securities and documentation, credit administration, credit control and trade finance.

In 2001, he joined Maybank, Malaysia and covered credit lending for retail and commercial customers before his appointment as Head of Business Development for Maybank, Cambodia in 2008. Subsequently, he took the position as Associate Director, Corporate Banking, International with Maybank in 2010 which involved processing syndicated loans and corporate loans from the International branches. In January 2015, he has joined Phillip Bank Plc, Cambodia as Head of Credit with the objective to boost the loans growth for the bank and upgrade the overall standard of credit processing whilst achieving the Bank's profitability targets.



SOEUNG PHYRY

Risk & Compliance Department

Phyry holds a Bachelor degree in Accounting and Finance from National University of Management and an MBA from Charles Sturt University. He has gained the Certified Expert in Risk Management from Frankfurt School of Finance and Management. He has been awarded with numerous scholarships such as Strategic Leadership for Microfinance at Harvard Business School, Risk Management Excellent in Microfinance at Luxembourg, Advanced Bank Operation Risk Management Masterclass at Malaysia.

He has over 18 years of combined working experience in Commercial Bank, Microfinance Institution, Mobile Banking Service, International Non-Governmental Organization (INGO) and Non-Governmental Organization (NGO) both locally and overseas.

Phyry joined Phillip Bank Plc. in February 2013 as Head of Risk & Compliance.



DOMINIC TEO

Operations Department

Dominic has a Diploma in Banking and Finance from the Institute of Banking and Finance, Singapore

Dominic has over 30 years of banking experience in Consumer Banking Operations, Consumer Banking Risk Management as well as Group Audit department with Standard Chartered Bank, Singapore. He was also with DBS Group Audit for a short period doing audits relating to Consumer Banking and Group Technology and Operations (GTO). He started his career as a clerical staff before moving up to middle Management position in Standard Chartered Bank, Singapore.

Dominic joined Phillip Bank Plc in August 2014 as Head of Operations.

PROFILE OF MANAGEMENT



POV SOPHEAK

Human Resource Department

Sopheak graduated with a Bachelor Degree of Tourism and Hotel Management from National University of Management and an Associate Degree of Teaching from Phnom Penh Pedagogy Center.

Sopheak started her career in 1999 as a Teacher and became an HR Professional after 8 years with public sector. As an HR Practitioner, Sopheak has worked with various industries including F&B, ISP and banking.

Sopheak joined Phillip Bank Plc in January 2013 as Senior HR Executive then has been promoted to be HR Manager.



YUN VETH

Administration Department

Veth graduated with Bachelor Degree of English literature from Phnom Penh International University (PPIU) in 2010 and he successfully completed Master of Business Administration (MBA) at Norton University in 2016.

Because of his commitment and enthusiasm, Veth has advanced his career from a Security Guard to Administration and Finance Assistant, Administrative Assistant at Phnom Penh Commercial Bank and then as Administration Executive within 7 years.

Veth joined Phillip Bank Plc in September 2012 as Admin Executive then has been promoted to be Admin Manager.



SRON SREYNEANG

Finance Department

Sreyneang graduated with Bachelor Degree of Accounting from Royal University of Laws and Economics (RULE) in 2006 and she is currently pursuing her ACCA degree.

Sreyneang started her career in 2006 and has been worked as an Auditor for 6.5 years. She has been involved in many industrial like corporate, bank and NGOs. She also worked in PwC Malaysia for 14 months on the Secondment program.

Sreyneang joined Phillip Bank in April 2015 as Finance Manager.



SRUN VANDOEUN

Internal Audit Department

Vandoeun holds a Bachelor Degree of Finance and Banking from National University of Management and MBA from Norton University.

He has 7 years experiences in the field of audit from two financial institutions i.e AMK MFI and Cambodian Public Bank. During his 10 years experiences in financial sector he worked in many positions such as Teller, Cashier, Accountant and Auditor and Audit Team Leader.

Vandoeun joined Phillip Bank Plc in December 2014 as Senior Internal Auditor.

PROFILE OF MANAGEMENT



SOCHEAT KANIKA

Credit Admin Department

Kanika graduated two Bachelor Degrees in Marketing and Khmer Literature from National Institute of Management and Royal University of Phnom Penh. In 2006, she received her MBA of Management from Build Bright University.

She started her career in 2001 with domestic and international companies. After six-year career in insurance and telecommunication service, she decided it was time to change and move to Banking Industry, where she was offered by Korea and Malaysia Bank respectively.

With her eight years experience in Loans and Credit Administration, she joined Phillip Bank Plc in April 2015 as Credit Admin Manager.



KY SOMANA

Marketing Department

Somana holds a Bachelor Degree of Finance and Banking from Cambodian Mekong University and MBA from Norton University.

She started her first career in 2004 as Administrative Assistant in Cambodian Mekong University, and move to private company as sale. Then 2008, she started banking career with ANZ Royal. With 8 years experience in Banking and Microfinance, she played in important role such as sale, support, product development, branch manager, and business development.

Through enthusiasm in working and improving, Somana joined Phillip Bank Plc in June 2015 as Head of Business Development.

HR STRATEGIC AGENDA

HR plays an important role in securing the present and future success of Phillip Bank. HR function is guided by its term vision to create an environment where employees can develop themselves to their fullest potential by availing opportunities in training, service and responsibility. The Bank seeks to retain, develop and continue to attract people with the requisite skills to help shape a better company and foster employees' engagement and motivation throughout the implementation process.

A strong corporate culture remains essential for Phillip Bank's long-term success and its stakeholder relationships. A clear direction from the top, the Bank has focused on actively engaging employees, anchored the values and beliefs in all people processes, and embedded the values in business processes, practices and policies.

The Bank has implemented Whistle Blowing Procedure to ensure its employees conduct themselves with integrity and honesty at all time.

ENGAGING WITH EMPLOYEES

HR assist to engage employees with the values and beliefs of the Bank in their day-to-day work. In close cooperation with the Risk & Compliance Department, HR has rolled out E-Learning Programs which are mandatory courses for all employees to learn and understand i.e. Code of Conduct, Anti-Money Laundering, Anti-Corruption, Combating Financial Terrorism and IT Security Awareness.

STAFF SATISFACTION SURVEY 2016

HR has conducted the 2016 Staff Satisfaction Survey to assess levels of satisfaction on working environment, employees' benefits and leadership principles. 107 employees or 73% of the total workforce (all full time employees) participated in the survey.

The survey provided a detailed understanding of the employees' perception about their working environment as

well as how they engage with their managers and peers. The results are intended to help Senior Management create an environment in which employees can thrive and deliver sustainable performance for the Bank.

61% of employees expressed their satisfaction for working environment, employees' benefits and leadership principles of the Bank.

GENDER DIVERSITY

Phillip Bank promotes gender balance and do not practice any gender discrimination. To achieve this, the Bank focuses on meritocracy to promote its employees, regardless of their gender. In 2016, 50% of female employees were employed. In its recruitment activities, Phillip Bank also focuses on achieving a better balance between male and female candidates.

FOSTERING CUSTOMER SERVICE

Providing personalized attention and excellent service to our customers is our primary mission. WECARE (Warm welcome, Empathize, Communicate and connect, Address Concern, Resolve and reassure and End with a fond farewell) have been adopted and training have been conducted for all Frontline Staffs because we understand that customers wants to be treated the way we want others to treat us also. Do to others what you want others to do to you.

CREATING FUTURE LEADERS

To align with Phillip Bank's Corporate Ethos, in 2016 eleven highly potential graduates from various universities in Cambodia have been selected to participate in the one year Graduate Trainee Program. The Bank provides opportunities for the young talents to gain hands-on experience by learning and doing various jobs under guidance from experienced Managers and Head of Departments. Through this program, Phillip Bank is committed to groom and develop the young Cambodian talents to become future leaders.



PROMOTING TEAM SPIRIT

Staff Recreational Programs provide opportunities to employees participating in sport activities and social charities events to promote physical and mental health. We need a healthy relationship in the family as well as in the organization. We believe that only strong and healthy organization can provide better support to its customers.

Team Building Exercise was also conducted in August 2016 to promote teamwork, foster closer relationship and create happiness for employees. More than 140 employees participated in the two days one night team building exercise at Sihanouk Ville Province.

CORPORATE SOCIAL RESPONSIBILITY

As corporate responsible entity, PhillipBank has strong commitment to our social and community we live. We believe in our Corporate Code that guide our action and decisions we make day to day in our business.

In 2016, PhillipBank had supported to communities and local charities. The activities are:

Young Entrepreneurs Association of Cambodia:

The purpose are to recognize and raise the profile of young entrepreneurs, to create interests and inspire the entrepreneurial spirit, and recognizes Cambodia's most outstanding young entrepreneurs through national level and leading to international competitions.

Operation ASHA Charity Futsal Tournament:

PhillipBank believes in supporting community is the best, so the bank has supported Operation ASHA which participate in providing free treatment for Tuberculosis (TB).

Charity with Motor Cambodia Adventure Association:

PhillipBank join charity event with MCA by giving the school material to teacher and poor students at Koh Kong Province.

1st June My Generation:

Education is the most important thing for kids. Therefore, PhillipBank give fully support to Chumpou Voan Association by sponsoring on T-Shirt to the poor kids in order to motivate them to visualize the good sign of life, and study hard.





FY2016

**FINANCIAL ACHIEVEMENT
STATEMENT**

REPORT OF BOARD DIRECTORS

The Board of Directors of Phillip Bank Plc (“the Bank”) presents its report together with the consolidated financial statements of the Bank and its subsidiary (together referred to as “the Group”) and the separate financial statements of the Bank (collectively referred to as “the financial statements”) as at 31 December 2016 and for the year then ended.

