SACOMBANK (CAMBODIA) Plc.

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SACOMBANK (CAMBODIA) Plc.

ANNUAL REPORT 2011

Sacombank
Cambodia ខេមបូឌា

Annual Report 2011

SACOMBANK (CAMBODIA) Plc
ANNUAL REPORT 2011

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Major Financial Indicators *(Sacombank Vietnam)*

(In VND billion)	2008	2009	2010	2011
Year-end				
Total Assets	67,469	98,474	141,799	**140,137**
Equity Capital	7,638	10,289	13,633	**14,224**
Chartered Capital	5,116	6,700	9,179	**10,740**
Total Deposits	58,635	86,335	126,204	**111,513**
Total Loans	33,708	55,497	77,486	**79,429**
Entire Year				
Total Income	8,377	8,489	12,774	**18,729**
Total Expenses	7,286	6,588	10,348	**15,989**
Profit before tax	1,091	1,901	2,426	**2,740**
Profit after tax	973	1,484	1,799	**2,033**
Earings per share (VND) (Based on the Consolidated Financial Statement)	1,896	2,771	2,373	**2,241**

Financial Ratios				
Capital Adequacy Ratio (CAR) (at least 9%)	12.16%	11.41%	9.97%	**11.66%**
Loans/Assets	50%	56%	54%	**57%**
Loans/Deposits	57%	64%	61%	**71%**
Non-performance Loan (NPL)	0.62%	0.69%	0.52%	**0.56%**
Overdue Debts/Outstanding Loans	0.996%	0.88%	0.56%	**0.85%**
Non-interest income/Total operating income	57%	41%	30%	**16%**
Operating expenses/Total expenses	15%	22%	19%	**21%**
Earnings assets/Total assets	82%	85%	85.64%	**84.36%**
Return on Equity (ROE)	13.14%	16.56%	15.04%	**14.60%**
Return on Assets (ROA)	1.49%	1.79%	1.50%	**1.44%**


Sacombank

General Information

Vietnamese name	:	Ngân hàng Thương mại Cổ phần Sài Gòn Thương Tín
English name	:	Saigon Thuong Tin Commercial Joint Stock Bank
Abbreviated name	:	Sacombank
Date of incorporation	:	21 December 1991
Charter capital	:	VND10,739,676,640,000 (as at 31 December 2011)
Head office	:	266-268 Nam Ky Khoi Nghia Street, District 3, HCMC
Telephone	:	+848 39 320 420
Fax	:	+848 39 320 424
Email	:	info@sacombank.com
Website	:	www.sacombank.com.vn
SWIFT code	:	SGTTVNVX
Tax code	:	0301103908

A PIONEER AMONG VIETNAMESE BANKS

- The first bank listed on the stock exchange of Vietnam.
- The first Vietnamese bank to expand internationally, establishing a branch in Laos and a subsidiary bank in Cambodia.
- The only Vietnamese bank to initiate banking models exclusively for women (8th of March Branch) and for the Chinese-speaking community (Chinese-Vietnamese Branch).
- The first Vietnamese bank to receive sponsored capital contributions and technical assistance from international financial institutions including IFC, ADB, Proparco and FMO,…
- The first Vietnamese commercial joint stock bank to build and launch an international-standard Data Center (in 2008).
- The first Vietnamese commercial joint stock bank to conduct a comprehensive restructuring (in 2002) and apply international accounting standards in financial reporting and analysis (in 2004).
- In 2011, Sacombank was recognised by the world community through numerous prestigious awards:

Best Retail Bank of Vietnam

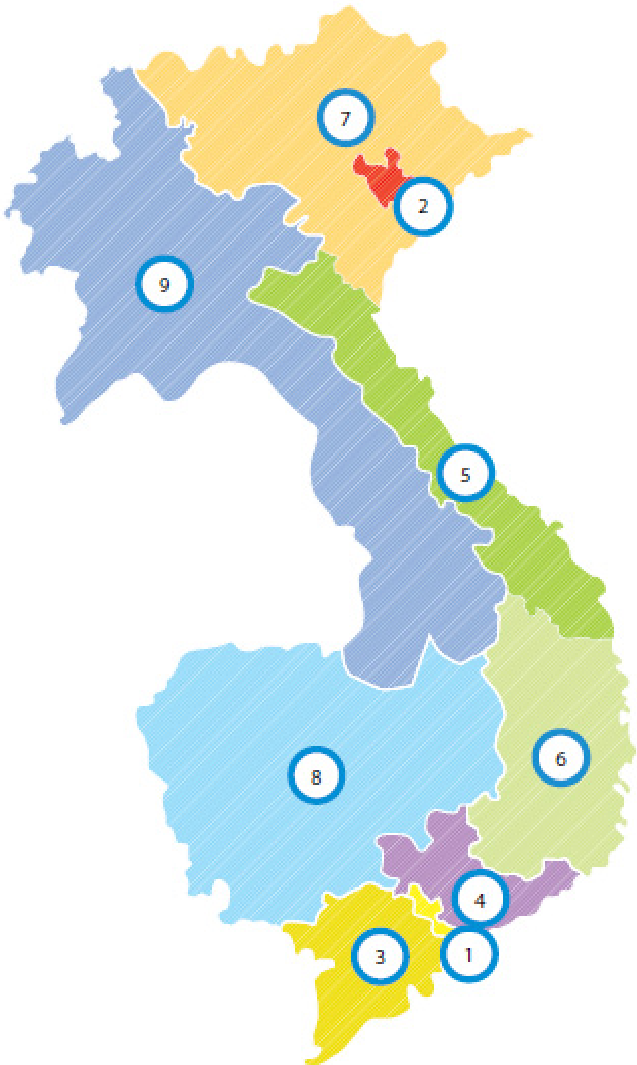
Best Foreign Exchange Provider in Vietnam in 2009, 2010, 2011

Best Cash Managing Bank

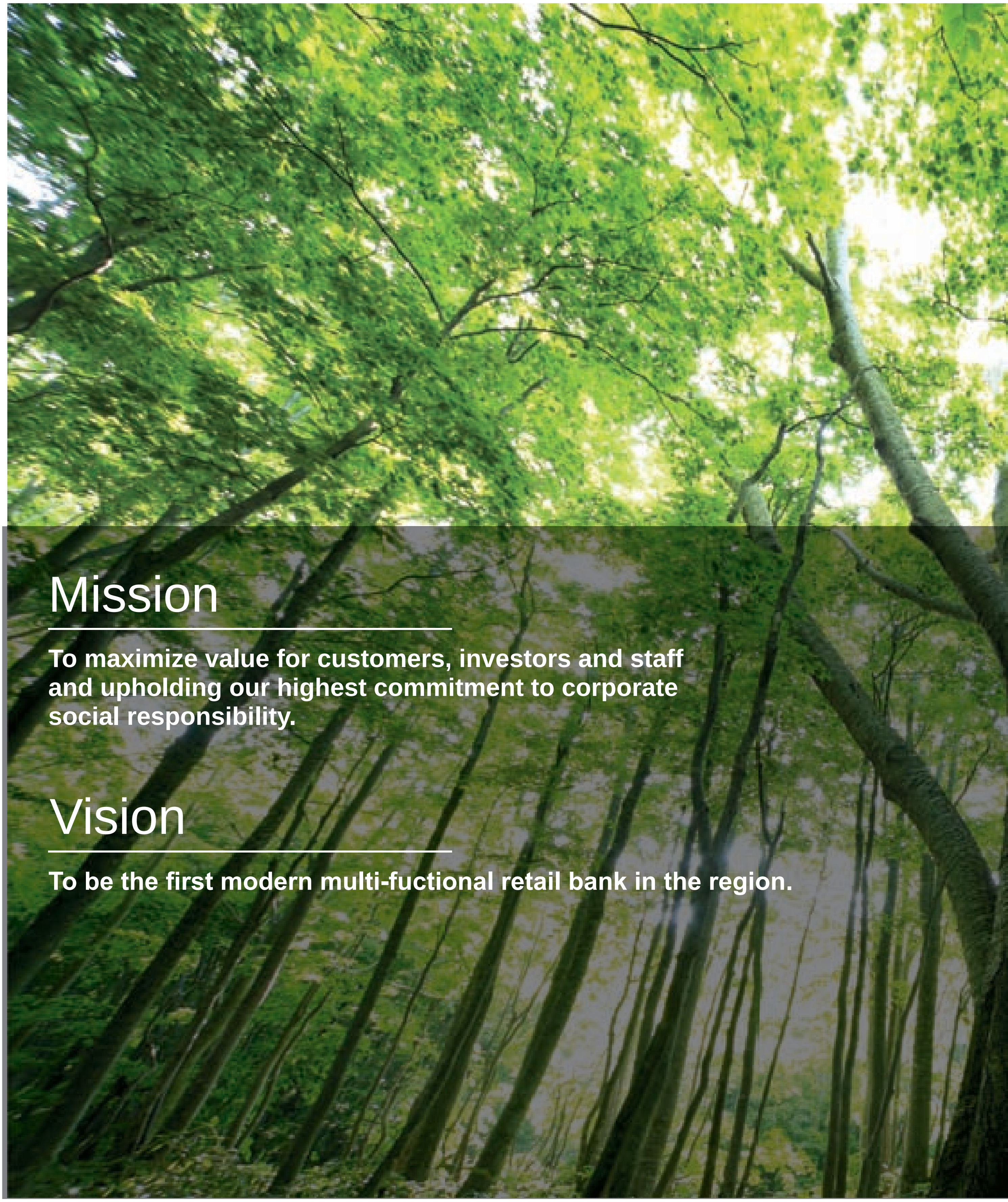
Best Corporate Governance and Investor Relations Bank in 2011

Best International Payment Bank

Bank of The Year 2011



	REGION	BRANCH	TRANSACTION OFFICE	ATM	POS
	Domestic	**71**	**331**	**763**	**1,803**
1	HCMC	17	97	240	950
2	Hanoi	8	33	72	291
3	South Western	14	71	164	129
4	South Eastern	6	36	66	56
5	Northern Central Coastal	7	34	72	216
6	Southern Central Coastal & Central Highlands	9	33	76	114
7	Northern	10	27	73	47
	Foreign	**5**	**1**	**7**	**-**
8	Cambodia	4	-	5	-
9	Laos	1	1	2	-
	TOTAL	**76**	**332**	**770**	**1,803**
		408			

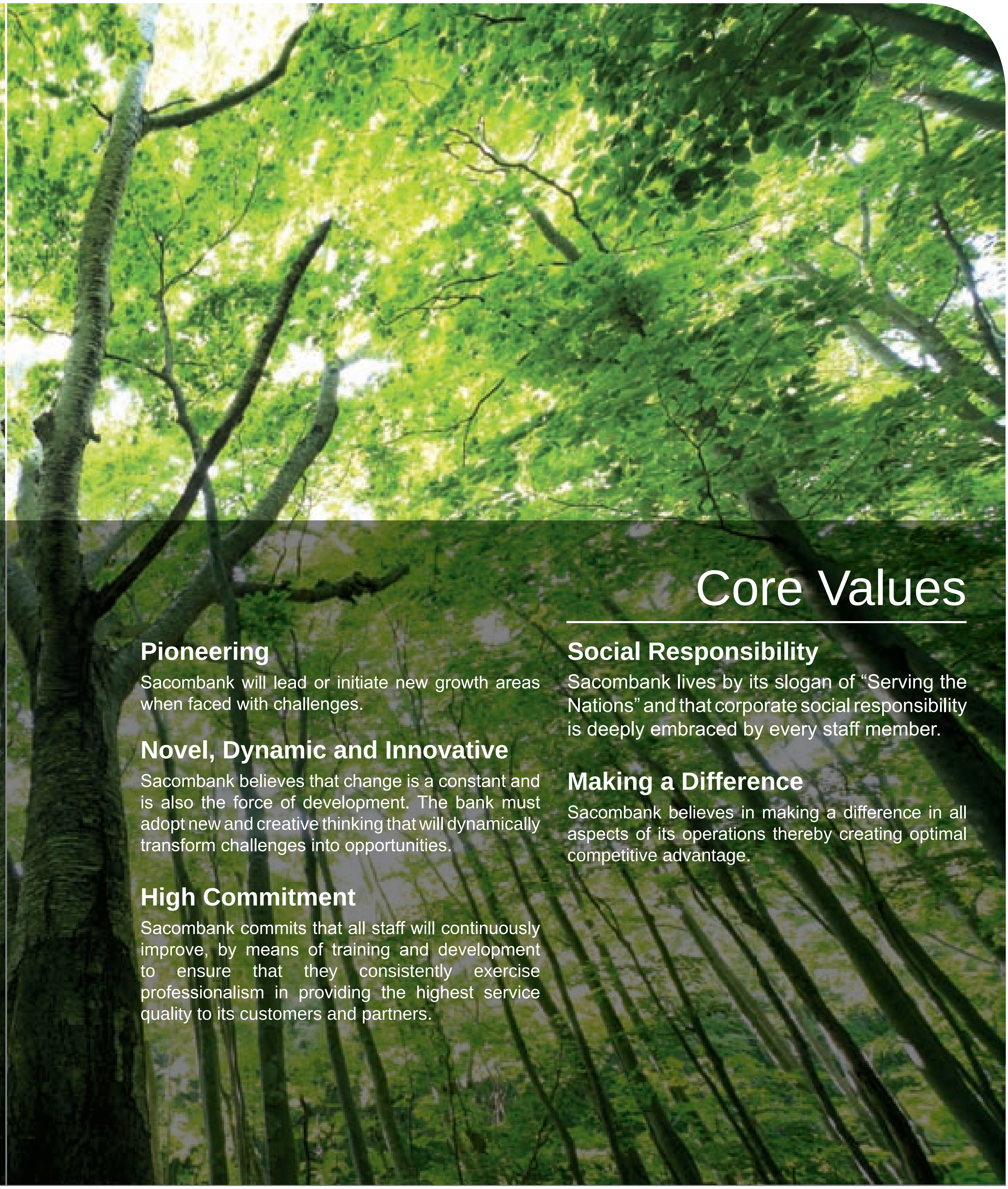


Mission

To maximize value for customers, investors and staff and upholding our highest commitment to corporate social responsibility.

Vision

To be the first modern multi-fuctional retail bank in the region.



Core Values

Pioneering

Sacombank will lead or initiate new growth areas when faced with challenges.

Novel, Dynamic and Innovative

Sacombank believes that change is a constant and is also the force of development. The bank must adopt new and creative thinking that will dynamically transform challenges into opportunities.

High Commitment

Sacombank commits that all staff will continuously improve, by means of training and development to ensure that they consistently exercise professionalism in providing the highest service quality to its customers and partners.

Social Responsibility

Sacombank lives by its slogan of "Serving the Nations" and that corporate social responsibility is deeply embraced by every staff member.

Making a Difference

Sacombank believes in making a difference in all aspects of its operations thereby creating optimal competitive advantage.

TO SHAREHOLDERS, INVESTORS AND STRATEGIC PARTNERS

Dear shareholders, investors and strategic partners,

For Sacombank, 2011 was an important transitional year. Following a restructuring process that began ten years ago, 2011 saw the Bank's successful completion of the development of a sound banking architecture in accordance with international standards. At the same time, Sacombank put in place the framework needed to achieve its goal of becoming a leading retail bank in the Indochina region within the next 10 years. This historic mission takes place in the context of the slow recovery of the world economy, signs of double economic depression in Europe, high inflation in Vietnam, and the continued stagnation of our country's young stock exchange.

Despite such great challenges, Sacombank in 2011 drew upon its skilled managerial staff at all levels, and its deep understanding and strict implementation of the Government's Resolution 11 on monetary tightening to control inflation, to fulfill the achievement of the Bank's 2001-2010 business objectives, and receipt of a Third-Class Labor Order from the State President on the occasion of the Bank's 20th anniversary. This is a firm foundation and good preparation for the grand voyage the Bank will embark upon in the next 10 years.

