

Sacombank



Sacombank (Cambodia) Plc.
ANNUAL REPORT

2013

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Deputy Chief Editor

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Marketing Communication Officer



MISSION

To be the first modern universal retail bank in Vietnam and the region

VISION

- Constantly maximize value for customers and shareholders
- Bring value to staff in terms of career development and wealth
- Contribute to the development of the community

CORE VALUES

1. Pioneering to be an explorer and accept challenges to discover new horizons;
2. Novel, Dynamic and Innovative to turn difficulties and challenges into growth opportunities;
3. High Commitment with the highest professionalism, dedication and prestige towards customers and partners
4. Social Responsibility under its slogan: Sacombank and the Community - "Growing Together"
5. Making a Difference with innovative breakthroughs in Products, Business Methods and Corporate Governance Models.

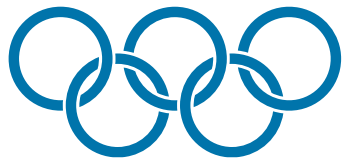


SACOMBANK (CAMBODIA) PLC. MILESTONES

Sacombank opened its Phnom Penh Branch, making it the 27th foreign bank to operate in Cambodia and the first Vietnamese bank to invest in the country. In pioneering the entry into the Cambodian banking sector, Sacombank Phnom Penh branch has contributed to an increase in cross-border trade between Cambodia and Vietnam. This event marks another miles in the bank's growth in Indochina region.



23 June 2009



Sacombank celebrated the grand opening of the first sub-branch in Phnom Penh Olympic sub-branch, located at one of the busiest trading areas in the city. The sub-branch supports to fulfil a high demand of financial services in the Olympic market area by providing key products and services such as trade finance, business loan, and money transfer.



Sacombank continued to expand branch network as a part of its expansion strategy in Phnom Penh by opening the second sub-branch, located at Vietnamese Supermarket. The new branch creates significant opportunities for individual and business customers in the surroundings through diversified products and services and its convenient location particularly.

08 December 2010

30 August 2011

Sacombank opened its third sub-branch in the western part of Phnom Penh city, located at Chbar Ampeou market area. As one of the crowded area in the city, where economic development is growing rapidly, Chbar Ampeou sub-branch has the opportunity to contribute to the improvement of the business conditions of market vendors.



05 September 2011

The Board of Directors announced to transform its Phnom Penh branch into wholly-owned subsidiary of Sacombank under the approval of National Bank of Cambodia and support of State Bank of Vietnam. This important event marked the transition to a new phase in the development and performance improvement strategy of Sacombank in Cambodia, thus further promoting the good trading relationship of the business communities between Vietnam and Cambodia.



01 October 2011

22 March 2012



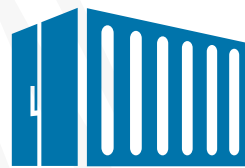
For the first time, Sacombank (Cambodia) Plc. (Sacombank Cambodia) started outreaching to one of the busiest trading hubs outside the capital city by opening a branch in Kampong Cham province. Besides the key products and services to meet the financial demands of local customers, the newest branch provides quick money transfer services between Kampong Cham and Phnom Penh, increasing the trading capacity between the country's two biggest economic hubs.

26 November 2012

In the response to strong demands from the bank's customers, Sacombank Cambodia moved its Vietnamese Supermarket Branch to a larger office located at 537 A-B Monivong Boulevard, Phnom Penh under the name of Preah Monivong branch. The creation of a new transaction office in the city centre is the right thing to support the continuous expansion of the bank. The new office has a perfect location where the economic development, strategy and growth potential exist.



06 December 2012



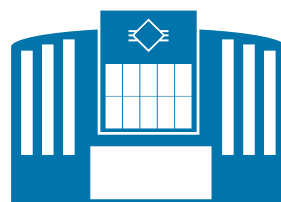
Sacombank Cambodia kicked-off cross-border trade payment service, aims to streamline the process for settling cross-border trade in the Vietnam dong and enables Cambodian enterprises to conduct cross-border trade in Vietnam dong electronically without holding an account in the currency. Vice versa, Cambodia suppliers can also receive their payment from Vietnam buyer directly in Khmer riel. The implementing of this service has been supporting the daily trade payment of enterprises in the both country and therefore enhance their trading capacity.

17 January 2013

As a focal point for network expansion strategy, Sacombank Cambodia continued to expand its branch network in Phnom Penh by inaugurating Phsar Heng Ly branch, bringing its broad range of banking products & services to the surrounding community of the major market.



24 June 2013



Sacombank Cambodia announced the opening of Pochentong branch in the western part of Phnom Penh city. This branch is Sacombank Cambodia's 7th entity in the country, complementing Head Office and 5 branches: Olympic, Preah Monivong, Chbar Ampeou, Kampong Cham, Phsar Heng Ly.

LETTER FROM CHAIRMAN OF BOARD OF DIRECTORS

The year 2013 continued to be a challenging year for Cambodia's economy with the impact from general difficulties. The banking sector also faced certain obstacles such as significant decrease of deposits. At the same time, the Cambodian financial market has become more competitive with the participation of two new foreign-owned banks.

In this situation, Sacombank (Cambodia) Plc. (Sacombank Cambodia) has worked exceptionally hard with strong commitment of every staff as well as the cooperation and support of valued customers and partners to achieve the most positive results of the target plan. Among them are some significant achievements such as the broad branch

network expansion, which covers the major areas of Phnom Penh city; effective liquidity management in disadvantaged situations; trustworthy and friendly brand communication in the local community... As of 2013, Sacombank Cambodia's total assets reached USD 113.6 million, total equity was USD 42 million and chartered

capital was USD 38 million; total deposits reached USD 70.6 million, rising USD 25.6 billion (or 56.8%) compared to the beginning of the year, and deposits from economic organizations and residents hit USD 29.1 million, up USD 6 million (equivalent to 26.2%); loans reached USD 83 million, which grew by 20.1 million (up 31.9%); profit before taxes achieved USD 2.1 million. The network

included 1 Head Office, 5 branches in Phnom Penh and 1 branch in Kampong Cham province. Sacombank Cambodia has been serving more than 4,500 private and business clients in Cambodia. Besides the advantages mentioned above, there are many things we need to improve, such as: increase services income via money transfer, international payment; decrease ratio of non-performing loans.