THE GROUP

THE BANK

The Bank was incorporated on 26 June 2009 under the Cambodian Law on Commercial Enterprises and licensed under the regulations of the National Bank of Cambodia (“NBC”). The Bank received the renewed NBC license, for an indefinite period on 4 March 2015.

The Bank is engaged in the provision of comprehensive banking and related financial services in the Kingdom of Cambodia in accordance with Registration No. Co. 5915/09E issued by the Ministry of Commerce.

The Bank’s registered office address is at No. 27DEF, Monivong Blvd. Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

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

THE SUBSIDIARY

HwangDBS Securities (Cambodia) Plc, a wholly owned Subsidiary, was incorporated on 22 February 2010. The subsidiary is a dormant company which has not commenced commercial operations at all. As at the date of this report, the Subsidiary is under liquidation.

RESULTS OF OPERATIONS AND DIVIDENDS

The financial results of the Group and the bank are as follows:

	GROUP		BANK	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Profit (loss) before income tax	476,563	(300,143)	476,599	(300,104)
Income tax benefit (expense)	21,966	(53,120)	21,966	(53,120)
Net profit (loss) for the year	498,529	(353,263)	498,565	(353,224)
Equivalent in KHR’000	2,012,563	(1,430,713)	2,012,708	(1,430,555)
Attributable to:				
Equity holder of the Bank	498,529	(353,263)	498,565	(353,224)

PAID-UP CAPITAL

The paid-up capital of the Bank as at 31 December 2016 is US\$41.00 million or KHR165.52 billion (2015: US\$41.00 million or equivalent to KHR166.05 billion).

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL LOANS AND ADVANCES

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

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

No contingent or other liability of the Group and 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 have a material effect on the ability of the Group and the Bank to meet its obligations as and when they become due.

EVENTS SINCE THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date requiring disclosure or adjustment other than those already disclosed in the accompanying notes to the financial statements.

THE BOARD OF DIRECTORS

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

Mr. Lim Hua Min	Chairman
Mr. Ong Teong Hoon	Director
Mr. Michael Tan Tech Keong	Director
Mr. Chan Mach	Director
Mr. Paul Gwee Choon Guan	Independent Director
Ms. Diana Seah Yen Goon	Independent Director
Mr. Koh Yong Guan	Independent Director
Mr. Ith Vichit	Independent Director (appointed on 10 August 2016)

AUDITOR

Ernst & Young (Cambodia) Ltd. is the auditor of the Bank.

DIRECTORS' INTEREST

No members of the Board of Directors have an interest in the shares of the Bank.

DIRECTORS' BENEFITS

During and at the end of the year, no arrangement existed, to which the Bank was a party, whose object was to enable the directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other corporate body.

No director of the Bank has received or become entitled to receive any benefit by reason of a contract made by the Bank or with a firm which the director is a member, or with a company which the director has a material financial interest other than those disclosed in the financial statements.

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ensuring that the financial statements give a true and fair view of the respective financial position of the Group and the Bank as at 31 December 2016, and their financial performance and cash flows for the year then ended. The Board of Directors oversees preparation of these financial statements by management who is required to:

- i) Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii) Comply with the disclosure requirements and guidelines issued by the NBC and Cambodian Accounting Standards or, if there have been any departures in the interest of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) Maintain adequate accounting records and an effective system of internal controls;
- iv) Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Group and the Bank will continue operations in the foreseeable future; and
- v) Effectively control and direct the Group and the Bank in all material decisions affecting the operations and performance and ascertain that these have been properly reflected in the financial statements.

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

The Board of Directors confirms that the Group and the Bank have complied with the above requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the respective financial position of the Group and the Bank as at 31 December 2016, and their respective financial performance and cash flows for the year then ended in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the NBC.

On behalf of the Board of Directors




Ong Teong Hoon
Director

Phnom Penh, Kingdom of Cambodia
22 March 2017

INDEPENDENT AUDITOR'S REPORT

To: The Shareholder of Phillip Bank Plc.

Reference: 61141176/18835768

OPINION

We have audited the accompanying consolidated financial statements of Phillip Bank Plc. ("the Bank") and its subsidiary (together referred to as "the Group") and the separate financial statements of the Bank which comprise the respective consolidated and separate balance sheets as at 31 December 2016 and the respective consolidated and separate income statements, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as "the financial statements").

In our opinion, the consolidated and separate financial statements give a true and fair view of the respective financial position of the Group and the Bank as at 31 December 2016, and their respective consolidated and separate financial performance and cash flows for the year then ended in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the National Bank of Cambodia.

BASIS FOR OPINION

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

RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

The Board of Directors is responsible for overseeing the Group and the Bank's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



Maria Cristina M. Calimbas
Partner

Ernst & Young (Cambodia) Ltd.

Certified Public Accountants
Registered Auditors

Phnom Penh, Kingdom of Cambodia
22 March 2017

CONSOLIDATED BALANCE SHEET

as at 31 December 2016

		FY2016		FY2015	
	Notes	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
ASSETS					
Cash on hand	3	4,817,987	19,450,214	4,151,034	16,811,688
Balances with the National Bank of Cambodia	4	25,224,393	101,830,875	17,724,500	71,784,225
Balances and placements with other banks and financial institutions	5	16,049,436	64,791,573	7,694,284	31,161,850
Investment securities	6	1,032,836	4,169,559	25,000	101,250
Loans and advances	7	92,320,689	372,698,621	68,479,531	277,342,101
Property and equipment	9	1,606,727	6,486,357	1,901,154	7,699,675
Software costs	10	123,914	500,241	140,097	567,393
Deferred tax assets	14	205,665	830,269	-	-
Other assets	11	625,194	2,523,908	528,190	2,139,169
TOTAL ASSETS		142,006,841	573,281,617	100,643,790	407,607,351
LIABILITIES AND SHAREHOLDER'S EQUITY					
LIABILITIES					
Deposits from other banks	12	28,100,321	113,440,996	15,122,289	61,245,270
Deposits from customers	13	72,431,282	292,405,087	41,865,613	169,555,734
Income tax payable	14	105,391	425,463	6,153	24,920
Borrowings		-	-	3,000,000	12,150,000
Other liabilities	15	1,917,918	7,742,634	1,696,335	6,870,157
TOTAL LIABILITIES		102,554,912	414,014,180	61,690,390	249,846,081
SHAREHOLDER'S EQUITY					
Paid-up capital	16	41,000,000	165,517,000	41,000,000	166,050,000
Accumulated losses		(1,548,071)	(6,249,563)	(2,046,600)	(8,288,730)
TOTAL LIABILITIES		39,451,929	159,267,437	38,953,400	157,761,270
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		142,006,841	573,281,617	100,643,790	407,607,351

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2016

		FY2016		FY2015	
	Notes	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Operating income					
Interest income	17	7,859,505	31,728,822	4,868,596	19,717,814
Interest expense	18	(3,607,743)	(14,564,457)	(1,946,829)	(7,884,656)
Net interest income		4,251,762	17,164,365	2,921,767	11,833,158
Fees and commission income	19	761,948	3,075,984	676,484	2,739,760
Other operating income	20	32,534	131,340	22,854	92,559
Total operating income		5,046,244	20,371,689	3,621,105	14,665,477
Personnel expenses	21	(2,000,805)	(8,077,250)	(1,646,126)	(6,666,810)
Establishment-related costs	22	(837,376)	(3,380,487)	(856,343)	(3,468,189)
Depreciation and amortization	23	(552,733)	(2,231,383)	(513,354)	(2,079,084)
Promotion and marketing	24	(131,531)	(530,991)	(166,139)	(672,863)
General and administrative expenses	25	(646,887)	(2,611,483)	(721,940)	(2,923,857)
Provision for losses on loans and advances	7	(400,349)	(1,616,209)	(17,346)	(70,251)
Profit (loss) before tax		476,563	1,923,886	(300,143)	(1,215,577)
Income tax benefit (expense)	14	21,966	88,677	(53,120)	(215,136)
Net profit (loss) for the year		498,529	2,012,563	(353,263)	(1,430,713)
Attributable to equity holder of the Bank		498,529	2,012,563	(353,263)	(1,430,713)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Paid-up capital (Note 16) US\$	Accumulated losses US\$	Total US\$
Balance as at 1 January 2016	41,000,000	(2,046,600)	38,953,400
Net profit for the year	-	498,529	498,529
Balance as at 31 December 2016	41,000,000	(1,548,071)	39,451,929
<i>Equivalent in KHR'000 (Note 2.1)</i>	165,517,000	(6,249,563)	159,267,437
Balance as at 1 January 2015	40,000,000	(1,693,337)	38,306,663
Capital contribution	1,000,000	-	1,000,000
Net loss for the year	-	(353,263)	(353,263)
Balance as at 31 December 2015	41,000,000	(2,046,600)	38,953,400
<i>Equivalent in KHR'000 (Note 2.1)</i>	166,050,000	(8,288,730)	157,761,270