Nonetheless, the Board of Director is aware that a constant focus on adaptability and competitiveness is needed, due to the changes brought by rapid globalisation, the inherent weaknesses of the country's economy in general, and the shortcomings of intensive concentration of resources for market expansion by each enterprise in particular. Sacombank is no exception to these facts. We must, therefore, recognise the Bank's weaknesses and shortcomings, and then "rethink, redesign and reconstruct" its architecture, including its institutional structure, people and technologies.

In implementing the business plan for 2012, and in the context of continued stagnation of the stock market, we will face numerous difficulties and challenges. However, we have numerous strengths to work with, including a strong network of Branches, Centers, Subsidiaries and a Subsidiary Bank across the Indochina region; nearly ten thousand skilled and dedicated employees; a sound operating platform connecting advanced business and management processes based on the current modern T24/R11 core banking system; and lastly, a thirst for learning and a strong will to adapt and grow. While aware of the Bank's inherent shortcomings, we are fully confident in our ability to turn challenges into opportunities and to comprehensively fulfill the objectives and tasks set out for this year and the whole 2011-2015 period.

The extreme difficulties and risks in the current market have spurred the Board of Director to carefully reconsider the balance between STRENGTHENING and DEVELOPMENT of the business – and the focus at the current time is STRENGTHENING. Likewise, we must balance SAFETY with EFFICIENCY, where SAFETY is a focus. With this in mind, we have determined that the 2011-2020 period will see us concentrate on in-depth investments rather than extensive developments, and we will strive to add, increase, properly allocate and efficiently use resources; promote to the highest extent core capabilities; strictly and effectively implement the Bank's restructuring plan within the framework of the Government's and the State Bank Governor's policy on commercial bank restructuring, focused on asset restructuring. The ultimate goal is a financial structure with an optimal financial model in accordance with international standards and best practices, and ensuring operational safety, efficiency, and sustainable development.

The Board of Director looks forward to continued sympathy, sharing, support, cooperation and encouragement from our shareholders, investors and strategic partners. We consider this as a firm mainstay and a motivating force for us to confidently fulfill the business objectives and tasks for 2012, contributing to the development of a sound commercial banking system in Vietnam and completing the critical mission of a commercial bank in the development of the country of Vietnam towards wealth and prosperity.

Yours faithfully,

On behalf of the Board of Directors

Dang Van Thanh

Chairman

Introduction of Sacombank (Cambodia) Plc.

On 23 June 2009, Sacombank became the first Vietnamese bank that opened branch in Cambodia. After two years operating in Cambodia, Sacombank has transformed its Phnom Penh Branch into 100% foreign-owned bank under legal name “Sacombank (Cambodia) Plc” on 01 October 2011. This is a long-term commitment to the community in Cambodia. Until 23 September 2012, Sacombank (Cambodia) Plc. has opened 4 branches in the business suburbs including the Olympic, Vietnamese Supermarket, Chbar Ampeou in Phnom Penh and Kampong Cham in Kampong Cham Province.

Sacombank (Cambodia) Plc is a subsidiary of Sacombank Group which is one of the leading commercial banks in Vietnam and presently operates in Vietnam, Laos and Cambodia with total branch offices of more than four hundreds.

Sacombank’s presence in Cambodia, in pioneering the entry into the Cambodian banking sector, Sacombank has contributed to an increase in cross-border trade between Cambodia and Vietnam. Many bank services are provided, such as, international remittance, consumer loan, business loan, guarantee, deposits etc. to all Cambodian enterprises and individuals as well as Vietnamese community in Cambodia and Vietnamese companies investing in Cambodia.

Sacombank (Cambodia) Plc. - Headquarters

Sacombank (Cambodia) Plc. Milestones

On 23 June 2009

The Saigon Thuong Tin Joint Stock Commercial Bank (Sacombank) officially opened a branch in Phnom Penh on 23 June 2009, becoming the 27th the foreign bank to operate in Cambodia and the first Vietnamese bank in Cambodia. This event marks another milestone in the bank's regional growth of the Indochina network.

Chairman of Sacombank - Mr. Dang Van Thanh affirmed that the bank and the Sacombank Group will provide convenient services and smart financial solutions for customers in Cambodia. He also pledged that his bank will work to contribute to promoting healthy, dynamic development in the financial-monetary market in Cambodia .Through its newest branch, Sacombank will offer 23 financial-banking services for individuals and businesses in the host country. It has also targeted Vietnamese businesses in Cambodia, overseas Vietnamese, and Vietnamese people working for local and international organizations there.
As per its development plan, Sacombank will open two transaction offices in Phnom Penh by 2010.

Apart from its more than 400 branches sub-branches scattered throughout Vietnam, Sacombank has opened branches, Laos and Cambodia to help implement Vietnam's cooperation agreements with those countries effectively. Earlier, on June 22nd, Chairman of Sacombank Mr. Dang Van Thanh was welcomed by Cambodian Prime Minister Hun Sen and National Assembly Chairman Heng Samrin, and talked about prospects for cooperation on banking and finance to serve the development of their national economies.

Ceremony of Grand Opening Sacombank – Phnom Penh Branch on 23 June, 2009

Sacombank (Cambodia) Plc. Milestones

(Continued)

On 08 December 2010

Sacombank (Cambodia) Plc. had celebrated grand opening the first branch in Phnom Penh with the present of Deputy Director General, Representative of His Excellency CHEA CHANTO - Governor of the National Bank of Cambodia, His Excellency, Member of the Board of Directors of Sacombank, Management and many honorable guests.

The Olympic Branch is confronting the Olympic market where there are lots of traders. It is crowded and busy with small shops and restaurants. Money transfer to various destinations is on demand. Therefore, this is a strategic location to offer financial services, such as lending to small businesses and money transfer with express remittance service (within an hour) to/from Vietnam, Cambodia and Laos.

During his speech, the representative of His Excellency CHEA CHANTO Governor of the National Bank of Cambodia stated thanks to Sacombank for its great effort of expanding branch network. Especially, opening Olympic Branch to contribute and strengthen the banking sector in Cambodia. Sacombank has brought in professional experiences, new banking technologies, and new products and services to meet customer's demand.

From the right Mr. KIM VADA –Deputy Director Genenal of NBC, Mr Nguyen Minh Tam – Vice Chairman of Sacombank (Cambodia) Plc in the red ribbon cutting ceremony for opening of Olympic Branch.

Sacombank (Cambodia) Plc. Milestones

(Continued)

On 30 August 2011

Sacombank continuously launched Vietnamese Supermarket Branch located at No 717-719 Monivong Boulevard, Boeng Keng Kang III, Khan Chamkamon, Phnom Penh

From the left Mr. NGUYEN MINH TAM - Vice Chairman of Sacombank (Cambodia) Plc., Mr. LAI XUAN CHIEN - Minister Counselor of Vietnamese Embassy in Cambodia and Mr. NGUYEN NHI THANH - CEO of Sacombank (Cambodia) Plc. in the opening ceremony.

On 05 September 2011

Sacombank continued launching successfully the third Chbar Ampeou Branch, located at No 577A-578B, National Road No 1, Sangkat Chbar Ampeou II, Khan Mean Chey, Phnom Penh

From the left Mr. NGUYEN MINH TAM - Vice Chairman of Sacombank (Cambodia) Plc, Mdm Y NAY - Deputy of Khan Meanchey, Lok Chumteav Chhreang Sophan- VIP customer in the opening ceremony.

Sacombank (Cambodia) Plc. Milestones

(Continued)

On 05 October 2011

Sai Gon Thuong Tin Commercial Join Stock Bank (Sacombank) announces the opening of the 100% foreign-owned Sacombank (Cambodia) Plc. in Cambodia. The new bank has received approval from the National Bank of Cambodia and supported by the State Bank of Vietnam and thus comes under the legal jurisdiction of the Kingdom of Cambodia in terms of capital requirements, accounting system and statutory reporting. This is an important milestone that opens a new era in regional business development and expansion of Sacombank in Indochina. It also contributes to an increase in cross-border trade between Vietnam and its neighboring countries.

From the right, Mr. TRAN XUAN HUY - Chairman of Sacombank (Cambodia) Plc. is highly honored to receive License from H.E. CHEA CHANTO - Governor of the National Bank of Cambodia.

Honorable guests raised glass cheering for the success of the opening ceremony of the 100% foreign-owned Sacombank (Cambodia) Plc.

Sacombank (Cambodia) Plc. Milestones

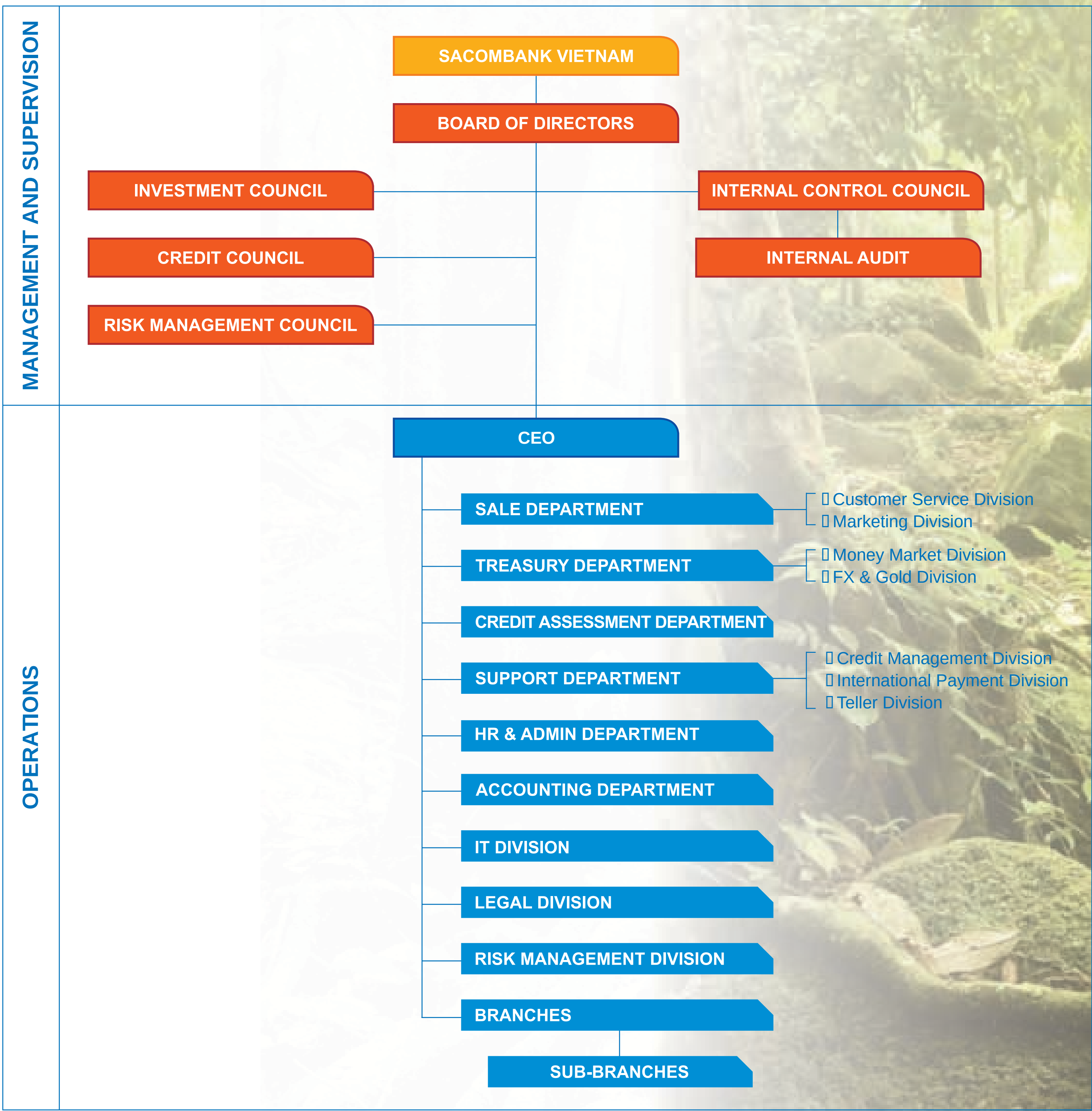
(Continued)

On 22 March 2012

After nearly 3 years since Sacombank (Cambodia) Plc has opened its first branch in the heart of the city; 60 Preah Norodom Blvd, Phnom Penh, the firm has served a big number of clients throughout the city. Sacombank (Cambodia) Plc has been continuously expanding its network by opening branches of Olympic Branch, Vietnamese Supermarket Branch and Chbar Ampov Branch, and now Sacombank (Cambodia) Plc. continue to open the new branch in province to implement the network strategy - The Kampong Cham Branch in Kampong Cham province.

From the left Mr. PHAM DUY CUONG - Member of Board of Director of Sacombank Group, H.E. LUN LIM THAY - Deputy Governor of Kampong Cham Province and Mr. CHHEM CHANKOSAL - Director of National Bank of Cambodia - Kampong Cham Branch in the opening ceremony.

Organization Chart



ORGANIZATION

THE BOARD OF DIRECTORS

Mr. TRAN XUAN HUY
Chairman

Over 11 years' experience in
Finance and Banking
BSc in France, BA in Teacher Training

Mr. NGUYEN MINH TAM
Vice Chairman

Over 17 years' experience in
Finance and Banking, Master in Economics
BSc in Economics, specializing in Statistics

Mr. TO THANH HOANG
Member

20 years' experience in
Finance and Banking
Bachelor Degree

Mr. Pham Nhat Vinh
Member

10 years' experience in regulatory
matters and risk management
BA in Commercial Law

Mr. HUA NGOC NGHIA
Member

10 years' experience in
Finance and Banking (Internal Audit)
Bachelor Degree

Mr. DOAN THANH VIET
Member

Bachelor of Economics
Bachelor of Laws

THE BOARD OF MANAGEMENTS

Mr. NGUYEN NHI THANH
C.E.O

Over 23 years' experience in
Finance and Banking
Master Degree of Economics

Mr. PHAM QUANG PHU
Deputy C.E.O

Over 10 years' experience in
Finance and Banking
Bachelor of Marketing

Mr. PHUNG THAI PHUNG
Deputy C.E.O

Over 10 years' experience in
Finance and Banking
Bachelor of Business Administration

REPORT OF THE BOARD OF DIRECTORS

On the basis of its transformation from having been the Phnom Penh Branch of Sacombank, Sacombank Cambodia was incorporated in October 2011. 2011 was hence considered to be the first year of operation of Sacombank Cambodia in the form of a bank wholly owned by Sacombank Vietnam, and also the first year of implementation of the business strategies for the period of 2011 – 2015, which have been approved by the Board of Management.

Sacombank is a young bank operating in a business environment full of opportunities, challenges and competitive pressure, particularly in this period of uncertainty in the global economy. However, the Board of Management has 20 years' experience in the development of the Parent Bank in Vietnam. It considers human resources, institutional platform and technology as factors prerequisite to helping Sacombank Cambodia approach the objective of becoming the top Vietnamese Bank. These factors should also help Sacombank Cambodia to become one of the Top 10 commercial banks in Cambodia, as well as to fulfil its mission. This mission includes providing modern financial products and services to the business and resident communities in Cambodia, and the constant development of business. In this way Sacombank Cambodia can make contributions to the global integration efforts and general development of Cambodia, building a bridge for the expansion of Vietnam-Cambodia cooperation, investment and economic development relations.