Go into 2014, Cambodia's economy is showing visible signs of recovery and is expected to move upward. In addition, the diplomatic and business relations between Cambodia and Vietnam has been developed and improved significantly. On this positive signs, Sacombank Cambodia set its goal for 2014 to reach USD 132 million of total assets; total equity is USD 45 million; total deposits reach USD 90 million; total lending is USD 105 million and profit before taxed achieves USD 2.4 million.

To achieve the above-mentioned targets, Sacombank Cambodia will focus on key initiatives including: focus resources and enhance professionalism of Sales Officers on promoting fund-raising; boost of effective direct marketing tools or via telephone, launch of interesting promotion programs, boost of advertising on the press and media...; increase the benefits of products & services and added values for customers, improve transaction process; effectively deploy retail strategy through dispersed loans with reasonable interest rates; focus on one hour money transfer service to better serve enterprises that doing business in Cambodia and Vietnam; launch of modern banking services such as cards, internet banking; in parallel strengthen operation safety and risk management.

Despite the general difficulties, Sacombank Cambodia as the first Vietnamese bank in pioneering the entry into the Cambodian banking sector, we are confident to deploy

our business solutions as defined in order to reach our target plan in the period 2014-2018, which will contribute to our development strategy and our mission to maximize values for our customers – partners – employees; to contribute to the community development where we operates as our vision “To become the top Vietnamese bank and one of 10 leading commercial banks in Cambodia”.

We look forward to continued support and engagement from our customers and partners along the development journey of Sacombank Cambodia. Wishing you health, happiness and success!

Sincerely,

On behalf of the Board of Directors,



Tram Be



Saccombank

Saccombank
DEPOSIT MONEY
LIVE! SCOOPY-i
Lucky Draw Prizes



INTRODUCTION OF SACOMBANK (CAMBODIA) PLC.

Sacombank is a leading commercial banks in the Vietnam and continuously growing in Cambodia and Laos with more than 10,000 employees and nearly 420 branches in the region.

The bank first established a presence in Cambodia on 23 June 2009 with the opening of its Phnom Penh branch, became the first Vietnamese bank to open its branch in Cambodia. In pioneering the entry into the Cambodian banking sector, Sacombank made a significant contribution in cross-border trade expansion between Cambodia and Vietnam.

After 2 years of operation, Sacombank (Cambodia) Plc. completed local incorporation on 1 October 2011. After the transformation, the bank continuously reforms its operation, cooperates with international strategic partners, develops new products and services to meet the characteristics of local financial market and become a more competitive banking service provider in the kingdom.

English name	:	Saigon Thuong Tin Bank (Cambodia) Plc.
Abbreviated name	:	Sacombank (Cambodia) Plc.
Head office	:	60 Preah Norodom Boulevard, Sangkat Chey Chumneas, Khan Daun Penh, Phnom Penh.
Telephone	:	(855) 23 223 422
Fax	:	(855) 23 223 433
Email	:	info@sacombank.com.kh
Website	:	www.sacombank.com.kh
Date of establishment	:	23 June 2009
Chartered capital	:	USD 38,000,000
Number of business locations	:	7

Sacombank (Cambodia) Plc. provides a broad range of banking products and services to private individuals, self-employed customers as well as small and medium sized enterprises. These services include:

- Receipt of demand deposits, term deposits, savings deposits and other types of deposits.
- Issuance of certificates of deposit, bills of exchange, bills of credit.
- Grant of credit in the form of:
 - Lending;
 - Discount and rediscount of commercial instruments and other valuable papers;
 - Bank's guarantee;
 - Other forms of credit granting
- Opening of payment accounts for customers.
- Provision of payment facilities.
- Provision of the following payment services:
 - Rendering domestic payment services, including cheques, payment orders, banker's orders, bank collection, letters of credit, entrusted collection and payment services;
 - International payment services and other payment services.

EVENT HIGHLIGHTS



Opening of Phsar Heng Ly branch to response to strong demands of banking's needs of local customer around Phar Heng Ly market areas.



Opening of Pochentong branch, marking the coverage of Sacombank Cambodia in the entire capital city.





01 October
2013



Celebrating 2nd anniversary of Sacombank Cambodia after transforming into 100% foreign-owned bank from Phnom Penh branch with diverse interesting activities such as SC Mini Football Cup, Cooking Contest, Flower Arrangement Contest, and Gala Dinner.



22 March
2013

Launching of Customer Care program as "Privilege" to reward the high balance customers. Privilege program will offer VIP customers the access to a world of unlimited special privileges and complimentary services from premium level of service and priority banking, to special discounts and exclusive event invitation.