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

		FY2016		FY2015	
	Notes	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Net cash generated from (used in) operating activities	26	13,672,845	55,197,276	(12,012,127)	(48,953,412)
Cash flows from investing activities					
Acquisitions of:					
Investment securities		(1,007,836)	(4,068,634)	-	-
Property and equipment	9	(223,141)	(900,820)	(1,436,462)	(5,817,671)
Software costs	10	(18,983)	(76,634)	(30,989)	(125,505)
Proceeds from:					
Disposal of property and equipment		300	1,211	4,952	20,056
Maturity of investment securities	6	-	-	500,000	2,025,000
Net cash used in investing activities		(1,249,660)	(5,044,877)	(962,499)	(3,898,120)
Cash flows from financing activities					
Repayment of borrowings		(3,000,000)	(12,111,000)	-	-
Proceeds from:					
Borrowings		-	-	3,000,000	12,150,000
Capital contribution		-	-	1,000,000	4,050,000
Net cash (used in) generated from financing activities		(3,000,000)	(12,111,000)	4,000,000	16,200,000
Net increase (decrease) in cash and cash equivalents		9,423,185	38,041,399	(8,974,626)	(36,651,532)
Cash and cash equivalents at beginning of year		14,539,218	58,883,833	23,513,844	95,818,915
Foreign exchange difference		-	(189,010)	-	(283,550)
Cash and cash equivalents at end of year	3	23,962,403	96,736,222	14,539,218	58,883,833

SEPARATE BALANCE SHEET

as at 31 December 2016

	Notes	FY2016		FY2015	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Assets					
Cash on hand	3	4,817,987	19,450,214	4,151,034	16,811,688
Balances with the National Bank of Cambodia	4	25,224,393	101,830,875	17,724,500	71,784,225
Balances and placements with other banks and financial institutions	5	16,049,436	64,791,573	7,694,284	31,161,850
Investment securities	6	1,032,836	4,169,559	25,000	101,250
Loans and advances	7	92,320,689	372,698,621	68,479,531	277,342,101
Investment in subsidiary	8	5,000,000	20,185,000	5,000,000	20,250,000
Property and equipment	9	1,606,727	6,486,357	1,901,154	7,699,675
Software costs	10	123,914	500,241	140,097	567,393
Deferred tax assets	14	205,665	830,269	-	-
Other assets	11	625,194	2,523,908	528,190	2,139,169
TOTAL ASSETS		147,006,841	593,466,617	105,643,790	427,857,351
Liabilities and Shareholder's Equity					
Liabilities					
Deposits from other banks	12	28,100,321	113,440,996	15,122,289	61,245,270
Deposits from customers	13	77,403,933	312,479,678	46,838,300	189,695,115
Income tax payable	14	105,391	425,463	6,153	24,920
Borrowings		-	-	3,000,000	12,150,000
Other liabilities	15	1,917,918	7,742,634	1,696,335	6,870,157
TOTAL LIABILITIES		107,527,563	434,088,771	66,663,077	269,985,462
Shareholder's Equity					
Paid-up capital	16	41,000,000	165,517,000	41,000,000	166,050,000
Accumulated losses		(1,520,722)	(6,139,154)	(2,019,287)	(8,178,111)
TOTAL SHAREHOLDER'S EQUITY		39,479,278	159,377,846	38,980,713	157,871,889
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		147,006,841	593,466,617	105,643,790	427,857,351

SEPARATE INCOME STATEMENT

for the year ended 31 December 2016

		FY2016		FY2015	
	Notes	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Operating income					
Interest income	17	7,859,505	31,728,822	4,868,596	19,717,814
Interest expense	18	(3,607,743)	(14,564,457)	(1,946,829)	(7,884,656)
Net interest income		4,251,762	17,164,365	2,921,767	11,833,158
Fees and commission income	19	761,984	3,076,129	678,805	2,749,160
Other operating income	20	32,534	131,340	20,572	83,317
Total operating income		5,046,280	20,371,834	3,621,144	14,665,635
Personnel expenses	21	(2,000,805)	(8,077,250)	(1,646,126)	(6,666,810)
Establishment-related costs	22	(837,376)	(3,380,487)	(856,343)	(3,468,189)
Depreciation and amortization	23	(552,733)	(2,231,383)	(513,354)	(2,079,084)
Promotion and marketing	24	(131,531)	(530,991)	(166,139)	(672,863)
General and administrative expenses	25	(646,887)	(2,611,483)	(721,940)	(2,923,857)
Provision for losses on loans and advances	7	(400,349)	(1,616,209)	(17,346)	(70,251)
Profit (loss) income before tax		476,599	1,924,031	(300,104)	(1,215,419)
Income tax benefit (expense)	14	21,966	88,677	(53,120)	(215,136)
Net profit (loss) for the year		498,565	2,012,708	(353,224)	(1,430,555)

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Paid-up capital (Note 16) US\$	Accumulated losses US\$	Total US\$
Balance as at 1 January 2016	41,000,000	(2,019,287)	38,980,713
Net profit for the year	-	498,565	498,565
Balance as at 31 December 2016	41,000,000	(1,520,722)	39,479,278
Equivalent in KHR'000 (Note 2.1)	165,517,000	(6,139,154)	159,377,846
Balance as at 1 January 2015	40,000,000	(1,666,063)	38,333,937
Capital contribution	1,000,000	-	1,000,000
Net loss for the year	-	(353,224)	(353,224)
Balance as at 31 December 2015	41,000,000	(2,019,287)	38,980,713
Equivalent in KHR'000 (Note 2.1)	166,050,000	(8,178,111)	157,871,889

SEPARATE STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

		FY2016		FY2015	
	Notes	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Net cash generated from (used in) operating activities	26	13,672,845	55,197,276	(12,012,127)	(48,953,412)
Cash flows from investing activities					
Acquisitions of:					
Investment securities		(1,007,836)	(4,068,634)	-	-
Property and equipment	9	(223,141)	(900,820)	(1,436,462)	(5,817,671)
Software costs	10	(18,983)	(76,634)	(30,989)	(125,505)
Proceeds from:					
Disposal of property and equipment		300	1,211	4,952	20,056
Maturity of investment securities	6	-	-	500,000	2,025,000
Net cash used in investing activities		(1,249,660)	(5,044,877)	(962,499)	(3,898,120)
Cash flows from financing activities					
Repayment of borrowings		(3,000,000)	(12,111,000)	-	-
Proceeds from:					
Borrowings		-	-	3,000,000	12,150,000
Capital contribution		-	-	1,000,000	4,050,000
Net cash (used in) generated from financing activities		(3,000,000)	(12,111,000)	4,000,000	16,200,000
Net increase (decrease) in cash and cash equivalents		9,423,185	38,041,399	(8,974,626)	(36,651,532)
Cash and cash equivalents at beginning of year		14,539,218	58,883,833	23,513,844	95,818,915
Foreign exchange difference		-	(189,010)	-	(283,550)
Cash and cash equivalents at end of year	3	23,962,403	96,736,222	14,539,218	58,883,833

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2016 and for the year then ended

1. CORPORATE INFORMATION

Phillip Bank Plc. (“The Bank”) and its subsidiary (together referred to as “the Group”) were incorporated and registered in the Kingdom of Cambodia.

Establishment and operations

The Bank was incorporated on 26 June 2009 under the Cambodian Law on Commercial Enterprises and licensed under the regulations of the National Bank of Cambodia (“NBC”).

The Bank received the renewed NBC license for an indefinite period on 4 March 2015. The Bank is engaged in the provision of comprehensive banking and related financial services in the Kingdom of Cambodia in accordance with Registration No. Co. 5915/09E issued by the Ministry of Commerce.

The Bank’s registered office address is at No. 27DEF, Monivong Blvd, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

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

HwangDBS Securities (Cambodia) Plc, a wholly owned subsidiary, was incorporated on 22 February 2010. The Subsidiary is a dormant company which has not commenced commercial operations at all. As at the date of this report, the Subsidiary is under liquidation.

The financial statements were authorized for issue by the Board of Directors (“BOD”) on 22 March 2017.

Paid-up capital

The paid-up capital of the Bank as at 31 December 2016 is US\$41,000,000 (2015: US\$41,000,000).

Board of Directors

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

Mr. Lim Hua Min	Chairman
Mr. Ong Teong Hoon	Director
Mr. Michael Tan Tech Keong	Director
Mr. Chan Mach	Director
Mr. Paul Gwee Choon Guan	Independent Director
Ms. Diana Seah Yen Goon	Independent Director
Mr. Koh Yong Guan	Independent Director
Mr. Ith Vichit	Independent Director (appointed on 10 August 2016)

Employees

As at 31 December 2016, the Bank has a total of 151 employees (2015: 146 employees).

2. ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated and separate financial statements (referred to as “the financial statements”) have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared based on the historical cost convention. The Group maintains, records and prepares financial statements in United States dollar (“US\$”) in accordance with NBC Prakas No. B7-07-164 dated 13 December 2007 on The Language, Currency Unit and Exchange Rate to be Used for Accounting Records and Reports.

The financial statements of the Group and the Bank have been prepared in compliance with Cambodian Accounting Standards (“CAS”) and relevant regulations and guidelines issued by the NBC.

The translation of the US\$ amounts in the financial statements into Khmer Riel (“KHR”) is provided for the sole purpose of complying with Prakas No. B7-07-164 dated 13 December 2007 using the official rate of exchange regulated by the NBC as at the reporting date, which was US\$1 to KHR4,037 as at 31 December 2016 (2015: US\$1 to KHR4,050). Such translation should not be construed as a representation that the US\$ amounts represent, or have been or could be, converted into Riel at that or any other rate.

Fiscal year

The Group’s fiscal year starts on 1 January and ends on 31 December.

2.2 Significant accounting judgments and estimates

In applying the Group’s accounting policies, management has used its judgment and made estimates in determining the amounts recognized in the financial statements as follows:

2.2.1 *Provision for losses on loans and advances to customers*

When preparing the financial statements, the quality of loans and advances is reviewed and assessed to determine their classification and level of allowance for losses on loans and advances, as more fully disclosed in Note 2.3.5.