2011 ended with satisfactory results. Sacombank Cambodia exceeded almost all financial targets. By 31 December 2011, the profit before tax in 2011 of Sacombank Cambodia was US$3.147 thousand, equivalent to 114% of the 2011 target; the total mobilised capital reached US$43.7 million; total lending was US$56 million; total assets were US$88.5 million. In addition, the organisational structure in the form of a wholly foreign owned bank has been increasingly improved. In particular, Risk Management and Internal Audit Departments have been established and put into operation in order to increase self-inspection and self-control of all operational risks to fulfil the objective of EFFICIENT, SAFE and SUSTAINABLE development. 2012 will be the first year that Sacombank Cambodia has operated for a full year in the form of a wholly owned foreign bank. The Board of Management remains determined that in 2012, Sacombank Cambodia will continue to quickly fulfil all the strategic objectives set out, in order to implement step by step the business strategies for the period of 2011 – 2015. In terms of human resources, the Bank will focus on recruitment and training to ensure that the work force meets the requirements of quantity and quality to complete the personnel structure and develop the network of Sacombank Cambodia. In parallel, we believe that it is necessary to complete the Bank's legal documentation to build a firm legal framework to ensure the safety and sustainability of all aspects of the operation of Sacombank Cambodia.

Having determined that the application of information technology to business activities and corporate governance is of great importance to the development of a bank, Sacombank Cambodia has resolved to quickly apply modern technology to its business operation. In its first step, in 2012, Sacombank Cambodia will launch Internet and SMS Banking Services to provide customers with additional transaction utilities; launch a currency-trading sub-system, MIS and CRM systems; and upgrade the Core Banking System to improve business capabilities and control business activities in all sectors.

In addition to building the basic elements to achieve the objective of EFFICIENT, SAFE and SUSTAINABLE development, in 2012 Sacombank Cambodia will take clear steps towards developing its business as a retail bank. Based on the economic development strategies of Cambodia and the market characteristics of each region, the Bank will select appropriate development directions. In particular, Sacombank Cambodia will always focus on developing its SME customer base. Its network will be expanded in focal provinces of Cambodia, the first being Kampong Cham. Different products and services will be launched in different branches to ensure that they are suitable for the markets where the branches are based. In addition to mobilising capital from economic organisations and residents, Sacombank Cambodia will also speed up capital mobilisation from international financial institutions in order to improve its financial capacity and increase its total assets. Further, compliance with all the operational safety indices in accordance with the regulations of NBC and the Parent Bank is a consistent policy of the Board of Management of Sacombank Cambodia. In addition to focusing on business activities, corporate governance, and implementation of the business strategies for the period of 2011 – 2015, Sacombank Cambodia will also strongly concentrate on investment in the brand building of Sacombank in the Cambodian market. Thus it will make contributions to the development of the Sacombank brand in other Indochinese countries.

2012 will mark far-reaching changes for Sacombank Cambodia. Great attention will be focused on key issues for ensuring sustainable development. Moreover, the expansion of the network beyond the Phnom Penh region, capital mobilisation from foreign financial institutions etc. will improve business performance and promote the brand of Sacombank in the market of Cambodia this year.

THE BOARD OF DIRECTORS

REPORT OF THE BOARD OF MANAGEMENT

GENERAL SITUATION

Economic overview

In 2011, the world economy faced continued difficulties, with high inflation and complicated European sovereign debts hindering recovery. By the end of 2011, the world economy had grown by 3.8% (lower than the growth rate of 5.2% in 2010), whereas Asia's economy had grown by 7.2% and the economies of developing countries showed growth of around 6.2%.

Last year, the political situation of Cambodia have been continuously stable, have good support for the development of economics. Inflation was about 6.5%/year, lower than if compare with the neighbouring countries in the area. Economy had grown by 5.5% in the year 2010 and achieved about 7% for the year 2011, proved that Cambodia is one of the countries who have the highest index of growth of the area.

As WB's information: Foreign direct investment (FDI) was around 777 millions USD in the year 2011, 25% increase in comparision with 2010, and about 01 Billion USD in the year 2012 (expectation). A lot of foreign companies come to Cambodia to do the survey for investment opportunities especially the company from China, Viet Nam, Korea, Japan..

According to Ministry of Commerce of Cambodia: Export turnover estimates about 4.5 Billions Dollars in 2011, increase 42% in comparision with last year. For the import in 2011 increase 40% from 4.28 Billions Dollars to 5.98 Billions Dollars…

Amount of commercial banks in Cambodia at the end of 2011: 33 Commercial Banks, in there have 05 foreign banks opened branch in 2011, Viet Nam have 04 banks in operation: 02 banks (BIDC, Sacombank Cambodia) and 02 branches of Agribank and MB. After banks of Viet Nam, Malaysia, China established, the credit activity have come evenfully, margin of interest is downing, customer has many choices and the pressure of competition is very high.

OPERATION RESULTS IN 2011

1. Total Assets

In order to re-structure the source of capital and using of capital so that the bank can have the stable funds for operation and good credit status so the total assets of Sacombank Cambodia has decreased about 18 Millions US Dollars in comparison with 2010, reached 86.7 Millions US Dollar.

2. Capital arising activities

By the end of last year, Sacombank Cambodia's total raised capital had reached USD43.8 Millions, in there the portion of capital raised from economic organizations and residents was USD14.15 Million, up by 46% compare with the end of last year.

- Deposit of residents: 1,200 customers with the amount of 12.2 Million US Dollars
- Deposit of organizations: 240 customers with the amount of 1.9 Million US Dollars
- Deposit of Financial Institutions(FI): 4 FIs with the amount of 29.6 Million US Dollars

In general, Sacombank Cambodia had good growth of funds in 2011 to help the bank have a stable source of funds for the operation.
With the increase of funds in 2011, it has shown that after nearly 03 year from opening the prestige of Sacombank Cambodia increasing, a lot of people knew and trust in Sacombank Cambodia.

3. Credit activities

By 31 December 2011, the total customer debt balance had reached USD56.01 Million, a decrease of USD12.4 Million, equivalent to 18.12% from the end of last year, accounting for 64.58% of total assets.

In general, the decrease of loan in 2011 because of the policy of Sacombank Cambodia to re-structure the loan portfolio to have good credit status by strong action to decrease the loan of customers who often late for regular payment, past due customers… This is the correct policy of Sacombank Cambodia when the bank is on the way to widen its operations in Cambodia.

- Organization debts: 40 customers with the amount of 40.4 Million Dollars, increased 21.7 Million Dollars, a ratio of 116% in comparison with 2010.
- Individual debts: 180 customers with the amount of 15.6 Million Dollars, decreased 4.7 Million Dollars, dropped 24% with 2010
- Short term loan: 36.7 Million Dollars, increased 12.6 Million Dollars equivalent to 52.3% increased. Long term loan reached 19.4 Million Dollars, increased 4.4 Million Dollars equivalent to 29% increased.
- Past due debts: remained 0.57 Million Dollars, decreased 2.96 Million Dollars compared with 2010, the ratio of past due debts remained only 1% on the total debts.

4. Interest rates and net interest incomes

In the context of high competition when have a lot of foreign banks opened and operated in Cambodia, the deposit rates have increasing trend and decreasing trend for loan interest rate. So that the average interest rate of Sacombank Cambodia in 2011 is 2.65%/year and the average loan interest is 8.61%/year.

The net interest income reached USD4.69 Million in 2011, representing an increase of USD2.8 Million in comparison with 2010 equivalent to 217%. These satisfactory total interest incomes contributed significantly to the overall profits of the Bank.

5. Service business

Sacombank Cambodia is always improving the products and services to be more modern but amicable to satisfy the customer's needs, to let customer is more closer with products, services of the bank

Total service income was USD0.56 Million, accounting for 10.64% in the total income of the bank. The International payment revenue reached USD361 Million, an increase of USD109 Million of the previous year. Beside that many customers trusted to use international service from the bank as L/C, BG… with the total of 305 customers. This has shown that customers nowadays have focused more on the safety and fastest services from the banks.

6. Administration expense

During the year, business units throughout the system continued to reduce costs and clearly understood the viewpoint of Investment Expenses being Incurred Expenses. The Bank continued to build and improve the criteria for the material consumption standard, standards on fixed asset investments, labor tools, etc. in order to enable business units to shorten paper processing time and improve professionalism.

7. Operating results

2011 could be known as the year of completion with the opening of many foreign banks in Cambodia. Sacombank Cambodia earned the targeted profits and secured the statutory safety ratios, based on proper, timely and flexible business policies, even though some of the business results remained modest. The Bank's profit before tax was USD3.11 Million, an increase of 232% from the previous year and equal to 125% of target.

THE BOARD OF MANAGEMENTS

HUMAN RESOURCES MANAGEMENT

PEOPLE ARE THE MOST VALUABLE RESOURCES

Sacombank considers its human resources to be a core element in the four focal groups of solutions to improve competitiveness and meet development requirements in the new period. Based on this orientation, Sacombank analysed and identified the strengths and weaknesses of its existing resources in order to develop solutions to improve the human resources management framework in accordance with Sacombank's cultural features and to minimise risks arising from the human factor.

Developing an Advanced Management Model

With the strategic objective of becoming the Top Retail Bank in the Region based on the business philosophy of Safety – Efficiency – Sustainability, Sacombank has developed its Human Resources Management Strategies for the period of 2011-2020 with four key models as follows:

(i) Modern recruitment model.
(ii) Flexible management model.
(iii) Attractive remuneration model.
(iv) Potential career development model.

From the functional aspect, these four models represent solutions to difficult human resources problems for which not all Vietnamese enterprises can find comprehensive solutions. In terms of the connection aspect, although four different aspects of human resources are mentioned, including, namely (i) recruitment; (ii) personnel management; (iii) benefits and remuneration; (iv) training and development, the full career picture of an employee is described when he or she joins the "grand family of Sacombank." At Sacombank, employees do not just have one job; they have many career development opportunities.

In addition, Sacombank makes constant efforts to care about job candidates. In order to do this, in addition to regular training in professional skills and capacity improvement and development of a customer care-oriented way of thinking for people in charge of human resources management tasks, Sacombank has launched two projects in parallel: incorporation of technology into recruitment tools and research and application of a highly quantitative candidate ability evaluation system. With the proper implementation of these projects, combined with branding strategies in recruitment on the basis of corporate culture promotion to each market segment in flexible and effective forms, Sacombank is step-by-step affirming its strengths not only in enhancing brand value in the financial market, but also by winning the trust of and becoming a destination for potential job candidates in the labor market.

Respecting talent – Considering People as the Base

In most judgments about the future of Vietnam, the quality of human resources is always the biggest concern. The outdated education system has resulted in a lack of the knowledge and skills required to meet the needs of the era in many workers. Therefore, enterprises that directly employ human resources have repeatedly affirmed that the biggest obstacle to development is not finance, but human resources issues. With these shortcomings in the country's human resources, enterprises have to retrain and rebuild their own human resources to meet their needs. Past experience has shown that enterprises with smart and effective human resources strategies will enjoy great achievements. In future, this will be even more important when knowledge and creativity and emotional intelligence become prerequisites for competition and development.

Approaching this topical issue, Sacombank has built its own effective human resources development strategies in a distinctive manner. Creative, close and suitable human resources policies are one of the most important conditions for the Bank's growth, in-depth development and sustainability. Experience from the last 20 years has given Sacombank a thorough lesson in human resources, and in any of its plans for the future, people are always placed at the centre.

In Sacombank's system today, there are nearly 10,000 permanent employees, and each year, there will be on average 1,000 new employees (the average growth rate for employees in recent years and the expected growth rate for the future is 10% per annum). With this personnel employment scale, a lack of close strategies from recruitment to training and retention would not only represent a challenge, but would also increase the threat of a human resources crisis, especially as the history of human resources training for the finance and banking sector of Vietnam is too short and thin.

Looking at the full human resources picture of Sacombank today and yesterday, especially the group of personnel at the level of branch directors and managers of important departments or higher, now including 400 people, some of the most important and effective principles for "growing people" and retaining people can be recognised:

- First, identification of potential and reliable, gifted people and giving them big opportunities and attractive promotion roadmaps.
- Second, excellent internal training capabilities.
- Third, sharing of values, vision and missions in a very thorough manner.
- Fourth, "giving" and "receiving" in a satisfactory and balanced manner.
- Fifth, a mechanism that creates an environment for individual creativity and individual roles, combined with strict compliance and discipline and collective strength.

With this in mind, Sacombank has made efforts to build modern management models in order to not only maintain the existing human resources but also create the best conditions to boost the abilities of each employee – this will also build a firm foundation for the development of the Bank.

In principle, the research and development of the human resources management model at Sacombank still comply with basic scientific theories. The difference is, according to Sacombank's consistent viewpoint "People are the most valuable resources of an enterprise," the Bank has tried its best to create the best, most professional and most effective working environment; Sacombank's workplace is where talented people gather to collectively deliver the greatest strength of wisdom as a leverage for the strong growth and emergence of Sacombank in the coming years.

SACOMBANK (CAMBODIA) Plc's ACTIVITIES

Sacombank (Cambodia) Plc. - Annual Trip for Employees in DA LAT, VIETNAM.

Sacombank (Cambodia) Plc. - Training Course

The bank organized a cross-country run award called "Sacombank - Running for Community and Health" in Phnom Penh, along Preah Norodom Blvd to River Side that has been jointed.

Every year, the bank donates funds to Cambodian Red Cross to help out the less fortunate, elderly, orphans and disabled children in Cambodia.

Sacombank (Cambodia) Plc. has donated laptops and computers to facilitate and improve the performance of the Ministry of Interior to serve the nation more effectively.

Sacombank (Cambodia) Plc. donated benches along riverside and other places in Phnom Penh and Kampong Cham Province.

INDEPENDENT AUDITOR'S REPORT

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers (Cambodia) Ltd.
35, Sihanouk Boulevard, Chamkarmon
Phnom Penh, Kingdom of Cambodia
Telephone (855) 23 218 086
Facsimile (855) 23 211 594

To the Executive Management of SAIGON THUONG TIN COMMERCIAL JOINT STOCK BANK (SACOMBANK) Phnom Penh Branch

We have audited the accompanying financial statements of Sacombank (Cambodia) Plc ("the Bank"), which comprise the balance sheet as at 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the year ended 31 December 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial

statements in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards, and for such internal control as management determinesis necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Cambodian International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT

(Continued)

PRICEWATERHOUSECOOPERS

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2011, and its financial performance and cash flows for the year ended 31 December 2011 in accordance with the guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards.

Emphasis of Matter

We draw attention to Note 23(a) and Note 24.5 to these financial statements, which describes non compliances with the National Bank of Cambodia's Prakas on loan provided to related parties and the Bank's net worth. These non compliances are mainly due to loan provided to related party company. The Bank is in the process of seeking exemption letter from the National Bank of Cambodia. Our opinion is not qualified in respect of these matters.

For PricewaterhouseCoopers (Cambodia) Ltd.