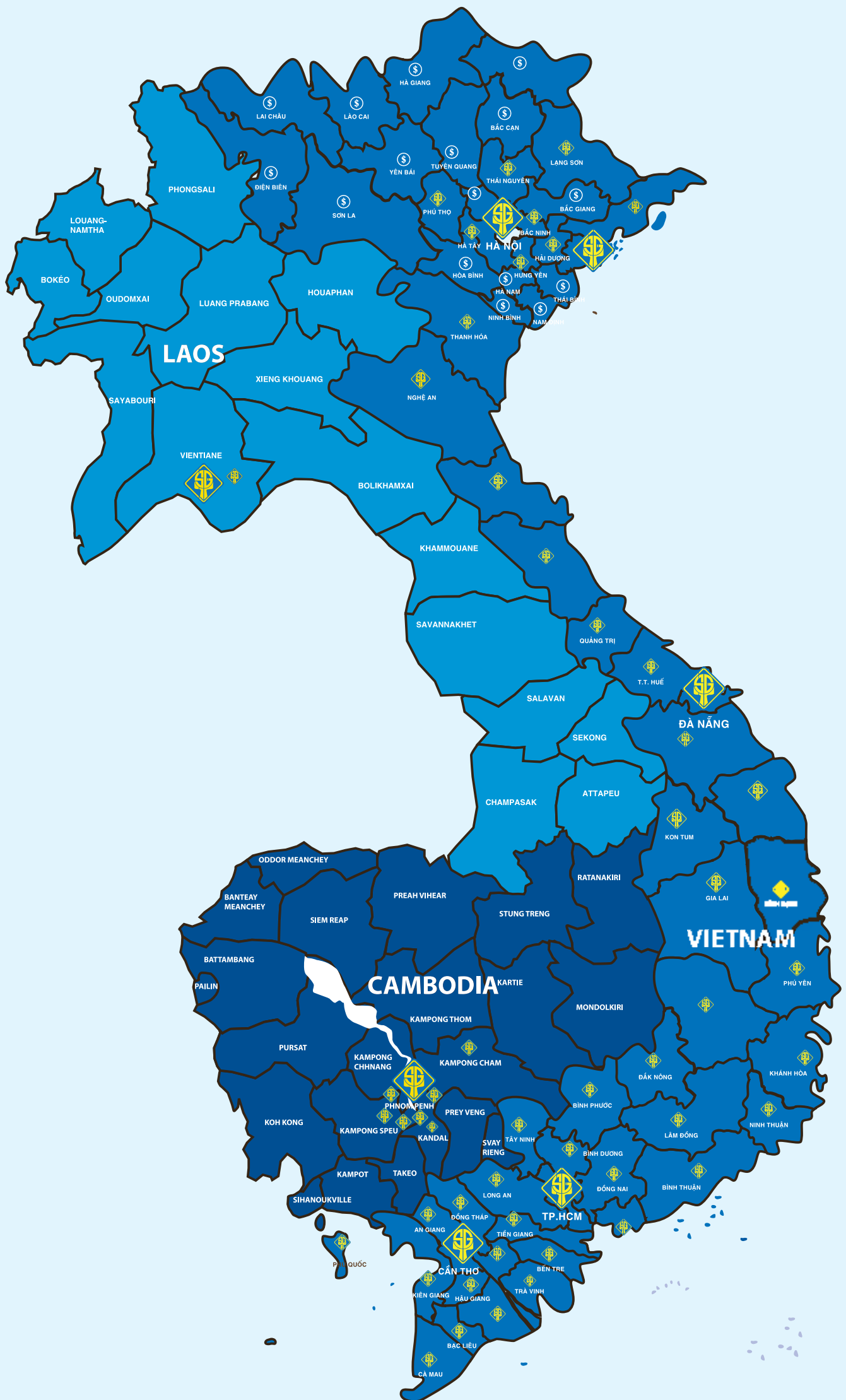
09 October
2013

- ធ្វើប្រតិបត្តិការក្នុងដែនកំណត់
Unlimited Access
- គ្រប់ពេលវេលា គ្រប់ទីកន្លែង
Anytime, Anywhere
- សុវត្ថិភាពខ្ពស់
Safe and Secure
- ងាយស្រួល និងរហ័សទាន់ចិត្ត
Fast and Easy

Launching of Internet Banking and SMS Banking with many excellent and safety features which promote the diversity of banking's products and services and increase the competitiveness of Sacombank Cambodia in the local market.

SMS Banking

ធ្វើប្រតិបត្តិការក្នុងដែនកំណត់
Banking on the go with unlimited benefits



BRANCH NETWORK

Head Office:

60, Preah Norodom, Phnom Penh

Tel: (855) 23 223 422 | Fax: (855) 23 223 433

Olympic Branch

319-321, Preah Sihanouk, Phnom Penh

Tel: (855) 23 223 420 | Fax: (855) 23 223 402

Preah Monivong Branch

537A-B, Preah Monivong, Phnom Penh

Tel: (855) 23 223 421 | Fax: (855) 23 214 734

Chbar Ampeou Branch

577A-578B, National Road 1, Phnom Penh

Tel: (855) 23 223 418 | Fax: (855) 23 721 571

Kampong Cham Branch

43, National Road 7, Kampong Cham

Tel: (855) 42 942 800 | Fax: (855) 42 942 801

Phsar Heng Ly Branch

25-27A, Street 271, Phnom Penh

Tel: (855) 23 881 468 | Fax: (855) 23 881 665

Pochentong Branch

378-379, Russian Federation, Phnom Penh

Tel: (855) 23 890 146 | Fax: (855) 23 890 246

Takhmao Branch

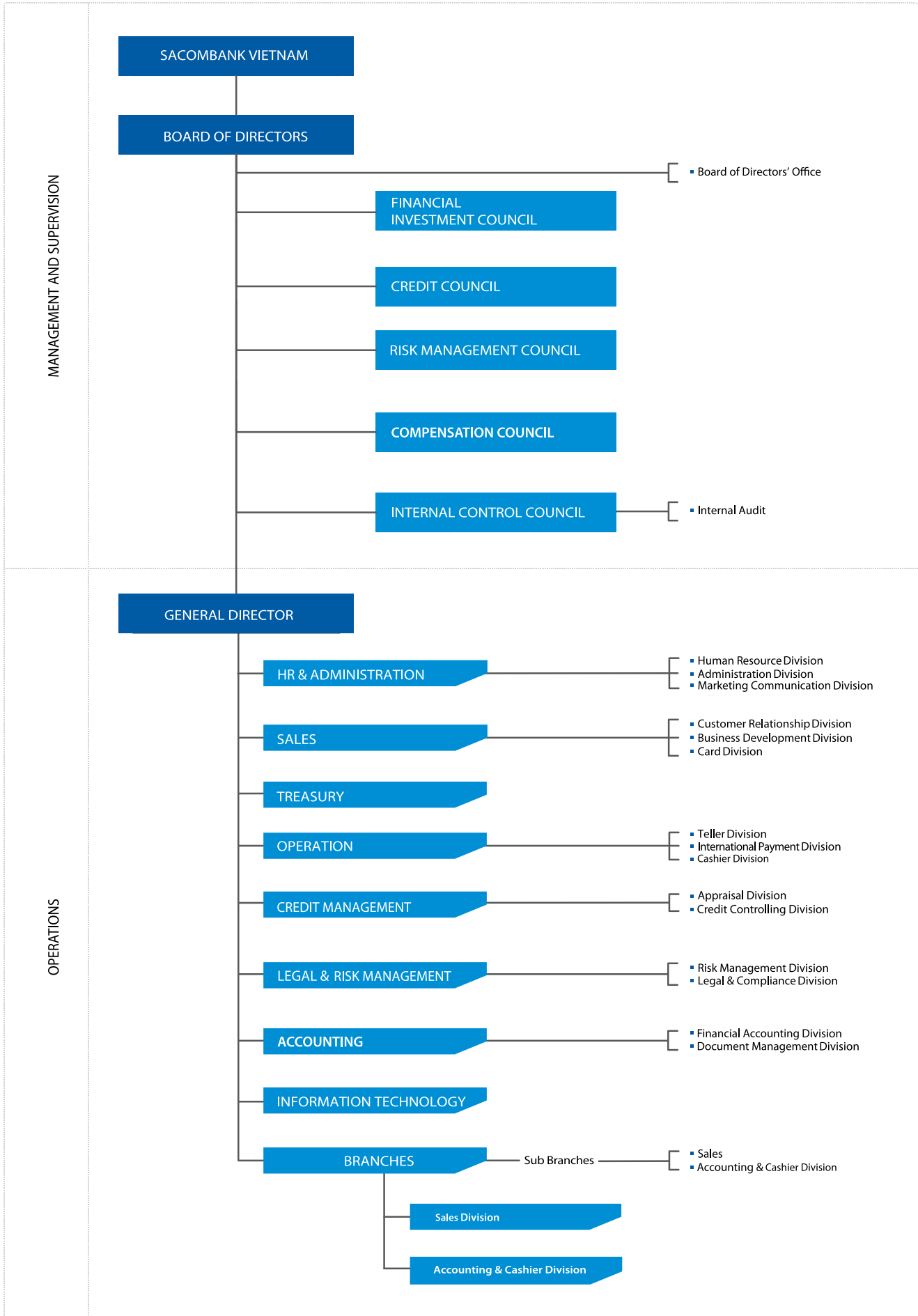
539, Street 21B, Kandal

Tel: (855) 23 425 835 | Fax: (855) 23 425 586


Email: info@sacombank.com.kh

Website: www.sacombank.com.kh

ORGANIZATION CHART



INTRODUCTION OF THE BOARD OF DIRECTORS



Mr. Tram Be
Chairman

Over 10 years' experience in
Finance and Banking



Mr. NGUYEN MIEN TUAN
Vice Chairman

Over 16 years' experience in
Finance and Banking



Mr. TRAM KHAI HOA
Vice Chairman

Over 6 years' experience in
Finance and Banking



Mr. NGUYEN BA TRI
Member

Over 6 years' experience in
Finance and Banking



Mr. NGUYEN MINH TAM
Member

Over 18 years' experience in
Finance and Banking



Mr. DUONG THE NHAT XUAN
Independent member

Over 6 years' experience in
Finance and Banking



Mr. DEANG SARANN
Independent member

Over 10 years' working experience

INTRODUCTION OF THE BOARD OF MANAGEMENT



Mr. PHUNG THAI PHUNG

Deputy General Director

Over 11 years' experience in Finance and Banking
Bachelor of Business Administration

Mr. NGUYEN NHITHANH

General Director

Over 24 years' experience in Finance and Banking
Master Degree of Economics

Ms. THEARO SIDTHIPOR

Deputy General Director

Over 11 years' experience in Finance and Banking
Master Degree of Financial and Banking

Mr. PHAM QUANG PHU

Deputy General Director

Over 11 years' experience in Finance and Banking
Bachelor of Marketing

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of Sacombank (Cambodia) Plc. (herein referred to as “the Bank”) presents its report together with the financial statements as at 31 December 2013 and for the year then ended.

THE BANK

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 issued by the National Bank of Cambodia. The Bank has also obtained a licence No. 523/09B from the Ministry of Commerce dated 18 March 2009.

On 1 October 2011, the branch changed its legal status to a private limited company but the owner remains unchanged pursuant to the approval by the Ministry of Commerce on 20 September 2011.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of banking business and the provision of related financial services.

There were no significant changes to these principal activities during the year.

FINANCIAL RESULTS

The financial results of the Bank are as follows:

	2013 US\$	2012 US\$
Profit before tax	688,495	1,507,674
Income tax expense	(213,781)	(303,802)
Net profit for the year	474,714	1,203,872
KHR'000 equivalent (Note 2.1)	1,896,483	4,809,468

SHARE CAPITAL

The share capital of the Bank was US\$38,000,000 as at 31 December 2013 and 2012.

RESERVES AND PROVISIONS

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

REPORT OF THE BOARD OF MANAGEMENT (continued)**BAD AND DOUBTFUL LOANS AND ADVANCES**

Before the financial statements of the Bank were prepared, the Board of Management took reasonable steps to ascertain that actions had been taken in relation to the writing off of bad loans and advances and making of provision for bad and doubtful loans and advances, and satisfied themselves that all known bad loans and advances had been written off and that adequate provision had been made for bad and doubtful loans and advances.