2.2.2 *Operating leases*

The Group has entered into commercial property leases as a lessee for its office premises. The Group has determined that the lessor retained all the significant risks and rewards of ownership over this property based on the indicators of operating lease treatment. In determining whether or not there is an indication of operating lease treatment, the Group considers the following factors: retention of ownership title to the leased property, and period of lease contract relative to the estimated useful economic life of the leased property, bearer of executory costs, among others.

2.3 Summary of significant accounting policies

2.3.1 Change in accounting policies

The accounting policies and methods of computation applied by the Group are consistent with those adopted in prior periods.

2.3.2 Subsidiary

Subsidiary is an entity over which the Bank has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank has such power over another entity.

In the Bank's financial statements, investment in a subsidiary is stated at cost less impairment losses. On disposal of such investment, the difference between the net disposal proceeds and the carrying amount is included in the income statement.

2.3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiary as at the balance sheet date. The financial statements of the Subsidiary are prepared for the same reporting date as the Bank.

A subsidiary is consolidated from the date of acquisition, being the date on which the Bank obtains control and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intra-group balances, transactions and unrealized gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisition of a subsidiary is accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

2.3.4 Loans and advances

Loans and advances are stated in the balance sheet at the amount of principal less any amounts written off and allowance for losses on loans and advances.

Loans and advances are written off when there is no realistic prospect of recovery. Recoveries of loans and advances previously written off, or provided for, decrease the amount of the allowance for losses on loans and advances in the income statement.

Loans and advances classified as substandard, doubtful or loss are considered nonperforming loans.

2.3.5 Allowance for losses on loans and advances

Allowance for losses on loans and advances is made with regard to specific risks and relates to those loans and advances that have been individually reviewed and specifically identified as special mention, sub-standard, doubtful or loss. In addition, a general allowance is also maintained for loans classified as normal.

The allowance is based on a percentage of total outstanding loans and advances.

The Bank follows the mandatory credit classification and provisioning as required by NBC Prakas No. B7-09-074 dated 25 February 2009. The Prakas requires commercial banks to classify their loan portfolio into five classes. The mandatory level of specific allowance is provided depending on the loan classification as follows:

Classification	Number of days past due	Allowance rate
<i>General allowance:</i>		
Normal	Nil to less than 30 days	1%
<i>Specific allowance:</i>		
Special mention	30 days or more but less than 90 days	3%
Substandard	90 days or more but less than 180 days	20%
Doubtful	180 days or more but less than 360 days	50%
Loss	360 days or more	100%

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

2.3.6 Other credit-related commitments

In the normal course of business, the Bank enters into other credit-related commitments including loan commitments, letters of credit and guarantees. The accounting policy and provision methodology are similar to originated loans as disclosed above. Allowance is raised against other credit-related commitments when losses are considered probable.

2.3.7 Available-for-sale investments

Available-for-sale ("AFS") investments are those which are designated as such or do not qualify to be classified as designated at fair value through profit and loss, held-to-maturity or loans and advances.

2.3.8 Unquoted debt securities

Unquoted debt securities are non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Bank's management has the positive intention and ability to hold to maturity.

2.3.9 Determination of fair value

The fair value for financial instruments traded in the active markets at the balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments that are not listed in an active market, the fair value is determined by using appropriate valuation techniques.

2.3.10 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the balance sheet.

2.3.11 Classification of financial instruments between liability and equity

A financial instrument is classified as liability, if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

2.3.12 Recognition of income or expense

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest income from loans and advances to customers and balances with the NBC and other banks and financial institutions is recognized on a daily accrual basis, except for loans and advances to customers that have been classified as substandard, doubtful or loss. Interest accruing to these loans shall instead be credited to an interest in suspense account.

Interest expense on deposits from customers and other banks and borrowing are recognized on a daily accrual basis.

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee and commission income is recognized on a cash basis. Fee and commission income comprises income received from inward and outward remittances, loan processing, commitment fees, bank guarantees, letters of credit, and ATM/credit card charges.

Fee and commission expense is recognized as incurred.

2.3.13 Cash and cash equivalents

For statement of cash flow purposes, cash and cash equivalents consist of cash and highlyliquid short term investments with an original maturity of less than three months or ninety days that are readily convertible to known amounts of cash and accounts due from other banks.

2.3.14 Property and equipment and software costs

Property and equipment, including software costs, are stated at cost excluding day-to-day servicing, less accumulated depreciation/amortisation and provision for impairment in value (if any). Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate and treated as a change in accounting estimate.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other operating income in the income statement in the year the asset is derecognized.

Depreciation and amortisation

Depreciation of property and equipment and amortization of software costs are calculated on a straight-line basis over the respective estimated useful lives of these assets, as follows:

	YEARS
Leasehold improvements	5
Office equipment	5
Furniture, fixtures and fittings	5 to 10
Computer equipment	3 to 5
Motor vehicles	5
Software costs	5

Construction in progress is not depreciated.

2.3.15 Corporate income tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the balance sheet date.

Deferred income tax

Deferred income tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these differences can be utilized, except where the deferred tax arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Unrecognized deferred income tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

2.3.16 Foreign currency transactions and translation

The Group maintains its accounting system and records all transactions in original currencies. Monetary assets and liabilities denominated in foreign currencies ("FC") at year-end are retranslated to US\$ at the exchange rates ruling at the reporting date.

Income and expenses arising in FC are converted into US\$ at month-end using the applicable middle exchange rates rather than the exchange rates ruling at the transaction date.

2.3.17 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

2.3.18 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not reported in the financial statements since they are not the assets of the Group.

2.3.19 Statutory deposits

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

2.3.20 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Bank as a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the profit or loss on a straight-line basis over the lease term.

2.3.21 Related parties

Parties are considered to be related if the Group 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 Group 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.

Related parties, as defined in Article 49 and 50 of the Cambodian Law on Banking and Financial Institutions, include the following:

- (a) Any person holding directly or indirectly at least ten percent (10%) of the capital or voting rights;
- (b) Any company of which the Bank directly or indirectly holds at least 10% of the capital or voting rights;
- (c) Any individual who participates in the administration, direction, management or internal control; and
- (d) The external auditors.

2.3.22 Dividends on paid-up capital

Dividends on paid-up capital are recognized as a liability and deducted from shareholders' equity when approved by the BOD. Dividends declared during the year but approved by the BOD after the balance sheet date are dealt with as an event after the balance sheet date.

2.3.23 Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest dollar and nearest thousand KHR for US\$ and KHR amounts, respectively.

3. CASH AND CASH EQUIVALENTS

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

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Cash on hand	4,817,987	19,450,214	4,151,034	16,811,688
Balances with the NBC (Note 4)				
Current and clearing accounts	7,914,252	31,949,835	5,483,900	22,209,795
Term deposit	2,259,541	9,121,768	2,210,000	8,950,500
Balances and placements with other banks and financial institutions (Note 5)				
Current accounts	2,219,854	8,961,551	2,194,279	8,886,830
Savings accounts	769	3,104	5	20
Term deposits	6,750,000	27,249,750	500,000	2,025,000
	23,962,403	96,736,222	14,539,218	58,883,833

4. BALANCES WITH THE NATIONAL BANK OF CAMBODIA

The Group and the Bank's balances with the NBC are as follows:

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Current account	2,971,845	11,997,338	1,818,604	7,365,346
Clearing account	4,942,407	19,952,497	3,665,296	14,844,449
Term deposit	2,259,541	9,121,768	2,210,000	8,950,500
Reserve deposits	10,950,600	44,207,572	5,930,600	24,018,930
Capital guarantee deposit	4,100,000	16,551,700	4,100,000	16,605,000
	25,224,393	101,830,875	17,724,500	71,784,225

Term deposit

This pertains to negotiable certificate of deposit ("NCD") with a term of three months. The Bank also has an overdraft line with the NBC secured by the NCD.

Reserve deposits

Under NBC Prakas No. B7-09-075 dated 25 February 2009, banks are required to maintain certain cash reserves with the NBC in the form of compulsory deposits, computed at 8.0% and 12.5% of customer deposits in KHR and in FC, respectively.

Capital guarantee deposit

Under NBC Prakas No. B7-01-136 dated 15 October 2001, banks are required to maintain a capital guarantee of 10% of registered capital. This deposit is not available for use in the Bank's day-to-day operations but it is refundable when the Bank voluntarily ceases to operate the business in Cambodia.

Interest rates

Annual interest rates on balances with the NBC are summarized as follows:

	2016	2015
Current and clearing accounts	Nil	Nil
Term deposit	0.66% - 1.80%	0.23%
Reserve deposits	0.20%	0.10%
Capital guarantee deposit	0.22%	0.11%

5. BALANCES AND PLACEMENTS WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

The Group and the Bank's balances and placements with other banks and financial institutions comprise:

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Current and savings accounts	2,220,623	8,964,655	2,194,284	8,886,850
Placements	13,828,813	55,826,918	5,500,000	22,275,000
	16,049,436	64,791,573	7,694,284	31,161,850

Current accounts are maintained with local banks and do not earn interest.

Placements pertain to term deposits and earn interest at 3.00% per annum (2015: 5.20% per annum).

6. INVESTMENT SECURITIES

The Group and the Bank's investment securities comprise:

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Equity investment	25,000	100,925	25,000	101,250
Unquoted debt securities	1,007,836	4,068,634	-	-
	1,032,836	4,169,559	25,000	101,250

Equity investment represents investment in Credit Bureau of Cambodia. Fair value could not be reliably determined due to the unpredictable nature of future cash flows and the lack of suitable methods of arriving at a reliable fair value. This investment is carried at original cost.