Kuy Lim
Director

Phnom Penh, Kingdom of Cambodia
Date: 22 May 2012

INCOME STATEMENT

For the Year Ended 31 December 2011

	Note	2011 US$	2011 Riel' 000 *(Unaudited)*	2010 US$	2010 Riel' 000 *(Unaudited)*
Interest income	4	5,301,728	21,413,679	2,263,997	9,175,980
Interest expense	5	(610,694)	(2,466,593)	(105,204)	(426,392)
Net interest income		4,691,034	18,947,086	2,158,793	8,749,588
Fee and commission income	6	582,811	2,353,974	541,871	2,196,203
Fee and commission expense		(178,423)	(720,651)	(115,693)	(468,904)
Net fee and commission income		404,388	1,633,323	426,178	1,727,299
Other operating income		154,574	624,324	542,338	2,198,096
Net operating income		5,249,996	21,204,733	3,127,309	12,674,983
General and administrative expenses	7	(1,958,728)	(7,911,302)	(1,108,181)	(4,491,458)
Allowance for bad and doubtful debts	11(d)	(182,828)	(738,442)	(677,041)	(2,744,047)
Profit before taxation		3,108,440	12,554,989	1,342,087	5,439,478
Income tax expense	8	(659,969)	(2,665,615)	(229,728)	(931,088)
Net profit for the year		2,448,471	9,889,374	1,112,359	4,508,390

BALANCE SHEET

For the Year Ended 31 December 2011

	Note	2011	2011	2010	2010
		US$	Riel' 000 (Unaudited)	US$	Riel' 000 (Unaudited)
ASSETS					
Cash on hand		3,235,021	13,066,250	616,802	2,499,899
Gold		2,979,038	12,032,334	7,391,808	29,958,997
Balances with Central Bank	9	11,275,654	45,542,367	8,718,286	35,335,213
Balances with other banks and financial institutions	10	7,958,740	32,145,351	18,015,818	73,018,110
Loans and advances to customers	11	59,137,672	238,857,057	68,401,970	277,233,184
Other assets	12	1,233,716	4,982,979	878,833	3,561,910
Property and equipment	13	750,083	3,029,585	640,530	2,596,068
Intangible assets	14	155,095	626,429	215,510	873,462
Deferred income tax assets	18	-	-	63,816	258,646
TOTAL ASSETS		86,725,019	350,282,352	104,943,373	425,335,489
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks	15	30,314,777	122,441,384	56,084,155	227,309,080
Deposits from customers	16	14,147,528	57,141,866	9,690,900	39,277,218
Accruals and other liabilities	17	477,448	1,928,412	107,329	435,003
Current income tax liabilities		468,432	1,891,998	261,326	1,059,154
Deferred income tax liabilities	18	68,700	277,479	-	-
		45,476,885	183,681,139	66,143,710	268,080,455
EQUITY					
Share capital	19	38,000,000	153,482,000	38,000,000	154,014,000
Retained earnings		3,248,134	13,119,213	799,663	3,241,034
		41,248,134	166,601,213	38,799,663	157,255,034
TOTAL LIABILITIES AND EQUITY		86,725,019	350,282,352	104,943,373	425,335,489

STATEMENT OF CHANGES IN HEAD OFFICE'S EQUITY

For the Year Ended 31 December 2011

	Share capital	Retained earnings	Total
	US$	US$	US$
Year ended 31 December 2010			
As at 1 January 2010	15,000,000	(312,696)	14,687,304
Paid-up capital (note 19)	23,000,000	-	23,000,000
Net profit for the year	-	1,112,359	1,112,359
At 31 December 2010	38,000,000	799,663	38,799,663
In Riel' 000 equivalent (Unaudited)	154,014,000	3,241,034	157,255,034
Year ended 31 December 2011			
As at 1 January 2011	38,000,000	799,663	38,799,663
Net profit for the year	-	2,448,471	2,448,471
At 31 December 2011	38,000,000	3,248,134	41,248,134
In Riel' 000 equivalent (Unaudited)	153,482,000	13,119,213	166,601,213

CASH FLOW STATEMENT

For the Year Ended 31 December 2011

	Note	2011	2011	2010	2010
		US$	Riel' 000 (Unaudited)	US$	Riel' 000 (Unaudited)
Cash flows from operating activities					
Cash generated from operations	22	(12,248,160)	(49,470,320)	(30,942,985)	(125,411,917)
Interest received		5,072,546	20,488,013	1,651,593	6,693,906
Interest paid		(509,478)	(2,057,782)	(74,032)	(300,052)
Income tax paid		(316,524)	(1,278,440)	(32,218)	(130,580)
Net cash generated from operation		(8,001,616)	(32,318,529)	(29,397,642)	(119,148,643)
Cash flows from investing activities					
Capital guarantee deposit with NBC		-	-	(2,300,000)	(9,321,900)
Reserve requirement with NBC		(4)	(16)	(2,200,068)	(8,916,876)
Acquisition of property and equipment	13	(292,645)	(1,181,993)	(169,695)	(687,774)
Net cash outflow from investing activities		(292,649)	(1,182,009)	(4,669,763)	(18,926,550)
Cash flows from financing activities					
Paid-up capital	19	-	-	23,000,000	93,219,000
Net cash inflow from financing activities		-	-	23,000,000	93,219,000
Net (decrease)/increase in cash and cash equivalents		(8,294,265)	(33,500,538)	(11,067,405)	(44,856,193)
Cash and cash equivalents at the beginning of the year		20,740,247	84,060,220	31,807,652	132,606,101
Foreign exchange difference		-	(290,360)	-	(3,689,688)
Cash and cash equivalents at the end of the year	21	12,445,982	50,269,322	20,740,247	84,060,220

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

1. BACKGROUND INFORMATION

Sacombank Cambodia Plc ("the Bank") was initially set up as a branch of SAIGON THUONG TIN COMMERCIAL JOINT STOCK BANK, incorporated in Vietnam. The Bank operates in the Kingdom of Cambodia under indefinite banking licence No. 27 dated 19 June 2009 from the National Bank of Cambodia. The Bank has also obtained a licence from the Ministry of Commerce, No. 523/09B dated 18 March 2009.

On 1st October 2011, the branch changed its legal status from being a "Branch" to "a Private Limited Company" and the shareholder remains unchanged. However, the formal approval from Ministry of Commerce was on 20 September 2011. The change has no impact on the financial statements.

The principal activities of the Bank comprise the operation of a core banking business and the provision of related financial services in Cambodia.

The registered office of the Bank is at No. 60, Preah Norodom Boulevard, Sangkat Chey Chumneas, Khan Daun Penh, Phnom Penh, Cambodia .

The financial statements were authorised for issue by the Directors on 22 May 2012. The Directors have the power to amend and reissue the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The Bank's financial statements have been prepared in accordance with the guidelines issued by the Central Bank and Cambodian Accounting Standards ("CAS"). In applying CAS, the Bank also applies Cambodian Financial Reporting Standard (CFRS) 7: Financial Instruments: Disclosures. The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are not intended to present the financial position, financial performance and cash flows in accordance with jurisdictions other than the Kingdom of Cambodia. Consequently, these financial statements are addressed to only those who are informed about Cambodian accounting principles, procedures and practices.

The financial statements have been prepared in United States dollars ("US$") using the historical cost convention. The preparation of financial statements in accordance with the guidelines issued by the Central Bank and CAS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New accounting standards and interpretations

(a) New standards, amendments to existing standards and interpretations effective in year 2011

There were no new accounting standards, amendments to published standards or interpretations to existing standards that were effective and applicable to the Bank for the financial year ended 31 December 2011.

(b) Standards and amendments to existing standards issued but not yet effective

On 28 August 2009, the National Accounting Council announced the adoption of Cambodian International Financial Reporting Standards ("CIFRS") which are based on all standards published by International Accounting Standard Board including other interpretation and amendment that may occur in any circumstances to each standard by adding "Cambodian". Public accountable entities shall prepare their financial statements in accordance with CIFRS for accounting period beginning on or after 1 January 2012.

The following Cambodian International Accounting Standards ("CIAS") and CIFRS and amendments to existing standards, which have been published are relevant and mandatory for the Bank's accounting period beginning on or after 1 January 2012, but have not been early adopted by the Bank:

- CIAS 1 (Amendment), 'Financial statement presentation' regarding other comprehensive Income

  The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. This is not expected to have a material impact on the Bank's financial statements.

- CIAS 16 (Amendment), 'Property, Plant and Equipment' (and consequential amendment to CIAS 7, 'Statement of Cash Flows')

  The amended standard requires entities, whose ordinary activities comprise renting and subsequently selling assets, to present proceeds from sale of those assets as revenue and to transfer the carrying amount of the assets to inventories when the assets becomes held for sale. A consequential amendment to CIAS 7 requires cash flows arising from purchase, rental and sale of those assets to be classified as cash flows from operating activities. This is not expected to have a material impact on the Bank's financial statements.

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New accounting standards and interpretations (continued)

(b) Standards and amendments to existing standards issued but not yet effective (continued)

- CIAS 24 (Revised), 'Related Party Disclosures'

- CIAS 24 was revised by (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition; and (b) providing a partial exemption from the disclosure requirements for government-related entities. This is not expected to have a material impact on the Bank's financial statements.

- CIAS 32, 'Financial Instruments: Presentation'

  The objective of this standard is to establish the principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments as well as classification of the related interest, dividends, losses and gains. This is not expected to have a material impact on the Bank's financial statements.

- CIAS 36 (Amendment), 'Impairment of Assets'

  The amended standard states that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. This is not expected to have a material impact on the Bank's financial statements.

- CIAS 39, 'Financial Instruments: Recognition and Measurement'

  The standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Adoption of CIAS 39 will result in the following revisions to the accounting policies on financial instruments:

  Loans and advances to customers

  Loans and advances to customers are currently stated in the balance sheet at outstanding principal and interest, less any amounts written off, interest-in-suspense and provision for loan losses. Under CIAS 39, loans and receivables are initially recognised at fair value - which is the cash consideration to originate or purchase the loan including any transaction costs - and subsequently measured at amortised cost using the effective interest rate method.

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New accounting standards and interpretations (continued)

(b) Standards and amendments to existing standards issued but not yet effective (continued)

- CIAS 39, 'Financial Instruments: Recognition and Measurement' (continued)

Impairment of financial assets

The Bank currently follows the mandatory credit classification and provisioning as required by Prakas No. B7-09-074 dated 25 February 2009 issued by the Central Bank, as disclosed in note 2.7 to the financial statements. CIAS 39 requires the Bank to assess at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired, either on an individual or collective assessment basis. Impairment loss is measured as the difference between an asset's carrying amount and present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate. For the purposes of collective impairment assessment, assets are grouped on the basis of similar credit risk characteristics.

Deposits from banks, other financial institutions and customers

The Bank currently measures deposits from banks, other financial institutions and customers at the deposit amount. CIAS 39 requires that financial liabilities (which include deposits from banks, other financial institutions and customers) to be measured at amortised cost.

Interest income and interest expense

The Bank currently recognises interest income and expense on an accrual basis at contractual rates, except where serious doubt exists as to the collectability, interest is suspended until it is realised on a cash basis. CIAS 39 requires interest income and expense for all interest-bearing financial instruments to be recognised using the effective interest rate method. In respect of a financial asset or a group of similar financial assets which are impaired, interest income is to be recognised at interest rate used in discounting future cash flows for purpose of measuring the impairment loss.

- CIFRS 7 (Amendment), 'Financial instruments - Disclosures'

The revised standard requires enhanced disclosures in respect of fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair values by fair value measurement hierarchy as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - Inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly; and
Level 3 - Inputs for an asset or liability that are not based on observable market data.

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New accounting standards and interpretations (continued)

(b) Standards and amendments to existing standards issued but not yet effective (continued)

Subsequent amendments to the standard requires an entity to provide qualitative disclosures in the context of quantitative disclosures on the nature and extent of risks arising from financial instruments. This is not expected to have a material impact on the Bank's financial statements.

- CIFRS 9, 'Financial instruments'
  CIFRS 9 is the first standard issued as part of a wider project to replace CIAS 39. CIFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in CIAS 39 on impairment of financial assets and hedge accounting continues to apply. The Bank is yet to assess CIFRS9's full impact on financial statements.

- CIFRS 13, 'Fair value measurement'
  CIFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across CIFRSs. The requirements, which are largely aligned between CIFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This is not expected to have a material impact on the Bank's financial statements.

Other than the improvements and amendments to existing standards as set out above, the other published standards, amendments and interpretations to existing standards, which are applicable for accounting periods beginning on or after 1 January 2011, are not relevant to the Bank's operations.

(c) Early adoption of standards

In the year 2011, the Bank did not early-adopt any new or amended standards.

i) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates ('the functional currency'). The financial statements are presented in US$, which is the Bank's functional and presentation currency.

ii) Transactions and balances

Transactions in currencies other than US$ are translated into US$ at the exchange rate prevailing at the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rate from monetary assets and liabilities denominated in currencies other than US$ are recognised in the income statement.

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Foreign currency translation (continued)

iii) Presentation currency in Khmer Riel

For the sole purpose of complying with Announcement No. B7-07-164 dated 13 December 2007 of the Central Bank, a translation to Khmer Riel is provided for the balance sheet, the income statement, the statement of changes in head office's equity, the cash flow statement and the notes to the financial statements as of and for the year ended 31 December 2011 using the average official rate of exchange regulated by the Central Bank as at the reporting date, which was US$1 to Riel 4,039 (31 December 2010: US$1 to Riel 4,053). Such translation amounts are unaudited and should not be construed as representations that the US$ amounts represent, or have been or could be, converted into Khmer Riel at that or any other rate.

2.4 Interest income and expense

Interest income on loans and advances to customers, deposits with the Central Bank and other banks are recognised on an accruals basis, except where serious doubt exists as to the collectability of loans and advances to customers, in which case no interest income is recognised. The policy on suspension of interest is in conformity with the Central Bank's guidelines on the suspension of interest on non-performing loans and provision for bad and doubtful debts.

2.5 Fee and commission income

Fee and commission income, except loan procession fees, is generally recognised on an accrual basis when the service has been provided. Fees and commission income comprises income received from inward and outward bank transfers, credit card transactions, bank guarantees and letters of credit.

Loan processing fees are recognised in the income statement once they are received.

2.6 Loans and advances to customers

Loans and advances to customers are stated in the balance sheet at the amount of principal outstanding less any provision for bad and doubtful debts. Short-term loans are those with a repayment date within one year of the date the loan was advanced. Long-term loans are those with a final repayment date more than one year from the date the loan was advanced.

Loans are written off when there is no realistic prospect of recovery. Recovery of loans and advances previously written off or provided for are recognised in the income statement.

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Provision for loan losses

The Bank follows the mandatory loan classification and provisioning rules required by Prakas B7-09-074, dated 25 February 2009, on loans classification and provisioning for banks and financial institutions. This Prakas applies to loans and advances or other assets with a similar nature. The Prakas replaces existing Prakas B7-00-51 and B702-145 from 25 February 2009. The minimum mandatory loan loss provision is made depending on the classification concerned, regardless of the assets (except cash) pledged as collateral, unless other information is available that indicates worsening.

The table below shows loan classifications and minimum provisioning requirements:

Classifications	Minimum Provisioning Requirements
Standard	1%
Special mention	3%
Sub-standard	20%
Doubtful	50%
Loss	100%

2.8 Overdue loans

In accordance with Prakas B 700-51K issued by the Central Bank on 17 February 2000, overdue loans are defined as the total outstanding principal where principal or interest is past due, unless the payment terms on interest or principal have been adjusted.

2.9 Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is possible that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual value over their estimated useful lives, as follows:

	Year
Leasehold building	15
Computer equipment	4
Furniture and equipment	4 – 5
Motor vehicle	4 – 5

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Property and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with the carrying amounts. These are included in the income statement.

2.10 Intangible assets

Computer software licences:

Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over five years using the straight-line method.

Costs associated with maintaining computer software programs are recognised as an expense as incurred.

2.11 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and law) that have been enacted or substantially enacted by the date of balance sheet and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.12 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Provision

Provisions are recognised when: the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.
When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

2.14 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash on hand, cash in transit, gold, balances with banks and other financial institutions, placement with other banks, and current accounts with the Central Bank.

2.15 Related party transactions

In accordance with the Law on Banking and Financial Institutions, related parties are defined as parties who hold, directly or indirectly, at least 10% of the capital or voting rights and include any individual who participates in the administration, direction, management or internal control of the Bank.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Impairment losses on loans and advances

The Bank follows the mandatory credit classification and provisioning required by Prakas No. B7-09-074, dated 25 February 2009, on the asset classification and provisioning of the Central Bank. The Central Bank requires commercial banks to classify their loans, advances and similar assets into five classes and the minimum mandatory level of specific provision is made depending on the classification concerned and regardless of the assets (except for cash) pledged as collateral. For the purpose of loan classification, the Bank takes into account historical payment experience and the counterparty's current paying capacity.