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

CURRENT ASSETS

Before the financial statements of the Bank were prepared, the Board of Management took reasonable steps to ascertain that any current assets, other than loans, which were unlikely to be realised in the ordinary course of business during their value as shown in the accounting records of the Bank had been written down to an amount which they might be expected to realise.

At the date of this report, the Board of Management is not aware of any circumstances, which would render the values attributed to current assets in the financial statements of the Bank misleading in any material aspect.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

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

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

EVENTS SINCE THE BALANCE SHEET DATE

There is no significant event occurring after the balance sheet date, which requires disclosure or adjustment other than those already disclosed in the accompanying notes to the financial statements.

REPORT OF THE BOARD OF MANAGEMENT (continued)

THE BOARD OF DIRECTORS

The members of the Board of Directors from 1 January 2013 to the date of this report are:

Name	Position	Date of appointment
Mr Tram Be	Chairman	Appointed on 1 August 2012
Mr Tram Khai Hoa	Vice Chairman	Appointed on 1 August 2012
Mr Nguyen Mien Tuan	Vice Chairman	Appointed on 1 August 2012
Mr Nguyen Ba Tri	Member	Appointed on 15 November 2013
Mr Nguyen Minh Tam	Member	Resigned on 15 November 2013 Appointed on 1 August 2012
Mr Deang Sarann	Independent member	Appointed on 1 August 2012
Mr Duong The Nhat Xuan	Independent member	Appointed on 11 September 2012

THE BOARD OF MANAGEMENT

The members of the Board of Management from 1 January 2013 to the date of this report are:

Name	Position	Date of appointment
Mr Nguyen Nhi Thanh	General Director	Appointed on 19 September 2011
Mr Pham Quang Phu	Deputy General Director	Appointed on 16 December 2011
Mr Phung Thai Phung	Deputy General Director	Re-appointed on 1 March 2012
Ms Thearo Sidthipor	Deputy General Director	Appointed on 11 February 2013

AUDITOR

The auditor, Ernst & Young (Cambodia) Ltd., expressed willingness to accept reappointment as auditor.

THE BOARD OF MANAGEMENT'S BENEFITS

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

No manager has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Board of Management, or the fixed salary of a full time employee of the Bank as disclosed in Note 24(c) to the financial statements) by reason of a contract made by the Bank or with a firm of which he is a member, or with a company in which he has a material financial interest.

REPORT OF THE BOARD OF MANAGEMENT (continued)**THE BOARD OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS**

The Board of Management is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2013, and its financial performance and cash flows for the year then ended. In preparing these financial statements, the Board of Management is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with regulations and guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards or, if there has been any departure in the interest of fair presentation, ensure this has been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal control; and
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Bank will continue in operation in the foreseeable future.

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

The Board of Management confirms that the Bank has complied with these requirements in preparing the financial statements.

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the National Bank of Cambodia.

On behalf of the Board of Management:



Mr Nguyen Nhi Thanh

General Director

Phnom Penh, Kingdom of Cambodia

24 March 2014

Reference: 61009542/16505238

INDEPENDENT AUDITORS' REPORT

To: The Owner of Sacombank (Cambodia) Plc.

We have audited the accompanying financial statements of Sacombank (Cambodia) Plc. ("the Bank"), which comprise the balance sheet as at 31 December 2013, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Cambodian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditors' 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 auditors consider internal control relevant to the Bank'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 Bank'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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the National Bank of Cambodia.

Maria Cristina M. Calimbas
Partner



Ernst & Young (Cambodia) Ltd.

Certified Public Accountant

Registered Auditor

Phnom Penh, Kingdom of Cambodia

24 March 2014

BALANCE SHEET

as at 31 December 2013

	Notes	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
ASSETS					
Cash and gold	3	4,541,043	18,141,467	4,580,476	18,299,002
Balances with the National Bank of Cambodia	4	14,874,294	59,422,805	8,306,064	33,182,726
Due from other financial institutions	5	10,552,899	42,158,832	6,516,711	26,034,260
Loans and advances to customers	6	81,326,952	324,901,173	61,923,467	247,384,251
Investments in securities	7	25,000	99,875	3,067,885	12,256,201
Property and equipment	8	1,163,126	4,646,688	1,099,583	4,392,834
Intangible assets	9	130,397	520,936	149,733	598,183
Other assets	10	953,683	3,809,965	1,873,801	7,485,835
TOTAL ASSETS		113,567,394	453,701,741	87,517,720	349,633,292
LIABILITIES					
Due to other financial institutions	11	41,464,037	165,648,828	21,920,752	87,573,404
Due to customers	12	29,099,099	116,250,901	23,088,884	92,240,092
Current income tax liability	13	153,232	612,162	401,036	1,602,139
Deferred income tax liability	14	40,864	163,252	58,398	233,300
Other liabilities	15	764,876	3,055,680	393,489	1,571,989
Total liabilities		71,522,108	285,730,823	45,862,559	183,220,924
OWNER'S EQUITY					
Paid-up capital	16	38,000,000	151,810,000	38,000,000	151,810,000
Other reserves		-	-	84,589	337,933
Retained earnings		4,045,286	16,160,918	3,570,572	14,264,435
Total owner's equity		42,045,286	167,970,918	41,655,161	166,412,368
TOTAL LIABILITIES AND OWNER'S EQUITY		113,567,394	453,701,741	87,517,720	349,633,292