Unquoted debt securities pertain to corporate debt security from Cam Capital Specialized Bank. This investment has a term of 6 months and earn interest at 6.20% per annum.

7. LOANS AND ADVANCES

The Group and the Bank's loans and advances are as follows:

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Term loans	79,818,195	322,226,053	59,823,582	242,285,507
Overdraft loans	14,598,794	58,935,331	10,450,304	42,323,732
Loans and advances - gross	94,416,989	381,161,384	70,273,886	284,609,239
Allowance for losses on loans and advances	2,096,300	8,462,763	1,794,355	7,267,138
Loans and advances - net	92,320,689	372,698,621	68,479,531	277,342,101

Further analyses of loans and advances follow:

(a) Movements of allowance for losses on loans and advances

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
<i>Specific allowance</i>				
Balance at beginning of year	1,105,362	4,476,716	1,460,809	5,959,767
Addition (reversal) during the year	166,339	671,511	(295,386)	(1,196,313)
Amounts written off	(98,404)	(397,257)	(60,061)	(243,247)
Foreign exchange difference	-	(14,370)	-	(43,491)
Balance at end of year	1,173,297	4,736,600	1,105,362	4,476,716
<i>General allowance</i>				
Balance at beginning of year	688,993	2,790,422	376,261	1,533,264
Addition during the year	234,010	944,698	312,732	1,266,564
Foreign exchange difference	-	(8,957)	-	(9,406)
Balance at end of year	923,003	3,726,163	688,993	2,790,422
Total allowance at end of year	2,096,300	8,462,763	1,794,355	7,267,138

(b) Grading of the loan portfolio and the related allowance for losses on loans and advances

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
<i>Normal loans</i>				
Secured	85,892,071	346,746,291	63,496,189	257,159,565
Unsecured	6,408,215	25,869,964	5,403,086	21,882,498
<i>Special mention loans</i>				
Secured	774,344	3,126,027	268,298	1,086,607
Unsecured	-	-	2,847	11,530
<i>Substandard loans</i>				
Secured	-	-	4,927	19,954
Unsecured	-	-	-	-
<i>Doubtful loans</i>				
Secured	384,350	1,551,621	-	-
Unsecured	232	937	4,593	18,602
<i>Loss loans</i>				
Secured	900,180	3,634,027	898,380	3,638,439
Unsecured	57,597	232,517	195,566	792,044
Total	94,416,989	381,161,384	70,273,886	284,609,239

Refer to Note 30.2 on Credit risk for analysis of loans quality.

(c) Analysis of loan portfolio by industrial sector

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
<i>Financial sector</i>				
Financial sector	9,067,572	36,605,788	6,154,613	24,926,183
<i>Non-financial sector</i>				
Real estate and renting activities	25,863,775	104,412,060	22,061,770	89,350,169
Wholesale and retail trades	19,233,971	77,647,541	16,733,811	67,771,935
Housing	15,562,393	62,825,381	7,109,917	28,795,164
Manufacturing	2,766,793	11,169,543	1,024,997	4,151,238
Hotels and restaurants	2,256,911	9,111,150	1,000,000	4,050,000
Construction	1,555,076	6,277,842	400,695	1,622,815
Utilities	1,257,427	5,076,233	1,058,064	4,285,159
Transport, storage and communication	941,176	3,799,528	76,989	311,805
Agriculture	357,356	1,442,646	15,194	61,536
Mining	119,671	483,113	21,672	87,772
Others	15,434,868	62,310,559	14,616,164	59,195,463
Total	94,416,989	381,161,384	70,273,886	284,609,239

(d) Analysis of loan portfolio by maturity

Refer to Note 29 on Liquidity analysis.

(e) Analyses of loan portfolio by residency, relationship, exposure and interest rates range

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
<i>Residence status</i>				
Residents	94,416,989	381,161,384	70,273,886	284,609,239
Nonresidents	-	-	-	-
	94,416,989	381,161,384	70,273,886	284,609,239
<i>Relationship</i>				
Related parties	916,667	3,700,585	1,100,000	4,455,000
Non-related parties	93,500,322	377,460,799	69,173,886	280,154,239
	94,416,989	381,161,384	70,273,886	284,609,239
<i>Exposure</i>				
Non-large	94,416,989	381,161,384	70,273,886	284,609,239
Large	-	-	-	-
	94,416,989	381,161,384	70,273,886	284,609,239

	FY2016	FY2015
<i>Annual interest rates</i>		
Loans to borrowers	7.00% - 24.00%	7.00% - 24.60%
Staff loans	6.00% - 12.00%	6.00% - 9.00%

8. INVESTMENT IN SUBSIDIARY

This represents the Bank's 100% equity interest in HwangDBS Securities (Cambodia) Plc which was incorporated on 22 February 2010 (Note 1).

9. PROPERTY AND EQUIPMENT

Property and equipment of the Group and the Bank comprise:

	Leasehold improvements US\$	Office equipment US\$	Furniture, fixtures and fittings US\$	Computer equipment US\$	Motor vehicles US\$	Construction in progress US\$	Total US\$
Cost							
As at 1 January 2016	915,856	1,121,293	738,843	664,046	46,306	110,577	3,596,921
Additions	21,806	8,098	72,137	52,121	-	68,979	223,141
Disposal	-	(3,435)	-	-	-	-	(3,435)
Transfers	-	92,004	2,436	7,444	-	(109,916)	(8,032)
As at 31 December 2016	937,662	1,217,960	813,416	723,611	46,306	69,640	3,808,595
Accumulated depreciation							
As at 1 January 2016	336,678	600,617	347,324	365,786	45,362	-	1,695,767
Depreciation	148,348	161,988	103,634	95,275	290	-	509,535
Disposal	-	(3,434)	-	-	-	-	(3,434)
As at 31 December 2016	485,026	759,171	450,958	461,061	45,652	-	2,201,868
Net book value							
As at 31 December 2016	452,636	458,789	362,458	262,550	654	69,640	1,606,727
As at 31 December 2015	579,178	520,676	391,519	298,260	944	110,577	1,901,154
Equivalent in KHR'000 (Note 2.1)							
As at 31 December 2016	1,827,292	1,852,131	1,463,243	1,059,914	2,640	281,137	6,486,357
As at 31 December 2015	2,345,672	2,108,738	1,585,652	1,207,953	3,823	447,837	7,699,675

10. SOFTWARE COSTS

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

	US\$
Cost	
As at 1 January 2016	577,114
Additions	18,983
Transfers from construction in progress	8,032
As at 31 December 2016	604,129
Accumulated amortization	
As at 1 January 2016	(437,017)
Amortization	(43,198)
As at 31 December 2016	(480,215)
Net book value	
As at 31 December 2016	123,914
As at 31 December 2015	140,097
Equivalent in KHR'000 (Note 2.1)	
As at 31 December 2016	500,241
As at 31 December 2015	567,393

11. OTHER ASSETS

Other assets of the Group and the Bank comprise:

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Deposits	320,449	1,293,653	340,368	1,378,490
Interest receivable	133,678	539,658	86,873	351,836
Prepayments	84,426	340,828	81,920	331,776
Other receivables	86,641	349,769	19,029	77,067
	625,194	2,523,908	528,190	2,139,169

12. DEPOSITS FROM OTHER BANKS

The Group and the Bank's deposits from other banks comprise:

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Current accounts	2,055,921	8,299,753	2,477,889	10,035,450
Term deposits	26,044,400	105,141,243	12,644,400	51,209,820
	28,100,321	113,440,996	15,122,289	61,245,270

Annual interest rates on deposits from other banks follow:

	FY2016	FY2015
Current accounts	0.00% - 2.00%	0.00% - 2.00%
Term deposits	2.00% - 4.50%	2.25% - 5.50%

13. DEPOSITS FROM CUSTOMERS

The Group and the Bank's deposits from customers are as follows:

	GROUP				BANK			
	2016		2015		2016		2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Demand deposits	18,245,627	73,657,598	6,120,008	24,786,033	23,218,278	93,732,189	11,092,695	44,925,414
Savings accounts	3,732,864	15,069,572	3,878,974	15,709,845	3,732,864	15,069,572	3,878,974	15,709,845
Term deposits	50,452,791	203,677,917	31,866,631	129,059,856	50,452,791	203,677,917	31,866,631	129,059,856
	72,431,282	292,405,087	41,865,613	169,555,734	77,403,933	312,479,678	46,838,300	189,695,115

All deposits are maintained in US\$.

(i) Interest rates

Demand deposits in US\$ bear interest at 2.00% per annum. Savings deposits in US\$ bear interest at rates ranging from 1.00% to 1.75% per annum (2015: 1.00% to 2.15%).

Term deposits include deposits with terms ranging from one to twelve months and more than twelve months. Customers can withdraw term deposits before the due date upon negotiation with the Bank. Term deposits in US\$ bear interest at rates ranging from 2.25% to 7.00% per annum (2015: 2.25% to 7.00%).

(ii) Deposits from related parties

Refer to Note 27 on Related party transactions and balances.

(iii) Maturity analysis

Refer to Note 29 on Liquidity risk.