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

b) Income tax

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

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

4. INTEREST INCOME

	2011	2011	2010	2010
	US$	Riel' 000 (Unaudited)	US$	Riel' 000 (Unaudited)
Loans and advances to customers	5,201,198	21,007,639	1,865,249	7,559,854
Balance with other banks and Financial Institution	100,530	406,040	398,748	1,616,126
	5,301,728	21,413,679	2,263,997	9,175,980

5. INTEREST EXPENSE

	2011	2011	2010	2010
	US$	Riel' 000 (Unaudited)	US$	Riel' 000 (Unaudited)
Deposits from banks	291,846	1,178,766	96,801	392,335
Deposit from customers	318,848	1,287,827	8,403	34,057
	610,694	2,466,593	105,204	426,392

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

6. FEE AND COMMISSION INCOME

	2011	2011	2010	2010
	US$	Riel' 000 (Unaudited)	US$	Riel' 000 (Unaudited)
Fees from remittance	375,701	1,517,456	315,835	1,280,079
Loan processing fees	172,968	698,618	194,822	789,614
Other fee income	34,142	137,900	31,214	126,510
	582,811	2,353,974	541,871	2,196,203

7. GENERAL AND ADMINISTRATIVE EXPENSES

	2011	2011	2010	2010
	US$	Riel' 000 (Unaudited)	US$	Riel' 000 (Unaudited)
Salaries and wages	682,956	2,758,459	421,173	1,707,014
Staff benefits	26,472	106,920	10,972	44,470
Depreciation (note 13)	179,269	724,067	144,197	584,430
Rental, repairs and maintenance	328,730	1,327,740	155,375	629,735
Electricity and utilities	79,424	320,794	46,356	187,881
Office supplies	42,437	171,403	14,391	58,327
Travelling and communication expenses	37,591	151,830	23,251	94,236
Amortisation (note 14)	60,415	244,016	60,327	244,505
Marketing expenses	41,550	167,820	18,081	73,282
Management fees	150,000	605,850	-	-
Tax expense	112,822	455,688	43,707	177,144
Other operating expenses	217,062	876,715	170,351	690,434
	1,958,728	7,911,302	1,108,181	4,491,458

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

8. INCOME TAX EXPENSE

(a) Tax expense

	2011 US$	2011 Riel' 000 (Unaudited)	2010 US$	2010 Riel' 000 (Unaudited)
Current income tax	527,453	2,130,383	293,544	1,189,734
Deferred tax	132,516	535,232	(63,816)	(258,646)
	659,969	2,665,615	229,728	931,088

(b) Reconciliation between income tax expense and accounting profit

	2011 US$	2011 Riel' 000 (Unaudited)	2010 US$	2010 Riel' 000 (Unaudited)
Profit before taxation	3,108,440	12,554,989	1,342,087	5,439,478
Tax calculated at tax rate of 20%	621,688	2,510,998	268,417	1,087,894
Effect of:				
Adjustment for prior period	-	-	76,925	311,777
Expense not deductable for tax purpose	38,281	154,617	17,654	71,552
Utilisation of previously unrecognised tax loss	-	-	(133,268)	(540,135)
Income tax expense	659,969	2,665,615	229,728	931,088

(c) Minimum Tax

Tax on profit of the Bank is computed based on minimum tax. Minimum tax is calculated at the rate of 1% of the annual turnover inclusive of all the taxes. Taxes are paid either:

- at 20% of taxable profit, or
- the Minimum Tax rate of 1% of total revenue inclusive of value added tax, whichever is higher.

(d) Other tax matters

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

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

9. BALANCES WITH CENTRAL BANK

	2011 US$	2011 Riel' 000 (Unaudited)	2010 US$	2010 Riel' 000 (Unaudited)
Statutory capital deposit (i)	3,800,000	15,348,200	3,800,000	15,401,400
Reserve deposits (ii)	3,202,471	12,934,780	3,202,467	12,979,599
Current accounts (iii)	4,273,183	17,259,387	1,715,819	6,954,214
	11,275,654	45,542,367	8,718,286	35,335,213

(i) In compliance with Prakas No. B701-136 dated 15 October 2001, the Bank maintains a statutory capital deposit with the Central Bank equivalent to US$3,800,000 which represents 10% of its registered capital. This deposit earns interest at the rate of 3/8 of the six-month SIBOR approximately 0.10%-0.11% per annum (2010: 0.11%-0.18% per annum). This deposit is refundable should the Bank cease its operations in Cambodia and it is not available for use in the Bank's day-to-day operations.

(ii) The reserve deposits represent the minimum reserve requirement which is calculated at 8% and 12% of the total deposits from customers and settlements of accounts of other banks dominated in Khmer Riel and other foreign currencies, respectively. The 4% reserve requirement on customers' deposits in currencies other than KHR earns interest at 1/2 of one month SIBOR (approximately 0.13% per annum) while the remaining 8% and the reserve requirement on customers' deposits in KHR bears no interest.

(iii) This represents current accounts which earned no interest.

10. BALANCES WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

	2011 US$	2011 Riel' 000 (Unaudited)	2010 US$	2010 Riel' 000 (Unaudited)
Local banks:				
Current accounts	1,596,923	6,449,972	5,663,176	22,952,852
Term deposits (6 months)	6,000,000	24,234,000	7,000,000	28,371,000
Overseas banks:				
Current accounts	361,817	1,461,379	5,352,642	21,694,258
	7,958,740	32,145,351	18,015,818	73,018,110

Current accounts with both local and overseas banks earned no interest. Term deposits earned interest at rates ranging from 2.75% to 3.25% per annum (2010: 1.00% to 4.50%). All balances with other banks and financial institutions mature within one year.

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

11. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysis by type of loan

	2011 US$	2011 Riel' 000 (Unaudited)	2010 US$	2010 Riel' 000 (Unaudited)
Loans and advances				
Term loans	60,011,429	242,386,162	69,092,899	280,033,519
	60,011,429	242,386,162	69,092,899	280,033,519
Allowance for bad and doubtful debts				
Specific provision	(284,076)	(1,147,383)	-	-
General provision	(589,681)	(2,381,722)	(690,929)	(2,800,335)
	(873,757)	(3,529,105)	(690,929)	(2,800,335)
	59,137,672	238,857,057	68,401,970	277,233,184

(b) Analysis by security of performing and non-performing loans

All of these loans were made in US$.

	2011 US$	2011 Riel' 000 (Unaudited)	2010 US$	2010 Riel' 000 (Unaudited)
Standard loans:				
Secured loans (*)	60,011,429	242,386,162	69,092,899	280,033,519
Unsecured loans	-	-	-	-
	60,011,429	242,386,162	69,092,899	280,033,519
Allowance for bad and doubtful debts				
Specific provision	(284,076)	(1,147,383)	-	-
General provision	(589,681)	(2,381,722)	(690,929)	(2,800,335)
	(873,757)	(3,529,105)	(690,929)	(2,800,335)
	59,137,672	238,857,057	68,401,970	277,233,184

(*)These loans are secured by land, building title deeds and certificate of deposits.

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

11. LOANS AND ADVANCES TO CUSTOMERS (continued)

(c) Analysis by type of industry

Loans and advances analysed by industry are as follows:

	2011	2011	2010	2010
	US$	Riel' 000 (Unaudited)	US$	Riel' 000 (Unaudited)
Wholesale and retail	23,607,584	95,351,032	15,601,831	63,234,221
Real estate	7,420,146	29,969,970	7,355,601	29,812,251
Services	4,833,181	19,521,218	3,439,460	13,940,131
Import	7,746,945	31,289,911	2,433,232	9,861,889
Textile industries	746,663	3,015,772	700,000	2,837,100
Export	119,998	484,672	240,000	972,720
Personal use	869,339	3,511,260	59,344	240,521
Other industry	14,667,573	59,242,327	39,263,431	159,134,686
	60,011,429	242,386,162	69,092,899	280,033,519
Allowance for bad and doubtful debts				
Specific provision	(284,076)	(1,147,383)	-	-
General provision	(589,681)	(2,381,722)	(690,929)	(2,800,335)
	(873,757)	(3,529,105)	(690,929)	(2,800,335)
	59,137,672	238,857,057	68,401,970	277,233,184

(d) Allowance for bad and doubtful debts

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

	2011	2011	2010	2010
	US$	Riel' 000 (Unaudited)	US$	Riel' 000 (Unaudited)
At beginning of the year	690,929	2,800,335	13,888	57,899
Charged for the year	182,828	738,442	677,041	2,744,047
Translation difference	-	(9,672)	-	(1,611)
Balance at 31 December	873,757	3,529,105	690,929	2,800,335

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

(e) Interest rates

These loans and advances earn interest at annual rates ranging from:

	2011	2010
Short-term loans	6.3% - 19.2%	5.5% - 20.4%
Long-term loans	3% - 16.8%	4.5% - 18.25%

12. OTHER ASSETS

	2011	2011	2010	2010
	US$	Riel' 000 (Unaudited)	US$	Riel' 000 (Unaudited)
Interest receivable	882,433	3,564,147	653,251	2,647,626
Office and house rental deposit	156,544	632,281	139,050	563,570
Prepaid on express and remittance	138,406	559,022	-	-
Others	95,997	387,732	86,532	350,714
	1,273,380	5,143,182	878,833	3,561,910
Allowance for interest receivable	(39,664)	(160,203)	-	-
	1,233,716	4,982,979	878,833	3,561,910

13. PROPERTY AND EQUIPMENT

	Leasehold building	Computer equipment	Furniture and equipment	Motor vehicle	Total
	US$	US$	US$	US$	US$
As at 1 January 2010					
Opening net book amount	2,989	549,807	4,262	57,974	615,032
Additions	116,438	29,371	3,501	20,385	169,695
Depreciation	(301)	(129,101)	(1,253)	(13,542)	(144,197)
Net book value as at 31 December 2010	119,126	450,077	6,510	64,817	640,530
Year ended 31 December 2010					
Cost	119,452	646,138	8,355	84,585	858,530
Accumulated depreciation	(326)	(196,061)	(1,845)	(19,768)	(218,000)
Net book amount	119,126	450,077	6,510	64,817	640,530
In Riel' 000 equivalents (Unaudited)	482,818	1,824,162	26,385	262,703	2,596,068

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

13. PROPERTY AND EQUIPMENT (continued)

	Leasehold building	Computer equipment	Furniture and equipment	Motor vehicle	Total
	US$	US$	US$	US$	US$
As at 1 January 2011					
Opening net book amount	119,126	450,077	6,510	64,817	640,530
Additions	-	41,930	217,212	33,503	292,645
Depreciation	(7,981)	(138,484)	(9,975)	(22,829)	(179,269)
Disposals	-	-	-	(3,823)	(3,823)
Net book value as at 31 December 2011	111,145	353,523	213,747	71,668	750,083
Year ended 31 December 2011					
Cost	119,452	688,068	225,567	118,088	1,151,175
Accumulated depreciation	(8,307)	(334,545)	(11,820)	(46,420)	(401,092)
Net book amount	111,145	353,523	213,747	71,668	750,083
In Riel' 000 equivalents (Unaudited)	448,915	1,427,879	863,324	289,467	3,029,585

14. INTANGIBLE ASSETS

	Computer software	Total
	US$	US$
As at 1 January 2010		
Opening net book amount	275,837	275,837
Amortisation	(60,327)	(60,327)
Closing net book amount	215,510	215,510
Year ended 31 December 2010		
Cost	302,078	302,078
Accumulated amortisation	(86,568)	(86,568)
Closing net book value	215,510	215,510
In Riel' 000 equivalents (Unaudited)	873,462	873,462

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

14. INTANGIBLE ASSETS (continued)

	Computer software US$	Total US$
As at 1 January 2011		
Opening net book amount	215,510	215,510
Amortisation	(60,415)	(60,415)
Closing net book amount	155,095	155,095
Year ended 31 December 2011		
Cost	302,078	302,078
Accumulated amortisation	(146,983)	(146,983)
Closing net book value	155,095	155,095
In Riel' 000 equivalents (Unaudited)	626,429	626,429

15. DEPOSITS FROM BANKS

	2011 US$	2011 Riel' 000 (Unaudited)	2010 US$	2010 Riel' 000 (Unaudited)
Current accounts	763,965	3,085,654	50,084,155	202,991,080
Fixed deposits	29,550,812	119,355,730	6,000,000	24,318,000
	30,314,777	122,441,384	56,084,155	227,309,080

The fixed deposits will be matured within one year. It bears interest rate from 1.5% to 3% per annum (2010: 2.5% to 2.75%). Current accounts bear no interest.

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

16. DEPOSITS FROM CUSTOMERS

	2011	2011	2010	2010
	US$	Riel' 000 (Unaudited)	US$	Riel' 000 (Unaudited)
Current accounts	1,607,582	6,493,023	5,082,706	20,600,207
Margin deposits (*)	335,383	1,354,613	44,424	180,051
Savings accounts	6,763,076	27,316,064	1,170,250	4,743,023
Fixed deposits (**)	5,441,487	21,978,166	3,393,520	13,753,937
	14,147,528	57,141,866	9,690,900	39,277,218

(*) Margin deposits represent the aggregate balance of required non-interest bearing cash deposits from customers held as a guarantee for letters of credit outstanding at year end (note 20). All amount deposits from customers are matured within one year except US$600,144 of fixed deposit is matured more than one year.

(**) These fixed deposits include fixed deposits in gold (SACOMBANK brand gold) amounting to 1,524.80 taels which is equivalent to US$2,935,277.

Annual interest rates for deposits from banks and from customers are as follows:

	2011	2010
Current accounts	0.50%	0.50%
Margin deposits	-	-
Savings accounts	0.50%	0.50%
Fixed deposits	1.5% to7.7%	2.5% to 7%

17. ACCRUALS AND OTHER LIABILITIES

	2011	2011	2010	2010
	US$	Riel' 000 (Unaudited)	US$	Riel' 000 (Unaudited)
Interest payables	137,929	557,095	36,713	148,798
Withholding tax payables	87,061	351,639	11,812	47,874
Other payables	252,458	1,019,678	58,804	238,331
	477,448	1,928,412	107,329	435,003

Accruals and other liabilities are expected to be settled within one year.

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

18. DEFERRED INCOME TAX ASSETS/ (LIABILITIES)

	2011	2011	2010	2010
	US$	Riel' 000 (Unaudited)	US$	Riel' 000 (Unaudited)
Deferred tax liabilities	(239,635)	(967,885)	(89,654)	(363,368)
Deferred tax assets	170,935	690,406	153,470	622,014
	(68,700)	(277,479)	63,816	258,646

The movement in deferred income tax assets and liabilities during the year is as follows:

Deferred tax liabilities:

	Accelerated tax depreciation		Unrealised exchange gain		Total	
	US$	Riel'000 (Unaudited)	US$	Riel'000 (Unaudited)	US$	Riel'000 (Unaudited)
As at 1 January 2010	-	-	-	-	-	-
Credited to the income statement	88,574	358,992	1,080	4,376	89,654	363,368
As at 31 December 2010	88,574	358,992	1,080	4,376	89,654	363,368
As at 1 January 2011	88,574	358,992	1,080	4,376	89,654	363,368
Credited to the income statement	7,347	29,675	142,634	576,099	149,981	605,774
Translation difference	-	(1,242)	-	(15)	-	(1,257)
As at 31 December 2011	95,921	387,425	143,714	580,460	239,635	967,885

Deferred tax assets:

	Unrealised exchange loss	
	US$	Riel'000
As at 1 January 2010	-	-
Credited to the income statement	153,470	622,014
As at 31 December 2010	153,470	622,014
As at 1 January 2011	153,470	622,014
Credited to the income statement	17,465	70,541
Translation difference	-	(2,149)
As at 31 December 2011	170,935	690,406

Deferred tax assets are recognised to the extent that the realisation of the related tax benefits through the future tax benefits is probable.