INCOME STATEMENT

for the year ended 31 December 2013

	Notes	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Interest and similar income	17	5,922,402	23,659,996	5,552,438	22,181,990
Interest and similar expense	18	(1,462,216)	(5,841,553)	(1,287,282)	(5,142,692)
Net interest and similar income		4,460,186	17,818,443	4,265,156	17,039,298
Fees and commission income	19	778,406	3,109,732	715,185	2,857,164
Fees and commission expense	20	(164,823)	(658,468)	(171,407)	(684,771)
Net fees and commission income		613,583	2,451,264	543,778	2,172,393
Income from investments in securities		62,040	247,850	75,819	302,897
Other operating income	21	21,266	84,958	28,407	113,486
TOTAL OPERATING INCOME		5,157,075	20,602,515	4,913,160	19,628,074
General and administrative expenses	22	(3,804,714)	(15,199,832)	(3,269,795)	(13,062,831)
Credit loss expense	6	(663,866)	(2,652,145)	(135,691)	(542,086)
PROFIT BEFORE TAX		688,495	2,750,538	1,507,674	6,023,157
Current corporate income tax expense	13	(231,315)	(924,103)	(314,104)	(1,254,845)
Deferred corporate income tax expense	14	17,534	70,048	10,302	41,156
Total income tax expense		(213,781)	(854,055)	(303,802)	(1,213,689)
NET PROFIT FOR THE YEAR		474,714	1,896,483	1,203,872	4,809,468

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	Paid-up capital US\$	Other reserves US\$	Retained earnings US\$	Total US\$
Balance as at 1 January 2012	38,000,000	-	3,248,134	41,248,134
Net profit for the year	-	-	1,203,872	1,203,872
Profit transferred to parent bank	-	-	(881,434)	(881,434)
Unrealised gain on available-for-sale investments	-	84,589	-	84,589
Balance as at 31 December 2012	38,000,000	84,589	3,570,572	41,655,161
KHR'000 equivalent (Note 2.1)	151,810,000	337,933	14,264,435	166,412,368
Net profit for the year	-	-	474,714	474,714
Realised gain on available-for-sale investments reclassified to the income statement	-	(84,589)	-	(84,589)
Balance as at 31 December 2013	38,000,000	-	4,045,286	42,045,286
KHR'000 equivalent (Note 2.1)	151,810,000	-	16,160,918	167,970,918

STATEMENT OF CASH FLOWS

For the year ended 31 december 2013

	Notes	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Net cash provided by operating activities	23	9,667,957	38,623,489	2,023,896	8,085,465
Cash flows from investing activities					
Acquisition of property and equipment	8	(434,572)	(1,736,115)	(628,262)	(2,509,907)
Acquisition of intangible asset	9	(68,400)	(273,258)	(59,434)	(237,439)
Net cash used in investing activities		(502,972)	(2,009,373)	(687,696)	(2,747,346)
Cash flow from a financing activity					
Profit transferred to parent bank		-	-	(881,434)	(3,521,329)
Net increase in cash and cash equivalents		9,164,985	36,614,116	454,766	1,816,790
Cash and cash equivalents at the beginning of the year	3	12,900,748	51,538,489	12,445,982	50,269,322
Foreign exchange difference		-	-	-	(547,623)
Cash and cash equivalents at the end of the year	3	22,065,733	88,152,605	12,900,748	51,538,489

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2013

1. CORPORATE INFORMATION

Sacombank (Cambodia) Plc. (herein referred to as “the Bank”) was incorporated and registered in the Kingdom of Cambodia.

Establishment and operations

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 1 October 2011, the branch changed its legal status to a private limited company but the owner remains unchanged pursuant to approval by the Ministry of Commerce on 20 September 2011.

The principal activities of the Bank are to provide banking and related financial services in Cambodia.

Location

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

Employees

As at 31 December 2013, the Bank had 167 employees including 98 employees in the Head Office, 14 employees in Olympic Branch, 13 employees in Kampong Cham Branch, 12 employees in Chbar Ampeou Branch, 9 employees in Hengly Branch, 12 employees in Monivong Branch and 9 employees in Pochentong Branch (31 December 2012: 131 employees).

2. ACCOUNTING POLICIES

2.1 Basis of preparation

2.1.1 Statement of compliance

The financial statements have been prepared in accordance with Cambodian Accounting Standards (“CAS”) and the guidelines of the NBC on the preparation and presentation of financial statements.

The accompanying financial statements, including their utilization, are not designed for those who are not informed about the Kingdom of Cambodia’s accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Kingdom of Cambodia.

The accounting policies set out below have been consistently applied by the Bank.

2.1.2 Basis of measurement

The financial statements have been prepared based on the historical cost convention.

2.1.3 Fiscal year

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

2.1.4 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel (“KHR”). However, the Bank transacts its business and maintains its accounting records in United States dollar (“US\$”). Management has determined the US\$ to be the Bank’s measurement and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Bank. This is in accordance with Prakas No. B7-07-164 dated 13 December 2007.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.4 Functional and presentation currency (continued)

Transactions in foreign currencies ("FC") are translated into US\$ at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US\$ at the balance sheet date are translated into US\$ at the rates of exchange ruling at that date. Exchange differences arising on translation are recognized in the income statement.

2.1.5 Translation of US\$ into KHR

The translation of the US\$ amounts into KHR is presented in the financial statements to comply with the Cambodian Law on Corporate Accounts, their Audit and the Accounting Profession dated 8 July 2002 and relevant Prakas of NBC, using the closing exchange rate of KHR3,995: US\$1 ruling at the reporting date, as announced by NBC. Such translation should not be construed as a representation that the US\$ amounts represent, or have been or could be converted into KHR at that or any other rate.

2.2 Significant accounting judgments and estimates

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

2.2.1 Operating lease

The Bank has entered into lease on premises used for its operations. The Bank has determined, based on the evaluation of the terms and conditions of the lease agreements (i.e., the lease does not transfer ownership of the asset to the lessee by the end of the lease term and lease term is not for the major part of the asset's economic life), the lessor retains all the significant risks and rewards of ownership of these properties.