14. INCOME TAX

Major components of income tax (benefit) expense are as follows:

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Current	183,699	741,592	53,120	215,136
Deferred	(205,665)	(830,269)	-	-
Income tax (benefit) expense	(21,966)	(88,677)	53,120	215,136

14.1 Current income tax

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

Details of estimated income tax expense are as follows:

	GROUP				BANK			
	2016		2015		2016		2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Accounting profit (loss) before income tax	476,563	1,923,886	(300,143)	(1,215,577)	476,599	1,924,031	(300,104)	(1,215,419)
Income tax expense (benefit) at statutory tax rate of 20%	95,312	384,777	(60,029)	(243,115)	95,320	384,807	(60,021)	(243,084)
Tax effect of non-deductible expenses	88,387	356,815	38,692	156,702	88,379	356,785	38,692	156,702
Movement of deferred tax assets	(205,665)	(830,269)	-	-	(205,665)	(830,269)	-	-
Effect of minimum tax	-	-	53,120	215,136	-	-	53,120	215,136
Effective income tax	(21,966)	(88,677)	53,120	215,136	(21,966)	(88,677)	53,120	215,136

The Bank's tax returns are subject to periodic examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities. The Bank's tax returns up to the fiscal year 2010 have been finalized by the tax authority.

Details of movements of income tax payable are as follows:

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Balance at beginning of year	6,153	24,920	6,362	25,925
Current income tax expense	183,699	741,592	53,120	215,136
Payments during the year	(84,461)	(340,969)	(53,329)	(215,982)
Foreign exchange difference	-	(80)	-	(159)
Balance at end of year	105,391	425,463	6,153	24,920

14.2 Deferred income tax

Details of deferred tax asset items of the Group and the Bank follow:

	FY2016	
	US\$	KHR'000 equivalent (Note 2.1)
Allowance for losses on loans and advances	189,247	763,990
Property and equipment	15,604	62,993
Accruals	657	2,652
Unrealised foreign exchange loss	157	634
Total	205,665	830,269

As at 31 December 2015, the Group and the Bank did not recognize deferred tax assets from allowance for loan losses, accruals and tax loss carryover because management believes at that date that it is not certain to generate sufficient future taxable profit to utilize such deferred tax asset items. The aggregate deductible temporary differences for which no deferred tax asset was recognised amounted to US\$0.90 million or KHR3.64 billion with corresponding deferred tax asset equivalent of US\$0.18 million or KHR0.29 billion as at 31 December 2015.

15. OTHER LIABILITIES

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Accrued interest payable	1,280,529	5,169,496	629,559	2,549,714
Accounts payable	273,446	1,103,900	295,010	1,194,790
Banker's cheques	261,906	1,057,315	740,334	2,998,353
Other taxes payable	102,037	411,923	31,432	127,300
	1,917,918	7,742,634	1,696,335	6,870,157

16. PAID-UP CAPITAL

The paid-up capital is composed of 41.0 million issued and fully paid ordinary shares with par value of US\$1 per share. There were no movements in the paid-up capital during the year.

On 22 March 2016, the NBC issued Prakas B7-016-117 on Minimum Registered Capital of Banking and Financial Institutions. The Prakas requires commercial banks including foreign subsidiaries a minimum registered capital of KHR300.00 billion (approximately US\$75.00 million).

Subsequently, on 16 June 2016, the NBC issued Circular B7-016-001 on Implementation of Prakas on Minimum Registered Capital of Banking and Financial Institutions that requires banks and financial institutions to inject half of the additional required capital to comply with the requirement of the Prakas by 31 March 2017, and full compliance by 22 March 2018.

On 6 December 2016, the Bank submitted its capital injection plan to the NBC.

17. INTEREST INCOME

The Group and the Bank's interest income arise from:

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Lending	7,467,536	30,146,443	4,563,195	18,480,940
Deposits	391,969	1,582,379	305,401	1,236,874
	7,859,505	31,728,822	4,868,596	19,717,814

18. INTEREST EXPENSE

The Group and the Bank's interest expense arise from:

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Term deposits	3,321,832	13,410,234	1,765,734	7,151,221
Current accounts	234,771	947,771	129,245	523,442
Savings accounts	51,140	206,452	51,850	209,993
	3,607,743	14,564,457	1,946,829	7,884,656

19. FEES AND COMMISSION INCOME

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

	GROUP				BANK			
	2016		2015		2016		2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Loan processing fees	496,351	2,003,769	379,019	1,535,026	496,351	2,003,769	379,019	1,535,026
Loan commitment fees	35,718	144,194	39,595	160,360	35,718	144,194	39,595	160,360
Others	229,879	928,021	257,870	1,044,374	229,915	928,166	260,191	1,053,774
	761,948	3,075,984	676,484	2,739,760	761,984	3,076,129	678,805	2,749,160

Others comprise mainly of remittance fees, trade finance and service charges on customer deposits.

20. OTHER OPERATING INCOME

Other operating income comprises mainly recovery of loans previously written-off, gain on disposal of fixed assets and miscellaneous income.

21. PERSONNEL EXPENSES

The Group and the Bank's personnel expenses comprise:

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Salaries and wages	1,676,788	6,769,194	1,412,079	5,718,921
Others	324,017	1,308,056	234,047	947,889
	2,000,805	8,077,250	1,646,126	6,666,810

22. ESTABLISHMENT-RELATED COSTS

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Rental	405,472	1,636,890	391,017	1,583,619
Repairs and maintenance	220,564	890,417	274,625	1,112,231
Utilities	119,350	481,816	108,531	439,551
Others	91,990	371,364	82,170	332,788
	837,376	3,380,487	856,343	3,468,189

23. DEPRECIATION AND AMORTIZATION

The breakdown of the Group and the Bank's depreciation and amortization is as follows:

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Depreciation (Note 9)	509,535	2,056,993	473,599	1,918,076
Amortization (Note 10)	43,198	174,390	39,755	161,008
	552,733	2,231,383	513,354	2,079,084

24. PROMOTION AND MARKETING

The Group and the Bank's promotion and marketing comprise:

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Marketing	121,691	491,267	141,062	571,301
Advertising	1,554	6,273	16,392	66,388
Others	8,286	33,451	8,685	35,174
	131,531	530,991	166,139	672,863

25. GENERAL AND ADMINISTRATIVE EXPENSES

The Group and the Bank's general and administrative expenses comprise:

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
License fees	174,870	705,950	168,529	682,542
Duties and taxes	133,700	539,748	132,228	535,523
Insurance	38,743	156,405	37,230	150,782
Communication	34,361	138,715	38,069	154,179
Travelling and accommodation	33,173	133,919	41,959	169,934
Legal and professional fees	32,432	130,928	122,697	496,923
Stationeries and printing	28,422	114,740	36,695	148,615
Directors' fees and meeting allowances	28,000	113,036	24,000	97,200
Others	143,186	578,042	120,533	488,159
	646,887	2,611,483	721,940	2,923,857

Others comprise mainly membership fees, charitable donations, publication and subscription, and penalties.

26. NET CASH FROM OPERATING ACTIVITIES

	GROUP				BANK			
	2016		2015		2016		2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Profit (loss) before income tax	476,563	1,923,886	(300,143)	(1,215,577)	476,599	1,924,031	(300,104)	(1,215,419)
<i>Adjustments for:</i>								
Depreciation and amortization								
(Gain) loss on disposals of property and equipment	552,733	2,231,383	513,354	2,079,084	552,733	2,231,383	513,354	2,079,084
Income tax paid	(299)	(1,207)	15,568	63,440	(299)	(1,207)	15,568	63,440
	(84,461)	(340,969)	(53,329)	(215,982)	(84,461)	(340,969)	(53,329)	(215,982)
Cash from operating activities before changes in operating assets and liabilities	944,536	3,813,093	175,450	710,965	944,572	3,813,238	175,489	711,123
<i>Decrease (increase) in operating assets:</i>								
Balances with the NBC	(5,020,000)	(20,265,740)	(2,465,000)	(10,044,875)	(5,020,000)	(20,265,740)	(2,465,000)	(10,044,875)
Balances and placements with other banks and financial institutions	(2,078,813)	(8,392,168)	3,000,000	12,225,000	(2,078,813)	(8,392,168)	3,000,000	12,225,000
Loans and advances	(23,841,158)	(96,246,755)	(30,663,929)	(124,955,511)	(23,841,158)	(96,246,755)	(30,663,929)	(124,955,511)
Other assets	(97,004)	(391,605)	79,743	324,953	(97,004)	(391,605)	79,743	324,953
<i>Increase in operating liabilities:</i>								
Deposits from other banks	12,978,032	52,392,315	1,774,045	7,229,233	12,978,032	52,392,315	1,774,045	7,229,233
Deposits from customers	30,565,669	123,393,605	14,968,770	60,997,737	30,565,633	123,393,460	14,968,731	60,997,579
Other liabilities	221,583	894,531	1,118,794	4,559,086	221,583	894,531	1,118,794	4,559,086
Net cash generated from (used in) operating activities	13,672,845	55,197,276	(12,012,127)	(48,953,412)	13,672,845	55,197,276	(12,012,127)	(48,953,412)

27. COMMITMENTS AND CONTINGENCIES

(a) Lease commitments

Details of the Group and the Bank's future minimum lease payments under a non-cancellable operating lease arrangement are as follows:

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Not later than one year	373,620	1,508,304	349,740	1,416,447
From one year but not later than five years	1,222,510	4,935,273	1,240,230	5,022,932
Over five years	1,501,440	6,061,313	1,643,580	6,656,499
	3,097,570	12,504,890	3,233,550	13,095,878

(b) Lending commitments

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Unused portion of overdraft	4,543,906	18,516,417	4,193,194	17,087,266
Undrawn credit facilities	2,421,714	9,868,485	2,196,000	8,948,700
Bank guarantees	1,194,000	4,865,550	2,690,200	10,962,565
	8,159,620	33,250,452	9,079,394	36,998,531

28. RELATED PARTY TRANSACTIONS AND BALANCES

Significant transactions with related parties during the year, which were made at normal terms and conditions, and the resulting outstanding balances as at year end were as follows:

Related party	Nature of transaction	Net transaction amount		2016		2015	
		Net transaction amount		Net outstanding balance		Net outstanding balance	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
BOD, shareholder and key management personnel	Deposits from customers	150,426	607,270	150,426	607,270	88,362	360,075
	Interest expense	4,752	19,244	4,752	19,244	4,419	17,898
Key management personnel	Remuneration and benefits	147,390	596,930	-	-	-	-
Subsidiary	Deposits	4,972,651	20,074,592	4,972,651	20,074,592	4,972,686	20,263,695
Related parties	Deposits	11,159,471	45,050,784	11,159,471	45,050,784	-	-
Affiliates	Loans	916,667	3,700,585	916,667	3,700,585	1,100,000	4,455,000
	Bank balances	1,873,385	7,562,855	1,873,385	7,562,855	299,006	1,218,449
	Borrowings	(3,000,000)	(12,111,000)	-	-	3,000,000	12,150,000
	Interest expense	6,584	26,665	-	-	-	-
	Interest income and fee income	90,229	365,427	-	-	-	-

29. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk and price risk), and liquidity risk. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business.