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

19. CAPITAL

	2011	2011	2010	2010
	US$	Riel' 000	US$	Riel' 000
		(Unaudited)		(Unaudited)
Issued and fully paid:				
At beginning of the year	38,000,000	154,014,000	15,000,000	62,535,000
Additional paid-up	-	-	23,000,000	93,219,000
Translation difference	-	(532,000)	-	(1,740,000)
At the end of the year	38,000,000	153,482,000	38,000,000	154,014,000

20. CONTINGENT LIABILITIES AND COMMITMENTS

a) Loan commitments, guarantees and other financial facilities

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

	2011	2011	2010	2010
	US$	Riel' 000 (Unaudited)	US$	Riel' 000 (Unaudited)
Undrawn credit facilities	18,807,420	75,963,169	15,040,202	60,957,939
Letter of credit	372,648	1,505,126	291,245	1,180,416
	19,180,068	77,468,295	15,331,447	62,138,355

Letters of credit are secured by marginal deposits of US$335,383 (2010: US$44,424) as disclosed in note 16. The commitments above are expected to be settled within one year.

b) Operating lease commitments

As at 31 December 2011, the Bank had non-cancellable lease commitments for its lease of the office building, with details as follows:

	2011	2011	2010	2010
	US$	Riel' 000	US$	Riel' 000
		(Unaudited)		(Unaudited)
No later than one year	132,000	533,148	132,000	534,996
Later than one year but not more than five years	636,000	2,568,804	576,000	2,334,528
More than five years	1,236,000	4,992,204	1,573,500	6,377,396
	2,004,000	8,094,156	2,281,500	9,246,920

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

21. CASH AND CASH EQUIVALENTS

	2011 US$	2011 Riel' 000 (Unaudited)	2010 US$	2010 Riel' 000 (Unaudited)
Cash on hand	3,235,021	13,066,250	616,802	2,499,899
Gold	2,979,038	12,032,334	7,391,808	29,958,997
Balances with other banks and Financial institutions: (note 10)				
Current accounts	1,958,740	7,911,351	11,015,818	44,647,110
Current accounts with the Central Bank (note 9)	4,273,183	17,259,387	1,715,819	6,954,214
	12,445,982	50,269,322	20,740,247	84,060,220

22. CASH GENERATED FROM OPERATING ACTIVITIES

	2011 US$	2011 Riel' 000 (Unaudited)	2010 US$	2010 Riel' 000 (Unaudited)
OPERATING ACTIVITIES				
Profit before taxation	3,108,440	12,554,989	1,342,087	5,439,478
Adjustments for:				
Allowance for bad and doubtful debts (note 11d)	182,828	738,442	677,041	2,744,047
Allowance for interest receivable (note 12)	39,664	160,203	-	-
Depreciation (note 13)	179,269	724,067	144,197	584,430
Amortisation (note 14)	60,415	244,016	60,327	244,505
Net interest income	(4,691,034)	(18,947,086)	(2,158,793)	(8,749,588)
Cash flows from operating profits before changes in operating assets and liabilities	(1,120,418)	(4,525,369)	64,859	262,872
Changes in operating assets and liabilities:				
Decrease/ (increase) in loans and advances to customers	9,081,470	36,680,057	(67,704,067)	(274,404,584)
Decrease/ (increase) in balances with banks and financial institutions	1,000,000	4,039,000	(7,000,000)	(28,371,000)
Increase in other assets	(165,365)	(667,909)	(110,719)	(448,744)
(Decrease)/ increase in deposits from banks	(25,769,378)	(104,082,518)	36,000,255	145,909,034
Increase in deposits from customers	4,456,628	18,000,320	7,774,025	31,508,123
Increase in accruals and other liabilities	268,903	1,086,099	32,662	132,382
Cash generated from operations	(12,248,160)	(49,470,320)	(30,942,985)	(125,411,917)

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

23. RELATED PARTY TRANSACTIONS AND BALANCES

The Bank entered into a number of transactions with related parties in the normal course of business. The volumes of related party transactions, outstanding balance at the year end and related expenses and income for the year are as follows:

a) Related party balances

	2011	2011	2010	2010
	US$	Riel '000	US$	Riel '000
		(Unaudited)		(Unaudited)
Due from:				
Ultimate parent company	26,447	106,819	3,110,192	12,605,608
Fellow subsidiaries (loans and advances)	8,093,600	32,690,050	14,355,600	58,183,247
	8,120,047	32,796,869	17,465,792	70,788,855

Loan and advance to related party carry interest at rates ranging from 3% to 5.5% per annum.

As at 31 December 2011, the Bank had loan to related parties outstanding amounting to US$8,093,600 and this outstanding represents 24.10% of Bank's net worth and it exceeded the maximum threshold requirement. Under the National Bank of Cambodia's regulation, the Bank can provide loan to related parties up to 10% of Bank's net worth. This non compliance is mainly due to loan provided to Saigon Phnom Penh land holding company. However, subsequently in April 2012, all shareholders of Saigon Phnom Penh land holding company who have relationship with the Bank were completely transferred all their shares to the remaining shareholder. Management believe that after the restructuring of shareholding of the company, Saigon Phnom Penh land holding is no longer related party of the Bank. The Bank is in the process of seeking exemption letter from the National Bank of Cambodia on this noncompliance. Management believe that there will be no significant impact on financial statements with respect to this matter.

	2011	2011	2010	2010
	US$	Riel '000	US$	Riel '000
		(Unaudited)		(Unaudited)
Due to:				
Ultimate parent company	-	-	50,004,155	208,467,322
Fellow subsidiaries	531,939	2,148,502	522,657	2,118,329
	531,939	2,148,502	50,526,812	210,585,651

Amount due to related party carry interest at rates ranging from 0.5% to 1% per annum.

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For the Year Ended 31 December 2011

23. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Related party transactions

	2011	2011	2010	2010
	US$	Riel '000	US$	Riel '000
		(Unaudited)		(Unaudited)
Expense:				
Interest expense paid/ payable	11,161	45,081	17,920	1,183,104
Income:				
Interest income earned	348,798	1,408,796	291,908	1,183,104

c) Key management personnel remuneration

	2011	2011	2010	2010
	US$	Riel' 000 (Unaudited)	US$	Riel' 000 (Unaudited)
Salaries and other short-term benefits (key management)	276,097	1,115,156	119,953	486,165
Total	276,097	1,115,156	119,953	486,165

24. FINANCIAL RISK MANAGEMENT

The Bank'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 risks is an inherent part of the finance business, and operational risks are an inevitable consequence of being in business.

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

24.1 Credit risk

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

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

24. FINANCIAL RISK MANAGEMENT (continued)

24.1 Credit risk (continued)

a) Credit risk measurement

Exposure to credit is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations. Exposure to credit risk is also managed in part by obtaining collateral. Management performs credit assessment on a yearly basis after loans and advances have been disbursed to analyse the financial conditions and performance of the borrowers.

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 concentrations of credit risk whenever they are identified. Large exposure is defined by the Central Bank 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 Prakas No. B7-06-226 of the Central Bank, to maintain at all times a maximum ratio of 20% between the Bank's overall credit exposure to any individual beneficiary and the Bank's net worth. The aggregation 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 securing loans and advances to customers are:

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

c) Impairment and provisioning policies

The Bank follows the mandatory loan classification and provisioning rules required by Prakas B7-09-074, dated 25 February 2009, on loans classification and provisioning for banks and financial institutions. This Prakas applies to loans and advances or other assets with a similar nature. The Prakas replaces existing Prakas B7-00-51 and B702-145 from 25 February 2009. The minimum mandatory loan loss provision is made depending on the classification concerned, regardless of the assets (except cash) pledged as collateral, unless other information is available that indicates worsening.

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

24. FINANCIAL RISK MANAGEMENT (continued)

24.1 Credit risk (continued)

c) Impairment and provisioning policies (continued)

The table below shows loan classifications and minimum provisioning requirements:

Classifications	Minimum Provisioning Requirements
Standard	1%
Special mention	3%
Sub-standard	20%
Doubtful	50%
Loss	100%

Both past due and qualitative factors shall be taken into account for loan classification and provisioning.

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

	2011	2011	2010	2010
	US$	Riel' 000 (Unaudited)	US$	Riel' 000 (Unaudited)
Credit risk exposures relating to on-balance sheet assets:				
Balances with other banks and financial institutions	7,958,740	32,145,351	18,015,818	73,018,110
Loans and advances:				
Term loans	60,011,429	242,386,162	69,092,899	280,033,519
Allowance for bad and doubtful debts	(873,757)	(3,529,105)	(690,929)	(2,800,335)
Net loans and advances	59,137,672	238,857,057	68,401,970	277,233,184
Other assets	1,043,984	4,216,651	802,541	3,252,699
	68,140,396	275,219,059	87,220,329	353,503,993
Credit risk exposures relating to off-balance sheet items:				
Undrawn credit facilities	18,807,420	75,963,169	15,040,202	60,957,939
Letters of credit	372,648	1,505,126	291,245	1,180,416
	19,180,068	77,468,295	15,331,447	62,138,355
	87,320,464	352,687,354	102,551,776	415,642,348

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

24. FINANCIAL RISK MANAGEMENT (continued)

24.1 Credit risk (continued)

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

The above table represents a worst-case scenario for credit risk exposure to the Bank at 31 December 2011, without taking account of any collateral held or other credit enhancement attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts.

As shown above, 67.72% and 9.11% of total maximum exposure are derived from loans and advances to customers and balance with banks and financial institutions, respectively.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from its loans and advances on the following:

- 100% of loans and advances are recovered by collateral and credit limits given are normally less than value of collateral.
- The Bank has a proper credit evaluation process in place for granting of loans and advances to customers.

e) Loans and advances

Loans and advances are summarised as follows:

	2011	2011	2010	2010
	US$	Riel' 000	US$	Riel' 000
		(Unaudited)		(Unaudited)
Loans and advances neither past due nor impaired	58,683,703	237,023,476	69,092,899	280,033,519
Loans and advances past due but not impaired	759,574	3,067,919	-	-
Loans and advances individually impaired	568,153	2,294,770	-	-
Gross	60,011,430	242,386,165	69,092,899	280,033,519
Less:				
General provision	(589,681)	(2,381,722)	(690,929)	(2,800,335)
Specific provision	(284,076)	(1,147,383)	-	-
Net loans and advances to customers	59,137,673	238,857,060	68,401,970	277,233,184

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

24. FINANCIAL RISK MANAGEMENT (continued)

24.1 Credit risk (continued)

e) Loans and advances (continued)

For the purpose of loan provisioning, expected recovery from collateral (except cash) is not taken into consideration in accordance with the Central Bank's requirement. The total allowance for bad and doubtful debts is US$873,757 (2010: US$690,929).

i. Loans and advances neither past due nor impaired

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

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. The gross amount of loans and advances by class to customers that were past due but not impaired are as follows:

	2011	2011	2010	2010
	US$	Riel' 000	US$	Riel' 000
		(Unaudited)		(Unaudited)
Past due up to 30 days	759,574	3,067,919	-	-
	759,574	3,067,919	-	-

iii. Loans and advances individually impaired

Loans and advances past due more than 90 days 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.

	2011	2011	2010	2010
	US$	Riel' 000	US$	Riel' 000
		(Unaudited)		(Unaudited)
Past due 180-360 days	568,153	2,294,770	-	-
	568,153	2,294,770	-	-

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

24. FINANCIAL RISK MANAGEMENT (continued)

24.1 Credit risk (continued)

f) Repossessed collateral

During the year, the Bank did not obtain assets by taking possession of collateral held as security.

Repossessed properties have to be sold within one year as required by the Central Bank. Repossessed property is classified in the balance sheet as foreclosed properties, if any exist.

g) Concentration of financial assets with credit risk exposure

i. Geographical sector

The following table breaks down the Bank's main credit exposures at their carrying amount, as categorised by geographical region as at 31 December 2011. For this table, the Bank has allocated exposure based on the country of domicile of the counterparties

	Cambodia	USA	Vietnam	Total
	US$	US$	US$	US$
31 December 2011				
Balances with other banks and financial institutions	7,596,923	335,368	26,449	7,958,740
Loans and advances to customers	59,137,672	-	-	59,137,672
Other assets	1,043,984	-	-	1,043,984
As at 31 December 2011	67,778,579	335,368	26,449	68,140,396
In Riel' 000 equivalents (Unaudited)	273,757,681	1,354,550	106,828	275,219,059
31 December 2010				
Balances with other banks and financial institutions	12,663,176	2,242,450	3,110,192	18,015,818
Loans and advances to customers	68,401,970	-	-	68,401,970
Other assets	802,541	-	-	802,541
As at 31 December 2010	81,867,687	2,242,450	3,110,192	87,220,329
In Riel' 000 equivalents (Unaudited)	331,809,735	9,088,650	12,605,608	353,503,993

24. FINANCIAL RISK MANAGEMENT (continued)

24.1 Credit risk (continued)

g) Concentration of financial assets with credit risk exposure (continued)

ii Industry sector

The following table breaks down the Bank's main credit exposures at their carrying amounts, as categorised by the industry sectors of the counterparties.

	Financial institution	Wholesale and retail	Real estate	Services	Import	Textile industries	Export	Personal use	Other	Total
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
31 December 2011										
Balances with other banks and financial institutions	7,958,740	-	-	-	-	-	-	-	-	7,958,740
Loans and advances to customers	-	23,263,861	7,312,110	4,762,811	7,634,151	735,792	118,251	856,682	14,454,014	59,137,672
Other assets	882,433	-	156,544	-	-	-	-	-	5,007	1,043,984
As at 31 December 2011	8,841,173	23,263,861	7,468,654	4,762,811	7,634,151	735,792	118,251	856,682	14,459,021	68,140,396
In KHR'000 equivalents (Unaudited)	35,709,498	93,962,735	30,165,894	19,236,994	30,834,336	2,971,864	477,616	3,460,139	58,399,986	275,219,062
31 December 2010										
Balances with other banks and financial institutions	18,015,818	-	-	-	-	-	-	-	-	18,015,818
Loans and advances to customers	-	15,445,813	7,282,045	3,405,065	2,408,900	693,000	237,600	58,751	38,870,796	68,401,970
Other assets	663,251	-	139,050	-	-	-	-	-	240	802,541
As at 31 December 2010	18,679,069	15,445,813	7,421,095	3,405,065	2,408,900	693,000	237,600	58,751	38,871,036	87,220,329
In KHR'000 equivalents (Unaudited)	75,706,267	62,601,880	30,077,698	13,800,728	9,763,272	2,808,729	962,993	238,118	157,544,309	353,503,994

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

24. FINANCIAL RISK MANAGEMENT (continued)

24.2 Market risk

The Bank 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.

As of 31 December 2011, the Bank did not have financial instruments carried at fair value. The Bank does not use derivative financial instruments, such as foreign exchange contracts and interest rate swaps, to manage its risk exposure.

(i) Foreign exchange risk

The Bank operates in Cambodia and transacts in many currencies, and is exposed to various currency exposures.

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

The management monitors their foreign exchange risk against functional currencies. However the Bank is not required to hedge their foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using foreword contract.

The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2011 and 2010. Included in the table are the Bank's financial assets and liabilities at carrying amount by currency in US$ equivalent.