2.2.2 Functional currency

CAS 21 requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Bank considers the following:

- (a) the currency that mainly influences prices for financial instruments and services (this will often be the currency in which prices for its financial instruments and services are denominated and settled);
- (b) the currency in which funds from financing activities are generated; and
- (c) the currency in which receipts from operating activities are usually retained.

2.2.3 Allowance for loan losses

When preparing the financial statements, the quality of loans and advances is reviewed and assessed to determine their classification and level of allowance for loan losses, as more fully disclosed in Note 2.3.6.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

2. ACCOUNTING POLICIES (continued)**2.2 Significant accounting judgments and estimates** (continued)

2.2.4 Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The Bank assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Bank considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

2.2.5 Estimated useful lives of property and equipment, and software cost

The Bank estimates the useful lives of its property and equipment, and software cost. This estimate is reviewed periodically to ensure that the period of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment, and software cost.

Refer to Note 2.3.10 and 2.3.11 for the estimated useful lives of property and equipment and software cost, respectively.

2.3 Summary of significant accounting policies

2.3.1 Change in accounting policies

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

2.3.2 Cash and cash equivalents

For cash flow statement purposes, cash and cash equivalents consist of cash, demand deposits, short-term deposits and highly liquid investments with original maturities of three months or less, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

2.3.3 Deposits and placements with banks

Deposits and placements with banks are carried at cost.

2.3.4 Statutory deposits

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

2.3.5 Loans and advances

All loans and advances to customers are stated in the balance sheet at principal amount, less any amounts written off and allowance for losses on loans and advances. Short-term loans are those with a repayment date within one year from the date the loan was advanced. Long-term loans are those with a final repayment date of more than one year from the date the loan was advanced.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

2. ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

2.3.5 Loans and advances (continued)

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

Loans and advances classified as substandard, doubtful or loss are considered as non-performing loans.

2.3.6 Allowance for losses on loans and advances

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

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

The Bank follows the mandatory credit classification and provisioning as required by NBC Prakas No. B7-09-074 dated 25 February 2009, which is to classify their loan portfolio into five classes. The Prakas also requires that minimum general and specific allowances be provided depending on loan classification.

The allowance is based on a percentage of total outstanding loans and advances as follows:

Classification	Number of days past due	Allowance percentage
General allowance		
Normal	Less than 30 days	1%
Specific allowance		
Special mention	30 days or more but less than 90 days	3%
Substandard	90 days or more but less than 180 days	20%
Doubtful	180 days or more but less than 360 days	50%
Loss	360 days or more	100%

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

2.3.7 Available-for-sale financial investments

AFS investment is a non-derivative financial asset which is designated as such and is purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

2.3.8 Other credit-related commitments

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

2.3.9 Other assets

Other receivables are carried at anticipated realisable values. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

2. ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

2.3.10 Intangible asset

Computer software is stated at cost less accumulated amortisation. Computer software is amortised on a straight-line basis over five years.

2.3.11 Property and equipment

- (i) Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of property and equipment comprises major components having different useful lives, the components are accounted for as separate items of property and equipment.
- (ii) Depreciation is calculated using the straight-line method to allocate their cost to their residual value over their estimated useful lives, as follows:

Leasehold building	15 years
Computer equipment	4 years
Furniture and equipment	4-5 years
Motor vehicles	4-5 years

- (iii) Subsequent expenditure relating to an item of property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Bank. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.
- (iv) Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognised in the income statement at the date of retirement or disposal.
- (v) Fully depreciated property and equipment are retained in the financial statements until disposed of or written off.
- (vi) The carrying amounts of property and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is charged to the income statement immediately.

Reversal of impairment losses recognised in prior years is recorded where there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

2.3.12 Due to other financial institutions and due to customers

Due to other financial institutions and due to customers are stated at their placement values.

2.3.13 Other liabilities

Other liabilities are stated at cost which also represents the fair value of the consideration expected to be paid in the future for goods and services received.

2.3.14 Provisions for liabilities

Provisions for liabilities are recognised when the Bank has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

2. ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

2.3.14 Provisions for liabilities (continued)

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

2.3.15 Corporate income tax

Current tax

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

Deferred tax

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

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Unrecognized deferred income tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

2.3.16 Offsetting financial instruments

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

2.3.17 Recognition of income and expense

(a) Interest income

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

2. ACCOUNTING POLICIES (continued)**2.3 Summary of significant accounting policies** (continued)

2.3.17 Recognition of income and expense (continued)

(b) Income from various activities of the Bank

Income from various activities of the Bank is accrued using the following bases:

- (1) Loan processing fees and commissions on services and facilities extended to customers are recognised on the occurrence of such transactions;
- (2) Service charges and processing fees are recognised when the service is provided;
- (3) Dividend income is recognised when the Bank's right to receive the payment is established.

(c) Interest expense

Interest expense on due to other financial institutions and due to customers are recognised on an accrual basis.

2.3.18 Operating leases

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

2.3.19 Related parties

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

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

Under CAS 24 on Related Party Disclosures, parties are also considered to be related if the Bank has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or vice-versa, or where the Bank and the party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

2.3.20 Fiduciary assets

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

2.3.21 Rounding of amounts

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

3. CASH AND GOLD

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Cash				
US\$	3,791,796	15,148,225	2,267,787	9,059,809
KHR	140,288	560,451	106,746	426,450
Other foreign currencies	28,306	113,082	33,278	132,946
	3,960,390	15,821,758	2,407,811	9,619,205
Gold				
Gold XBJ	506,120	2,021,950	1,734,356	6,928,753
Gold XAU	74,533	297,759	438,309	1,751,044
	580,653	2,319,709	2,172,665	8,679,797
	4,541,043	18,141,467	4,580,476	18,299,002

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

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Cash on hand	4,541,043	18,141,467	4,580,476	18,299,002
Balances with the NBC - current account	6,971,791	27,852,306	1,803,561	7,205,227
Balances with other banks - current and deposits with original maturity of less than three months	10,552,899	42,158,832	6,516,711	26,034,260
	22,065,733	88,152,605	12,900,748	51,538,489