The Group does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to manage its risk exposure.

A primary objective of the Group in risk management is to comply with NBC's regulations. On the other hand, the Bank has recognized the importance of achieving international best practices on risk management. The BOD has established a Credit Committee to formulate broad parameters of acceptable risk for the Bank and monitor the activities against these parameters.

The Group and the Bank hold the following financial assets and liabilities:

	GROUP				BANK			
	2016		2015		2016		2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Financial assets								
Cash on hand	4,817,987	19,450,214	4,151,034	16,811,688	4,817,987	19,450,214	4,151,034	16,811,688
Balances with the NBC	10,173,793	41,071,603	7,693,900	31,160,295	10,173,793	41,071,603	7,693,900	31,160,295
Balances and placements with other banks and financial institutions	16,049,436	64,791,573	7,694,284	31,161,850	16,049,436	64,791,573	7,694,284	31,161,850
Investment securities	1,032,836	4,169,559	25,000	101,250	1,032,836	4,169,559	25,000	101,250
Loans and advances	92,320,689	372,698,621	68,479,531	277,342,101	92,320,689	372,698,621	68,479,531	277,342,101
Other assets	454,127	1,833,311	427,241	1,730,326	454,127	1,833,311	427,241	1,730,326
TOTAL FINANCIAL ASSETS	124,848,868	504,014,881	88,470,990	358,307,510	124,848,868	504,014,881	88,470,990	358,307,510
Financial liabilities								
Deposits from other banks	28,100,321	113,440,996	15,122,289	61,245,270	28,100,321	113,440,996	15,122,289	61,245,270
Deposits from customers	72,431,282	292,405,087	41,865,613	169,555,734	77,403,933	312,479,678	46,838,300	189,695,115
Borrowings	-	-	3,000,000	12,150,000	-	-	3,000,000	12,150,000
Other liabilities	1,815,881	7,330,711	1,664,903	6,742,857	1,815,881	7,330,711	1,664,903	6,742,857
TOTAL FINANCIAL LIABILITIES	102,347,484	413,176,794	61,652,805	249,693,861	107,320,135	433,251,385	66,625,492	269,833,242

29.1 Capital management

The primary objectives of the Bank's capital management are to ensure that it complies with externally imposed capital requirements and it maintains strong financial position and healthy capital ratios to support its business and to maximize shareholder's value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities.

In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from previous years.

As at 31 December 2016, the Bank is compliant with the solvency ratio prescribed by the NBC at 15%, as shown in the table below:

	GROUP				BANK			
	2016		2015		2016		2015	
	KHR'000 equivalent US\$ (Note 2.1)		KHR'000 equivalent US\$ (Note 2.1)		KHR'000 equivalent US\$ (Note 2.1)		KHR'000 equivalent US\$ (Note 2.1)	
Tier I capital	38,411,348	155,066,613	37,713,303	152,738,879	38,438,697	155,177,020	37,740,616	152,849,497
Tier II capital	923,003	3,726,163	688,993	2,790,422	923,003	3,726,163	688,993	2,790,422
Net worth	39,334,351	158,792,776	38,402,296	155,529,301	39,361,700	158,903,183	38,429,609	155,639,919
Total risk-weighted assets	110,471,688	445,974,206	78,626,159	318,435,944	115,471,688	466,159,206	83,626,159	338,685,944
Solvency ratio	35.61%	35.61%	48.84%	48.84%	34.09%	34.09%	45.95%	45.95%

Net worth and risk-weighted assets are computed based on NBC regulations. Management believes the Bank has complied with all externally imposed capital requirements.

29.2 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation. Credit risk is the most important risk for the Group's business. Credit exposure arises principally in lending activities that lead to loans and advances. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The credit risk management is carried out by the Group's local credit committee.

(a) Credit risk measurement

The Group assesses the probability of default of individual counterparties using internal rating tool. Local credit committee is responsible for determining the risk rating policies. Risk ratings are reviewed and updated at least annually, and in events of (i) change of loan terms and conditions including extension; (ii) repayment irregularities or delinquencies and (iii) adverse information relating to the borrower or transaction.

(b) Risk limit control and mitigation policies

The Bank operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia. The Bank manages, limits and controls the concentration of credit risk whenever it is identified. Large exposure is defined by the NBC as overall credit exposure to any individual beneficiary which exceeds 10% of the Bank's net worth.

The Bank is required, under the conditions of NBC Prakas No. B7-06-226, to maintain at all times a maximum ratio of 20% between the Bank's overall credit exposure to any single beneficiary and the Bank's net worth. The aggregate of large credit exposure must not exceed 300% of the Bank's net worth.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collateral for loans and advances to customers, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types to secure for loans and advances to customers are:

- Mortgages over residential properties (land, building and other properties);
- Charges over business assets such as land and buildings; and
- Cash in the form of margin deposits.

(c) Impairment and provisioning policy

The Group is required to follow the mandatory credit classification and provisioning in accordance with the relevant Prakas as disclosed in Note 2.3.5.

(d) Maximum exposure to credit risk before collateral held or other credit enhancements

Details of maximum exposure to credit risk before collateral held or other credit enhancements of the Group and the Bank follow:

	FY2016		FY2015	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Balances with the NBC	10,173,793	41,071,603	7,693,900	31,160,295
Balances and placements with other banks and financial institutions	16,049,436	64,791,573	7,694,284	31,161,850
Loans and advances	92,320,689	372,698,621	68,479,531	277,342,101
Investment securities	1,032,836	4,169,559	25,000	101,250
Other assets	454,127	1,833,311	427,241	1,730,326
	120,030,881	484,564,667	84,319,956	341,495,822

The credit exposure amounts arising from off balance sheet items are disclosed in Note 27 on Commitments and Contingencies.

(e) Concentration of risks of financial assets with credit risk exposure

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group monitors concentration of credit risk of counterparty by industry. An analysis of concentration of the Group and the Bank's credit risk as at the balance sheet date is shown below:

	2016					
	Balances with the NBC US\$	Balances and placements with other banks and financial institutions US\$	Loans and advances US\$	Investment securities US\$	Others US\$	Total US\$
Financial intermediaries	10,173,794	16,049,436	9,067,572	1,032,836	133,678	36,457,316
Manufacturing	-	-	2,766,793	-	-	2,766,793
Retail trade	-	-	357,356	-	-	357,356
Others - community, social and personal activities	-	-	80,128,968	-	320,449	80,449,417
	10,173,794	16,049,436	92,320,689	1,032,836	454,127	120,030,882
Equivalent in KHR'000 (Note 2.1)	41,071,606	64,791,573	372,698,621	4,169,559	1,833,311	484,564,670

2015						
	Balances with the NBC US\$	Balances and placements with other banks and financial institutions US\$	Loans and advances US\$	Investment securities US\$	Others US\$	Total US\$
Financial intermediaries	7,693,900	7,694,284	1,596,456	25,000	86,873	17,696,513
Manufacturing	-	-	5,665,565	-	-	5,665,565
Retail trade	-	-	14,281,396	-	-	14,281,396
Others - community, social and personal activities	-	-	46,936,114	-	340,368	47,276,482
	7,693,900	7,694,284	68,479,531	25,000	427,241	84,919,956
Equivalent in KHR'000 <i>(Note 2.1)</i>	31,160,295	31,161,850	277,342,101	101,250	1,730,326	341,495,822

(f) Loans and advances

Credit quality of the loans and advances of the Group and the Bank are summarized as follows:

	FY2016		FY2015	
	US\$	KHR'000 equivalent <i>(Note 2.1)</i>	US\$	KHR'000 equivalent <i>(Note 2.1)</i>
Loans and advances neither past due nor impaired (i)	92,300,286	372,616,255	67,912,028	275,043,715
Loans and advances past due but not impaired (ii)	774,344	3,126,027	1,258,391	5,096,485
Loans and advances individually impaired (iii)	1,342,359	5,419,102	1,103,467	4,469,039
Loans and advance - gross	94,416,989	381,161,384	70,273,886	284,609,239
Less: Allowance for losses on loans and advances	2,096,300	8,462,763	1,794,355	7,267,138
Loans and advances - net	92,320,689	372,698,621	68,479,531	277,342,101

(i) Loans and advances neither past due nor impaired

These are loans and advances that incurred no arrears for the last six months.

(ii) Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary.

(iii) Loans and advances individually impaired

Loans and advances more than 90 days past due are considered impaired and a minimum level of specific provision for impairment is made depending on the classification concerned, unless other information is available to indicate the contrary.