As at 31 December 2011	US$	KHR	EUR	Other	Total
Assets					
Cash on hand	3,168,053	54,334	840	11,794	3,235,021
Gold	2,979,038	-	-	-	2,979,038
Balance with Central Bank	11,256,930	18,724	-	-	11,275,654
Balances with other banks and financial institutions	7,917,717	14,577	11,455	14,991	7,958,740
Loans and advances to customers	59,137,672	-	-	-	59,137,672
Other assets	1,043,984	-	-	-	1,043,984
Total financial assets	85,503,394	87,635	12,295	26,785	85,630,109
Liabilities					
Deposits from banks	30,313,693	-	-	1,084	30,314,777
Deposits from customers	14,128,152	19,082	15	279	14,147,528
Accruals and other liabilities	390,609	-	-	-	390,609
Total financial liabilities	44,832,454	19,082	15	1,363	44,852,914
Net on-balance sheet position	40,670,940	68,553	12,280	25,422	40,777,195
In Riel'000 equivalent (Unaudited)	164,269,927	276,886	49,599	102,679	164,699,091
Credit commitment	19,180,068	-	-	-	19,180,068
In Riel'000 equivalent (Unaudited)	77,468,295	-	-	-	77,468,295

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

24. FINANCIAL RISK MANAGEMENT (continued)

24.2 Market risk (continued)

(i) Foreign exchange risk (continued)

As at 31 December 2010	US$	KHR	EUR	Other	Total
Assets					
Cash on hand	581,235	15,552	17,960	2,055	616,802
Gold	7,391,808	-	-	-	7,391,808
Balance with Central Bank	8,660,090	58,196	-	-	8,718,286
Balances with other banks and financial institutions	18,013,489	2,087	155	87	18,015,818
Loans and advances to customers	68,401,970	-	-	-	68,401,970
Other assets	802,541	-	-	-	802,541
Total financial assets	103,851,133	75,835	18,115	2,142	103,947,225
Liabilities					
Deposits from banks	56,084,155	-	-	-	56,084,155
Deposits from customers	9,687,165	2,894	15	826	9,690,900
Accruals and other liabilities	95,517	-	-	-	95,517
Total financial liabilities	65,866,837	2,894	15	826	65,870,572
Net on-balance sheet position	37,984,296	72,941	18,100	1,316	38,076,653
In Riel'000 equivalent (Unaudited)	158,356,530	304,091	75,459	5,486	158,741,566
Credit commitment	15,331,447	-	-	-	15,331,447
In Riel'000 equivalent (Unaudited)	63,916,803	-	-	-	63,916,803

(ii) Price risk

The Bank is not exposed to securities price risk because it does not hold any investment held and classified on the balance sheet either as available for sale or at fair value through profit or loss. The Bank currently does not have a policy to manage its price risk.

(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 the market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise. The management 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, the management regularly monitors the mismatch.

The table in note 25 summarises the Bank's exposure to interest rate risk. It includes the Bank's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

24. FINANCIAL RISK MANAGEMENT (continued)

24.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due or to replace funds when they are withdrawn. The result may be a failure to meet obligations to repay depositors and fulfil commitments to lend.

a) Liquidity risk management process

The management monitors balance sheet liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of daily cash position and making projections for the next day, week and month respectively, as these are the key periods for liquidity management. The management monitors the movement of main depositors and makes projections about their withdrawals.

b) Funding approach

The Bank's main sources of liquidity are head office's paid-up capital and customers' deposits. The sources of liquidity are reviewed daily in management's daily review of the maturity of term deposits and key depositors.

c) Non-derivative cash flows

The table in note 26 presents the cash flows payable to the Bank under non-derivative financial liabilities organised by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash in-flows.

d) Assets held for managing liquidity risk

The Bank holds a diversified portfolio of cash and highly-liquid certificate deposits to support payment obligations. The Bank's assets held for managing liquidity risk comprise:

- Cash on hand
- Gold
- Balances with central bank
- Certificates of deposit with and other banks; and
- Second sources of liquidity in form of highly liquid (short term) loans and advances to customers (Bank's core business portfolio).

24.4 Fair value of financial assets and liabilities

As at the balance sheet date, the fair values of financial instruments of the Bank approximate their carrying amounts.

The estimated fair values are based on the following methodologies and assumptions:

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

24. FINANCIAL RISK MANAGEMENT (continued)

24.4 Fair value of financial assets and liabilities (continued)

a) Balance with Central Bank

Balance with Central Bank include statutory deposit, reserve deposits in accordance with the requirement from the Central Bank and current accounts. The fair value of those balances approximates their carrying value.

b) Balance with other banks and Financial Institutions

Deposits and placements with other banks include current accounts, which are non-interest bearing and short term fixed deposits. The fair values of deposits and placements with other banks approximates their carrying amounts.

c) Loans and advances to customers

Loans and advances are net of provision for loan losses. The provision of loan losses is made under the requirements of Central Bank's Prakas.

d) Deposits from banks and customers

The fair values of deposits payable on demand (current and savings accounts), or deposits with remaining maturity of less than one year are estimated to approximate their carrying amounts. The fair values of deposits with remaining maturity of more than one year are estimated based on discounted cash flows using prevailing market rates for similar deposits from banks and customers.

e) Other assets and liabilities

The carrying amounts of other financial assets and liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

24.5 Capital management

The Bank's objectives when managing capital, which is a broader concept than 'equity' on the face of the balance sheet, are:

- To comply with the capital requirement set by the Central Bank;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for the head office; and
- To maintain a strong capital base to support the development of business.

The Central Bank requires all commercial banks to i) hold the minimum capital requirement, ii) maintain the Bank's net worth at least equal to minimum capital and iii) comply with solvency, liquidity and other prudential ratios.

NOTED TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2011

24. FINANCIAL RISK MANAGEMENT (continued)

24.5 Capital management (continued)

The table below summarises the composition of regulatory capital:

	2011	2011	2010	2010
	US$	Riel' 000 (Unaudited)	US$	Riel' 000 (Unaudited)
Tier 1 (core capital)				
Share capital	38,000,000	153,482,000	38,000,000	154,014,000
Retained earnings	3,248,134	13,119,213	799,663	3,241,034
	41,248,134	166,601,213	38,799,663	157,255,034
Less: Intangible assets	(155,095)	(626,429)	(215,510)	(873,462)
Loan and advance to related parties	(8,093,600)	(32,690,050)	-	-
	32,999,439	133,284,734	38,584,153	156,381,572
Tier 2 (complementary capital)				
General provision (Prakas on Asset Classification)	589,681	2,381,722	690,929	2,800,335
Regulatory capital/net worth (*)	33,589,120	135,666,456	39,275,082	159,181,907

(*) Under National Bank of Cambodia's regulation, the Bank must maintain their net worth at least equal to the minimum capital. As at 31 December 2011, the Bank's net worth was US$33,589,120 and it is lower than the minimum capital requirement of US$37,500,000 by US$3,910,880. This non compliance is mainly due to loan provided to Saigon Phnom Penh land holding company. However, subsequently in April 2012, all shareholders of Saigon Phnom Penh land holding company who have relationship with the Bank were completely transferred all their shares to the remaining shareholder. Management believe that after the restructuring of shareholding of the company, Saigon Phnom Penh land holding is no longer related party of the Bank. The Bank is in the process of seeking exemption letter from the National Bank of Cambodia on this noncompliance. Management believe that there will be no significant impact on financial statements with respect to this matter.

25. INTEREST RATE RISK

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
	US$	US$	US$	US$	US$	US$	US$
As at 31 December 2011							
Assets							
Cash on hand	-	-	-	-	-	3,235,021	3,235,021
Gold	-	-	-	-	-	2,979,038	2,979,038
Balances with Central Bank	-	-	-	-	4,867,490	6,408,164	11,275,654
Balances with other banks and financial institutions	-	-	6,000,000	-	-	1,958,740	7,958,740
Loans and advances to customers	760,308	14,192,060	20,627,137	8,298,193	15,259,974	-	59,137,672
Other assets	-	-	-	-	-	1,043,984	1,043,984
Total financial assets	760,308	14,192,060	26,627,137	8,298,193	20,127,464	15,624,947	85,630,109
Liabilities							
Deposits from banks	2,500,000	8,000,000	19,050,812	-	-	763,965	30,314,777
Deposits from customers	9,507,890	790,782	1,305,747	600,144	-	1,942,965	14,147,528
Accruals and other liabilities	62,564	92,005	229,051	6,989	-	-	390,609
Total financial liabilities	12,070,454	8,882,787	20,585,610	607,133	-	2,706,930	44,852,914
Total interest repricing gap	(11,310,146)	5,309,273	6,041,527	7,691,060	20,127,464	12,918,017	40,777,195
In Riel’ 000 equivalents (Unaudited)	(45,681,679)	21,444,153	24,401,728	31,064,192	81,294,826	52,175,871	164,699,091

25. INTEREST RATE RISK (continued)

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
	US$	US$	US$	US$	US$	US$	US$
As at 31 December 2010							
Assets							
Cash on hand	-	-	-	-	-	616,802	616,802
Gold	-	-	-	-	-	7,391,808	7,391,808
Balances with Central Bank	-	-	-	-	4,867,489	3,850,797	8,718,286
Placements with other banks and financial institutions	7,000,000	-	-	-	-	11,015,818	18,015,818
Loans and advances to customers	7,527,499	32,969,468	14,352,463	5,674,355	7,878,185	-	68,401,970
Other assets	-	-	-	-	-	802,541	802,541
Total financial assets	14,527,499	32,969,468	14,352,463	5,674,355	12,745,674	23,677,766	103,947,225
Liabilities							
Deposits from banks	-	6,000,000	-	-	-	50,084,155	56,084,155
Deposits from customers	6,892,954	1,450,681	1,307,265	40,000	-	-	9,690,900
Accruals and other liabilities	-	-	-	-	-	95,517	95,517
Total financial liabilities	6,892,954	7,450,681	1,307,265	40,000	-	50,179,672	65,870,572
Total interest repricing gap	7,634,545	25,518,787	13,045,198	5,634,355	12,745,674	(26,501,906)	38,076,653
In Riel' 000 equivalents (Unaudited)	30,942,811	103,427,644	52,872,187	22,836,041	51,658,217	(107,412,225)	154,324,675

26. LIQUIDITY ANALYSIS

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	On demand	Total
	US$	US$	US$	US$	US$	US$	US$
At 31 December 2011							
Liabilities							
Deposits from banks	2,501,188	8,038,625	19,522,032	-	-	763,965	30,825,810
Deposits from customers	2,746,967	792,510	1,324,876	625,954	-	8,706,041	14,196,348
Accruals and other liabilities	62,564	92,005	229,051	6,989	-	-	390,609
Total financial liabilities (contractual maturity dates)	5,310,719	8,923,140	21,075,959	632,943	-	9,470,006	45,412,767
Total financial assets (contractual maturity dates)	12,547,614	16,447,760	31,325,967	15,845,973	9,537,467	1,958,740	87,663,521
Net liquidity gap - US$	7,236,895	7,524,620	10,250,008	15,213,030	9,537,467	(7,511,266)	42,250,754
In Riel' 000 equivalents (Unaudited)	29,229,819	30,391,940	41,399,782	61,445,428	38,521,829	(30,338,003)	170,650,795
At 31 December 2010							
Liabilities							
Deposits from banks	-	6,028,125	-	-	-	50,084,155	56,112,280
Deposits from customers	44,424	1,461,152	1,353,624	44,272	-	6,849,385	9,752,857
Accruals and other liabilities	37,277	37,674	18,426	2,140	-	-	95,517
Total financial liabilities (contractual maturity dates)	81,701	7,526,951	1,372,050	46,412	-	56,933,540	65,960,654
Total financial assets (contractual maturity dates)	24,844,715	33,647,413	15,604,840	7,282,866	15,876,371	11,015,818	108,272,023
Net liquidity gap - US$	24,763,014	26,120,462	14,232,790	7,236,454	15,876,371	(45,917,722)	42,311,369
In Riel' 000 equivalents (Unaudited)	100,364,496	105,866,234	57,685,498	29,329,348	64,346,932	(186,104,527)	171,487,981

APPENDIX: NOTES ON COMPLIANCE WITH THE CENTRAL BANK PRAKAS

For the Year Ended 31 December 2011

This Appendix does not form part of the audited financial statements.

1. LIQUIDITY RATIO, Prakas Nos. B7-00-38, B7-02-187 and B7-04-207

The Bank was in compliance with these Prakas, which require a Liquidity Ratio of at least 50%. As at 31 December 2011, the Bank's Liquidity Ratio was 76.62%.

The Liquidity Ratio calculation is detailed in Schedule 1.

2. MINIMUM CAPITAL REQUIREMENT, Prakas No. B7-08-193

The Central Bank's Prakas No. B7-09-193 on banks' minimum capital requires all commercial banks locally incorporated as companies and which have at least one influential shareholder which is a bank or financial institution with a rating "investment grade," extended by a reputable rating agency, must have minimum capital equal to at least Riel 50,000,000,000 (US$ 13,000,000); and commercial banks having individuals or companies as shareholders must have a minimum capital of at least Riel 150 billion (or US$37.5 million) by the end of year 2010.

As at 31 December 2011, the Bank has a paid-up statutory capital of US$38 million. The Bank was in compliance with these Prakas.

3. NET WORTH, Nos. B7-00-47 and B7-00-39

The calculation of the Bank's Net Worth as at 31 December 2011 is detailed in Schedule 2.

The Bank must maintain net worth at least equal to its minimum capital. As at 31 December 2011, the Bank's net worth is US$33,589,120 and it is lower than the minimum capital of US$37,500,000 by US$3,910,880.

The Bank is in the process of seeking exemption letter from the National Bank of Cambodia with respect to this matter and management believe that there will be no significant impact on the financial statements.

4. SOLVENCY RATIO, Prakas Nos. B7-00-46, B7.04-206-15 and B7-07-135

As at 31 December 2011, the Bank maintained a Solvency Ratio of 55.23%, representing the Bank's net worth as a percentage of its risk-weighted assets and off-balance sheet items.

The Bank was in compliance with these Prakas, which require a Solvency Ratio of at least 15%.

The Solvency Ratio calculation is detailed in Schedule 3.

APPENDIX: NOTES ON COMPLIANCE WITH THE CENTRAL BANK PRAKAS

For the Year Ended 31 December 2011

5. FOREIGN CURRENCY TRANSACTIONS, Prakas No. B7-00-50

Balance sheet items

As at 31 December 2011, in accordance with Prakas No. B7-00-50, all assets and liabilities of the Bank that were denominated in foreign currencies were revalued using the year-end exchange rates.

Off-balance sheet items

The Bank is required to record the capital commitments arising from the purchase and sale of foreign currencies relating to spot transactions (with a completion period of two days) and forward foreign exchange transactions as off-balance sheet items.

The Bank has no open foreign exchange contracts for either spot or forward transactions as at 31 December 2011. Accordingly, no capital commitments for open foreign exchange contracts were disclosed as off-balance sheet items.

6. CLASSIFICATION OF AND PROVISIONING FOR BAD AND DOUBTFUL DEBTS, Prakas No. B7-09-074

The Bank's loan classification and provisioning policy is in compliance with the Central Bank's guidelines. The amount of the provision for bad and doubtful debts determined as at 31 December 2011 is in compliance with the requirements of this Prakas.

7. LARGE CREDIT EXPOSURES, Prakas Nos. B7-00-52 and B706-226 BK

The Bank is required, under the conditions of the above Prakas, to maintain at all times a maximum ratio of 20% between its overall exposure resulting from its operations with each individual beneficiary and its net worth, and the aggregate individual large credit exposure must not be more than 300% of the Bank's net worth.

As at 31 December 2011, the Bank was in compliance with this Prakas.

8. LOANS TO RELATED PARTIES, Prakas No. B7-02-146

The Prakas requires the total of the weighted outstanding balances of loans to related parties to be not more than 10% of the Bank's net worth.

As at 31 December 2011, the Bank had loan to related parties outstanding amounting to US$8,093,600 and this outstanding represents 24.10% of Bank's net worth and it exceeded the maximum threshold requirement. This non compliance is mainly due to loan provided to Saigon Phnom Penh land holding company. However, subsequently in April 2012, all shareholders of Saigon Phnom Penh land holding company who have relationship with the Bank were completely transferred all their shares to the remaining shareholder. Management believe that after the restructuring of

APPENDIX: NOTES ON COMPLIANCE WITH THE CENTRAL BANK PRAKAS

For the Year Ended 31 December 2011

8. LOANS TO RELATED PARTIES, Prakas No. B7-02-146 (Continued)

shareholding of the company, Saigon Phnom Penh land holding is no longer related party of the Bank. The Bank is in the process of seeking exemption letter from the National Bank of Cambodia on this noncompliance. Management believe that there will be no significant impact on financial statements with respect to this matter.

9. FIXED ASSETS, Prakas No. B7-01-186

The requirements of this Prakas are as follows:

- The total amount of fixed assets must not exceed 30 percent of net worth; and
- The Bank is not allowed to acquire fixed assets except for operating purposes.

As at 31 December 2011, the Bank's total fixed assets of US$ 905,178 constitutes 2.21% of the Bank's net worth as computed in Schedule 2.

10. PREPAID RENTALS AND LEASES, Prakas No. B7.04.037

The Central Bank issued Prakas No. B7.04.037 on 9 March 2004, which stipulates that banks are only allowed to lease properties if these are directly related to its banking operations. Moreover, this Prakas stipulates that the terms of prepaid rentals or leases should not exceed one year. In addition, rentals with related parties are required to be reported as part of the loans and advances to related parties in a branch's quarterly related parties transactions and balances declaration with the Central Bank. In the event that the Bank has prepaid rentals or leases of more than one year, the Bank should have been compliant with the provisions of this Prakas within the six months after 9 March 2004 and thereafter, prepaid rentals or leases of more than one year should have been deducted when calculating the Bank's net worth.

As at 31 December 2011, the Bank was in compliance with this Prakas.

11. NET OPEN POSITION IN FOREIGN CURRENCY, Prakas No. B07-07-134

The Bank is required, under the conditions of the above Prakas, to maintain its net open position in foreign currencies in either any foreign currency or overall net open position in all foreign currencies, whether long or short, shall not exceed twenty percent (20%) of the Bank's net worth.

As at 31 December 2011, the Bank was in compliance with this Prakas.

SCHEDULE 1
LIQUIDITY RATIO AT 31 DECEMBER 2011

LIQUIDITY RATIO	2011
	US$
NUMERATOR	
1. Treasury balance	
- Debit items	
- Cash and gold	6,214,059
- Deposits with the Central Bank (excluding statutory deposits)	4,273,183
- Balance and placement with other banks and financial institutions	7,958,740
- Portion of lending to banks and FI with not more than one month to run	-
	18,445,982
Less:	
- Credit items	
- Credit balances on sight accounts maintained with the Central Bank, banks or financial institutions	-
- Borrowings from the Central Bank and other banks with not more than one month to run	-
Net balance – lender position	18,445,982
2. Lending with not more than one month to run (excluding loans with no maturity)	-
3. Treasury bills with not more than one month to run	-
TOTAL NUMERATOR (A)	**18,445,982**
DENOMINATOR	
1. 80% of fixed deposits and certificate of deposits having not more than one month to run	4,195,851
2. 50% of fixed deposits and certificate of deposits having more than one month to run	14,873,742
3. 50% of savings deposits	3,381,538
4. 60% of demand deposits	1,624,158
TOTAL DENOMINATOR (B)	**24,075,289**
LIQUIDITY RATIO (C) = (A/B)	**76.62%**

SCHEDULE 2
NET WORTH AS AT 31 DECEMBER 2011

NET WORTH	2011
	US$
Tier: (Core Capital)	
I. Subtotal - A	
Paid-up capital	38,000,000
Reserves (other than revaluation reserves: Translation reserve, general reserve and capital reserve)	-
Audited net profit (last financial year)	2,448,471
Retained earnings brought forward (restated)	799,663
Other item (approved by the Central Bank)	-
Premiums related to capital	-
Other items approved by the Central Bank	-
Total (A)	41,248,134
Limit check on retained earnings: Max 20% of Total A	
II. Subtotal - B	
Own shares held (at book value)	-
Accumulated losses	-
Intangible assets to be deducted	155,095
Shareholders, Directors, Related Parties (deduct)	
1. Unpaid portion(s) of capital (a)	-
2. Loans, overdrafts and other advances (b)	8,093,600
3. Debt instruments held bearing signature of Shareholders, Directors, Related Parties (c)	-
Other losses	-
Total (B)	8,248,695
Total Tier 1 (Core Capital) (A) - (B)	32,999,439
Tier: (Complementary Capital)	
III. Sub-Total C	
Revaluation reserves (approved by the Central Bank)	-
Provisions for general banking risks (approved by the Central Bank)	-
1% General provision (Prakas on Asset Classification)	589,681
Subordinated debt instruments (approved by the Central Bank)	-
Other items (approved by the Central Bank)	-
Total (C)	589,681
Limit check on Subordinated Debt (max. 50 % of Tier 1 Capital)	
IV. Sub-Total D (Tier 2, Deductions)	
Equity participations in banking and financial Institution	-
Other items to be deducted (deferred charge)	-
Total (D)	-
Total Tier 2 (Complementary Capital) (C) - (D)	
Limit check on Tier 2 capital (Tier 2 = max. 100 % of Tier 1)	589,681
Regulatory Net Worth (A)- (B) + (C) - (D)	33,589,120

SCHEDULE 3
SOVENCY RATIO CALCULATION AS AT 31 DECEMBER 2011

SOLVENCY RATIO			
			2011
Numerator (N)			**US$**
Net Worth			33,589,120
	Assets	Weighting	
Denominator			
Total gross assets			
- Cash, gold and claims on the Central Bank	17,489,713	0%	-
- Assets collateralised by deposits	-	0%	-
- Claims on sovereign rated AAA to AA-	-	0%	-
- Claims on sovereign rated A+ to A-	-	20%	-
- Claims on banks rated AAA to AA-	-	20%	-
- Claims on sovereign rated BBB+ to BBB-		50%	-
- Claims on banks rated A+ to A-	335,370	50%	167,685
- Other assets (*)	60,651,241	100%	60,651,241
Total assets as reported in the balance sheet	78,476,324		60,818,926
Off-balance sheet items			
- Full risk	-	100%	-
- Medium risk	-	50%	-
- Moderate risk	-	20%	-
- Low risk	19,180,068	0%	-
	19,180,068		-
Denominator (D1)			60,818,926
SOLVENCY RATIO: (S = N / D1)			**55.23%**

(*) Excluding the items which are deducted in calculating the net worth as stated in the Central Bank's Prakas B7-07-135 dated 27 August 2007.

SCHEDULE 4
CLASSIFICATION AND PROVISONING FOR BAD AND DOUBTFUL DEBTS
AS AT 31 DECEMBER 2011

The details of the Central Bank's required provision following its mandatory provisioning requirements based on the prescribed credit classification of loans and advances to customers are provided in the following table.

	Loan Amount 31 Dec 2011 US$	The Central Bank's Required Classification	Estimated Collateral Value US$	The Central Bank's Provision Rate	The Central Bank's Required Provision US$	Provision Recorded by the Bank US$	Difference in Provision Amount US$
Term loan	-	Special mention	-	3%	-	-	-
Term loan	-	Sub-standard	-	20%	-	-	-
Term loan	568,153	Doubtful	11,221,000	50%	284,076	284,076	-
Term loan	-	Loss	-	100%	-	-	-
Total	**568,153**		**11,221,000**		**284,076**	**284,076**	**-**

COMPUTATION OF OTHER RATIOS AS AT 31 DECEMBER 2011

		2011
CAPITAL		
1	**Equity to total assets (A/B)**	47.56%
	A – Equity	41,248,134
	B – Total assets	86,725,019
2	**Capital Tier I to total assets (A/B)**	38.05%
	A – Capital Tier 1	32,999,439
	B – Total assets	86,725,019
3	**Capital Tier I to risk-weighted assets (A/B)**	54.41%
	A – Capital Tier 1	32,999,439
	B – Risk-weighted assets	60,651,241
4	**Capital Tier I +Tier II to risk-weighted assets (A/B)**	55.38%
	A – Capital Tier I + Tier II	33,589,120
	B – Risk-weighted assets	60,651,241
5	**Net worth to assets (A/B)**	38.73%
	A – Net worth	33,589,120
	B – Total assets	86,725,019
6	**Solvency ratio (A/B)**	55.38%
	A – Net worth	33,589,120
	B – Risk-weighted assets	60,651,241
7	**Debt to total assets (A/B)**	52.44%
	A – Total liabilities	45,476,885
	B – Total assets	86,725,019
8	**Debt-equity ratio (A/B)**	110.25%
	A – Total liabilities	45,476,885
	B – Equity	41,248,134
9	**Dividend to net profit (A/B)**	-
	A – Dividend	-
	B – Net profit	2,448,471

COMPUTATION OF OTHER RATIOS AS AT 31 DECEMBER 2011

		2011
ASSETS QUALITY		
10	**Banking reserves to total loans (A/B)**	**0.00%**
	A – Banking reserves	-
	B – Total loans (gross)	60,011,429
11	**Banking reserves to total assets (A/B)**	**0.00%**
	A – Banking reserves	-
	B – Total assets	86,725,019
12	**Non-performing loans to total loans (A/B)**	**0.95%**
	A – Non-performing loans	568,153
	B – Total loans (gross)	60,011,429
13	**Non-performing loans to total assets (A/B)**	**0.66%**
	A – Non-performing loans	568,153
	B – Total assets	86,725,019
14	**Classified assets to total loans (A/B)**	**0.95%**
	A – Classified assets	568,153
	B – Total loans (gross)	60,011,429
15	**Classified assets to total assets (A/B)**	**0.66%**
	A – Classified assets	568,153
	B – Total assets	86,725,019
16	**Classified assets to total equity (A/B)**	**1.38%**
	A – Classified assets	568,153
	B – Total equity	41,248,134
17	**Loans to related parties to total loans (A/B)**	**13.49%**
	A – Loans to related parties	8,093,600
	B – Total loans (gross)	60,011,429
18	**Large exposure to total loans (A/B)**	**37.23%**
	A – Large exposure	22,341,832
	B – Total loans (gross)	60,011,429
19	**Loans to related parties to net worth (A/B)**	**24.10%**
	A – Loans to related parties	8,093,600
	B – Net worth	33,589,120

COMPUTATION OF OTHER RATIOS AS AT 31 DECEMBER 2011

		2011
20	**Large exposure to net worth (A/B)**	**66.52%**
	A – Large exposure	22,341,832
	B – Net worth	33,589,120
21	**General provision to net worth**	**0.98%**
	A – General provision	589,681
	B – Total loans (gross)	60,011,429

22	**Specific provision to total loans (A/B)**	**0.47%**
	A – Specific provision	284,076
	B – Total loans (gross)	60,011,429
23	**Specific provision to non-performing loans (A/B)**	**50.00%**
	A – Specific provision	284,076
	B – Non-performing loans	568,153
24	**All allowances to total assets (A/B)**	**1.01%**
	A – Total all allowances	873,757
	B – Total assets	86,725,019
25	**Loans to deposits (A/B)**	**134.97%**
	A – Total loans to non-bank customers (gross)	60,011,429
	B – Customer's deposits	44,462,305
EARNINGS		
26	**Return on assets (A/B)**	**2.82%**
	A – Net profit	2,448,471
	B – Total assets	86,725,019
27	**Return on equity (A/B)**	**5.94%**
	A – Net profit	2,448,471
	B – Equity	41,248,134
28	**Gross Yield (A/B)**	**6.11%**
	A – Interest income	5,301,728
	B – Total assets	86,725,019
29	**Net interest margin (NIM) to total assets ((A-B)/C)**	**5.41%**
	A – Interest income	5,301,728
	B – Interest expense	610,694
	C- Total assets	86,725,019

COMPUTATION OF OTHER RATIOS AS AT 31 DECEMBER 2011

		2011
30	**Other income (OTNC) = (A/B)**	**0.85%**
	A – Other incomes	737,385
	B – Total assets	86,725,019
31	**Provision to total assets (A/B)**	**1.01%**
	A – Provision	873,757
	B – Total assets	86,725,019
32	**Overhead (OHEAD) = (A/B)**	**2.46%**
	A – Non-interest expense	2,137,151
	B – Total assets	86,725,019
33	**Net income before tax (NIBT) = (A/B)**	**3.58%**
	A – Net income before tax	3,108,440
	B – Total assets	86,725,019
34	**Tax to total assets (A/B)**	**0.76%**
	A – Tax	659,969
	B – Total assets	86,725,019
35	**Interest margin to gross income ((A-B)/C)**	**77.68%**
	A – Interest income	5,301,728
	B – Interest expense	610,694
	C – Gross income	6,039,113
36	**Non-interest income to gross income (A/B)**	**12.21%**
	A – Non-interest income	737,385
	B – Gross income	6,039,113
37	**Non-interest expense to gross income (A/B)**	**35.39%**
	A – Non-interest expense	2,137,151
	B – Gross income	6,039,113
38	**Times interest earned ((A+B)/C)**	**(4.09)**
	A – Income before tax	3,108,440
	B – Interest expense	(610,694)
	C – Interest expense	(610,694)

COMPUTATION OF OTHER RATIOS AS AT 31 DECEMBER 2011

		2011
LIQUIDITY		
39	**Liquid assets (A/B)**	**21.27%**
	A – Liquid assets	18,445,982
	B – Total assets	86,725,019
40	**Short-term liabilities (A/B)**	**40.42%**
	A – Short-term liabilities (less than one year)	35,057,138
	B – Total assets	86,725,019
41	**Net liquid assets ((A-B)/C)**	**-37.08%**
	A – Liquid assets	18,445,982
	B – Short-term liabilities (less than one year)	35,309,818
	C – Total liabilities	45,476,885
42	**Quick ratio (A/B)**	**52.24%**
	A – Quick assets	18,445,982
	B – Current liabilities	35,309,818
43	**Deposit to total loans (A/B)**	**23.57%**
	A – Total customers' deposits	14,147,528
	B – Total loans to non-bank customers (gross)	60,011,429

DISTRIBUTION NETWORK

HEADQUARTERS

N⁰ 60, Preah Norodom Blvd, Sangkat Chey Chumneas,
Khan Daun Penh, Phnom Penh, Cambodia.
Tel: (855) 23 223 422 - Fax : (855) 23 223 433
Email: info@sacombank.com.kh
www.sacombank.com.kh

OLYMPIC BRANCH

N⁰ 319-321, Preah Sihanouk Blvd, Sangkat Veal Vong, Khan 7 Makara, Phnom Penh
Tel: (855) 23 223 420
Fax: (855) 23 223 402

VIETNAMESE SUPERMARKET BRANCH

N⁰ 717-719, Preah Monivong Blvd, Sangkat Boeung Keng Kang 3, Khan Chamkarmon, Phnom Penh
Tel: (855) 23 223 421
Fax: (855) 23 214 734

CHBAR AMPEOU BRANCH

N⁰ 577A-578B, National Road 1, Sangkat Chbar Ampeou II, Khan Mean Chey, Phnom Penh
Tel: (855) 23 223 418
Fax: (855) 23 721 571

KAMPONG CHAM BRANCH

N⁰ 43, National Road 07 New, Sangkat Veal Vong, Kampong Cham City, Kampong Cham Province
Tel: (855) 42 942 800
Fax: (855) 42 942 801

BANKING PRODUCTS AND SERVICES

CORPORATE

1. Bill Discount
2. Import L/C
3. Export L/C
4. Telegraphic Transfer
5. Bills for Collection (D/A and D/P)
6. Business Loan
6. Investment Loan
7. Guarantee (Bid bond, Performance bond...)
8. Current Deposit

PERSONAL

1. Foreign Exchange Service
2. Gold Deposit
3. Saving Deposit (Term and Demand)
5. Passbook Secured Loan
6. Consumer Loan
7. Loan for Property Financing
8. Loan for Construction / Renovation
9. Loan for Agriculture
9. Loan for Supporting Business
9. Market Loan
10. Express Remittance (Inward/Outward)