(g) Repossessed collateral

During the year, the Bank has not repossessed any collateral held as security.

29.3 Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The Group does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to hedge its risk exposure.

(i) Foreign exchange risk

The Group operates in the Kingdom of Cambodia and is exposed to various currency risks primarily with respect to Khmer Riel and US\$.

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Group's functional currency.

As at 31 December 2016, 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) Price risk

The Group is not exposed to price risk of securities because it does not hold any investments classified on the balance sheet as marketable securities.

(iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of changes and may reduce losses in the event that unexpected movements arise. The management of the Group at this stage does not have a policy to set limits on the level of mismatch of interest rate repricing that may be undertaken; however, management regularly monitors the mismatch.

The Group has no significant financial assets and liabilities with floating interest rates. Balances with the NBC, balances and placements with other banks and financial institutions, and loans and advances earn fixed interest for the period of the deposit. Deposits from other banks and customers have fixed interest rates.

29.4 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence of this may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

The Group's management monitors balance sheet liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and projection for the next day, week and month respectively, as these are key periods for liquidity management. Management monitors the movements of the main depositors and projection of their withdrawals.

The table in Note 30 is an analysis of the assets and liabilities of the Group by relevant maturity based on the remaining period at the balance sheet date to the contractual or estimated maturity dates.

29.5 Fair value of financial assets and liabilities

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arms-length basis. As verifiable market prices are not available, market prices are not available for a significant proportion of the Group's financial assets and liabilities. Fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the management, the carrying amounts of the financial assets and liabilities included in the balance sheet are a reasonable estimation of their fair values. In making this assessment, the management assumes that loans and advances are mainly held to maturity with fair values equal to the book value of loans adjusted for allowance for loan losses, if any.

30. LIQUIDITY RISK

Maturity profile of the Group and the Bank's financial assets and liabilities based on the remaining periods to repayment date including analysis of undiscounted future interest is as follows.

GROUP								
2016								
	Up to 1 month US\$	>1-3 months US\$	>3-6 months US\$	>6-12 months US\$	>1 to 5 years US\$	Over 5 years US\$	No fixed maturity date US\$	Total US\$
Financial assets								
Cash on hand	4,817,987	-	-	-	-	-	-	4,817,987
Balances with the NBC	10,173,794	-	-	-	-	-	-	10,173,794
Balances and placements with other banks and financial institutions	5,220,623	10,828,813	-	-	-	-	-	16,049,436
Investment securities	1,007,836	-	-	-	-	-	25,000	1,032,836
Loans and advances	15,729,672	3,056,925	3,289,326	9,819,615	51,990,612	36,282,739	1,822,597	121,991,486
Other assets	133,678	-	-	-	-	-	316,227	449,905
Total financial assets	37,083,590	13,885,738	3,289,326	9,819,615	51,990,612	36,282,739	2,163,824	154,515,444
Financial liabilities								
Deposits from other banks	6,476,239	9,094,684	-	3,421,049	-	-	-	18,991,972
Deposits from customers	13,155,026	5,333,659	8,197,633	25,504,895	9,577,746	-	8,915,007	70,683,966
Other liabilities	400,859	465,184	377,922	511,655	58,220	-	-	1,813,840
Total financial liabilities	20,032,124	14,893,527	8,575,555	29,437,599	9,635,966	-	8,915,007	91,489,778
Net liquidity surplus (gap)	17,051,466	(1,007,789)	(5,286,229)	(19,617,984)	42,354,646	36,282,739	(6,751,183)	63,025,666
Equivalent in KHR'000 (Note 2.1)	68,836,768	(4,068,444)	(21,340,506)	(79,197,801)	170,985,706	146,473,417	(27,254,526)	254,434,614

BANK

2016

	Up to 1 month US\$	>1-3 months US\$	>3-6 months US\$	>6-12 months US\$	>1 to 5 years US\$	Over 5 years US\$	No fixed maturity date US\$	Total US\$
Financial assets								
Cash on hand	4,817,987	-	-	-	-	-	-	4,817,987
Balances with the NBC	10,173,793	-	-	-	-	-	-	10,173,793
Balances and placements with other banks and financial institutions	5,220,623	10,828,813	-	-	-	-	-	16,049,436
Investment securities	1,007,836	-	-	-	-	-	25,000	1,032,836
Loans and advances	15,729,672	3,056,925	3,289,326	9,819,615	51,990,612	36,282,739	1,822,597	121,991,486
Other assets	133,678	-	-	-	-	-	316,227	449,905
Total financial assets	37,083,589	13,885,738	3,289,326	9,819,615	51,990,612	36,282,739	2,163,824	154,515,443
Financial liabilities								
Deposits from other banks	6,476,239	9,094,684	-	3,421,049	-	-	-	18,991,972
Deposits from customers	18,127,712	5,333,659	8,197,633	25,504,895	9,577,746	-	8,915,007	75,656,652
Other liabilities	400,859	465,184	377,922	511,655	58,220	-	-	1,813,840
Total financial liabilities	25,004,810	14,893,527	8,575,555	29,437,599	9,635,966	-	8,915,007	96,462,464
Net liquidity surplus (gap)	12,078,779	(1,007,789)	(5,286,229)	(19,617,984)	42,354,646	36,282,739	(6,751,183)	58,052,979
Equivalent in KHR'000 <i>(Note 2.1)</i>	48,762,031	(4,068,444)	(21,340,506)	(79,197,801)	170,985,706	146,473,417	(27,254,526)	234,359,877

GROUP

2015

	Up to 1 month US\$	>1-3 months US\$	>3-6 months US\$	>6-12 months US\$	>1 to 5 years US\$	Over 5 years US\$	No fixed maturity date US\$	Total US\$
Financial assets								
Cash on hand	4,151,034	-	-	-	-	-	-	4,151,034
Balances with the NBC	7,693,900	-	-	-	-	-	-	7,693,900
Balances and placements with other banks and financial institutions	5,194,284	2,500,000	-	-	-	-	-	7,694,284
Investment securities	-	-	-	-	-	-	25,000	25,000
Loans and advances	11,365,284	1,892,573	3,318,464	7,015,717	41,037,422	26,916,021	1,521,693	93,067,174
Other assets	86,873	-	-	-	-	-	4,880	91,753
Total financial assets	28,491,375	4,392,573	3,318,464	7,015,717	41,037,422	26,916,021	1,551,573	112,723,145
Financial liabilities								
Deposits from other banks	4,488,444	4,655,676	2,011,556	4,061,417	-	-	-	15,217,093
Deposits from customers	13,558,923	2,133,025	5,243,453	12,671,030	8,791,057	-	-	42,397,488
Borrowings	3,008,750	-	-	-	-	-	-	3,008,750
Other liabilities	1,372,844	217,920	-	-	74,139	-	-	1,664,903
Total financial liabilities	22,428,961	7,006,621	7,255,009	16,732,447	8,865,196	-	-	62,288,234
Net liquidity surplus (gap)	6,062,414	(2,614,048)	(3,936,545)	(9,716,730)	32,172,226	26,916,021	1,551,573	50,434,911
<i>Equivalent in KHR'000 (Note 2.1)</i>	24,552,777	(10,586,894)	(15,943,007)	(39,352,757)	130,297,515	109,009,885	6,283,871	204,261,390

BANK

2015

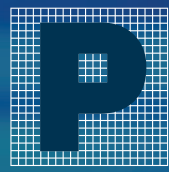
	Up to 1 month US\$	>1-3 months US\$	>3-6 months US\$	>6-12 months US\$	>1 to 5 years US\$	Over 5 years US\$	No fixed maturity date US\$	Total US\$
Financial assets								
Cash on hand	4,151,034	-	-	-	-	-	-	4,151,034
Balances with the NBC	7,693,900	-	-	-	-	-	-	7,693,900
Balances and placements with other banks and financial institutions	5,194,284	2,500,000	-	-	-	-	-	7,694,284
Investment securities	-	-	-	-	-	-	25,000	25,000
Loans and advances	11,365,284	1,892,573	3,318,464	7,015,717	41,037,422	26,916,021	1,521,693	93,067,174
Other assets	86,873	-	-	-	-	-	4,880	91,753
Total financial assets	28,491,375	4,392,573	3,318,464	7,015,717	41,037,422	26,916,021	1,551,573	112,723,145
Financial liabilities								
Deposits from other banks	4,488,444	4,655,676	2,011,556	4,061,417	-	-	-	15,217,093
Deposits from customers	18,531,609	2,133,025	5,243,453	12,671,030	8,791,057	-	-	47,370,174
Borrowings	3,008,750	-	-	-	-	-	-	3,008,750
Other liabilities	1,372,844	217,920	-	-	74,139	-	-	1,664,903
Total financial liabilities	27,401,647	7,006,621	7,255,009	16,732,447	8,865,196	-	-	67,260,920
Net liquidity surplus (gap)	1,089,728	(2,614,048)	(3,936,545)	(9,716,730)	32,172,226	26,916,021	1,551,573	45,462,225
<i>Equivalent in KHR'000 (Note 2.1)</i>	4,413,398	(10,586,894)	(15,943,007)	(39,352,757)	130,297,515	109,009,885	6,283,871	184,122,011

31. SUBSEQUENT EVENTS

Other than as disclosed elsewhere in these financial statements, at the date of this report, there were no events which occurred subsequent to 31 December 2016 that had significant impact on the financial position of the Group as at 31 December 2016.

32. TAX CONTINGENCY

The taxation system in Cambodia is relatively new and is characterized by numerous taxes and frequently changing legislation, which is often unclear, contradictory and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects since the incorporation of the Bank and its subsidiary could be significant.



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