4. BALANCES WITH THE NATIONAL BANK OF CAMBODIA

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Current and settlement accounts				
Current account - US\$	5,982,135	23,898,629	1,520,517	6,074,466
Current account - KHR	151,732	606,170	28,048	112,052
Settlement account - US\$	815,441	3,257,687	252,493	1,008,710
Settlement account - KHR	22,483	89,820	2,503	9,999
Statutory deposits				
Capital guarantee deposit - US\$	3,800,000	15,181,000	3,800,000	15,181,000
Reserve deposit - US\$	4,100,000	16,379,500	2,700,000	10,786,500
Reserve deposit - KHR	2,503	9,999	2,503	9,999
	14,874,294	59,422,805	8,306,064	33,182,726

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

4. BALANCES WITH THE NATIONAL BANK OF CAMBODIA (continued)

(i) Capital guarantee deposit

Under NBC Prakas No. B7-01-136 dated 15 October 2001, banks are required to maintain a statutory deposit of 10.00% of registered capital with the NBC. This deposit is not available for use in the Bank's day-to-day operations but it is refundable when the Bank voluntarily ceases to operate the business in Cambodia.

(ii) Reserve deposits

Under NBC Prakas No. B7-09-075 dated 25 February 2009, banks are required to maintain certain cash reserves with the NBC in the form of compulsory deposits, computed at 8.00% and 12.00% of deposits from customers in KHR and in foreign currencies, respectively.

Annual interest rates of deposits and placements with the NBC were summarised as follows:

	2013	2012
Capital guarantee deposit - US\$	0.11%	0.18%
Reserve deposits - US\$ and KHR	0.08%	0.10%
Current accounts	Nil	Nil
Settlement accounts	Nil	Nil

5. DUE FROM OTHER FINANCIAL INSTITUTIONS

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Local financial institutions	3,209,820	12,823,231	1,899,756	7,589,524
Overseas financial institutions	7,343,079	29,335,601	4,616,955	18,444,736
	10,552,899	42,158,832	6,516,711	26,034,260

Annual interest rates of balances with other credit institutions were as follows:

	2013	2012
Demand deposit in US\$	0.02% - 0.50%	0.50%
Term deposit in US\$	N/A	2.75% - 3.25%

6. LOANS AND ADVANCES TO CUSTOMERS

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Loans				
Term loans	64,928,627	259,389,865	51,409,231	205,379,878
Overdraft	18,036,041	72,053,984	11,482,230	45,871,509
Credit card facilities	35,598	142,213	41,454	165,608
Total loans - gross	83,000,266	331,586,062	62,932,915	251,416,995
Allowance for losses on loans and advances	(1,673,314)	(6,684,889)	(1,009,448)	(4,032,744)
Loans and advances to customers - net	81,326,952	324,901,173	61,923,467	247,384,251

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

6. LOANS AND ADVANCES TO CUSTOMERS (continued)

Changes in the allowance for losses on loans and advances were summarised below:

	2013 US\$	2013 KHR'000	2012 US\$	2012 KHR'000
Balance as at 1 January	1,009,448	4,032,744	873,757	3,529,105
Provision expense during the year	663,866	2,652,145	135,691	542,086
Exchange differences	-	-	-	(38,447)
Balance as at 31 December	1,673,314	6,684,889	1,009,448	4,032,744

(a) The loan portfolio was graded as follows:

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Normal loans				
Secured	74,310,978	296,872,356	58,821,996	234,993,874
Unsecured	4,820,000	19,255,900	2,570,000	10,267,150
Special mention loans				
Secured	2,053,285	8,202,874	867,177	3,464,372
Unsecured	-	-	-	-
Substandard loans				
Secured	291,990	1,166,500	74,523	297,719
Unsecured	-	-	-	-
Doubtful loans				
Secured	1,524,013	6,088,432	489,222	1,954,442
Unsecured	-	-	-	-
Loss loans				
Secured	-	-	109,997	439,438
Unsecured	-	-	-	-
Total	83,000,266	331,586,062	62,932,915	251,416,995

(b) For an analysis of loans and advances by maturity, refer to Note 26.2 on Financial Risk Management.

(c) For an analysis of loans and advances by currency, refer to Note 26.3 on Financial Risk Management.

(d) Analysis of loans and advances by type of loans was as follows:

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Commercial loans	49,491,395	197,718,122	46,749,665	186,764,912
Consumer loans	33,508,871	133,867,940	16,183,250	64,652,083
Total gross loans	83,000,266	331,586,062	62,932,915	251,416,995

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

6. LOANS AND ADVANCES TO CUSTOMERS (continued)

(e) Analysis of loan portfolio by industrial sector was as follows:

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Wholesale and retail	32,653,472	130,450,621	19,851,152	79,305,352
Personal use	10,035,811	40,093,065	1,311,419	5,239,119
Import	3,991,209	15,944,880	6,214,673	24,827,619
Real estate	2,224,907	8,888,503	9,207,978	36,785,872
Services	1,827,068	7,299,137	9,704,914	38,771,131
Textile	1,197,416	4,783,677	743,731	2,971,205
Export	-	-	109,997	439,438
Other industries	31,070,383	124,126,179	15,789,051	63,077,259
Total gross loans	83,000,266	331,586,062	62,932,915	251,416,995

(f) Further analyses of loans and advances by residency, relationship, and exposure were as follows:

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Residence status				
Residents	83,000,266	331,586,062	62,932,915	251,416,995
Non-residents	-	-	-	-
	83,000,266	331,586,062	62,932,915	251,416,995
Relationship				
Related parties	137,334	548,649	-	-
Non-related parties	82,862,932	331,037,413	62,932,915	251,416,995
	83,000,266	331,586,062	62,932,915	251,416,995
Exposure				
Large	26,997,120	107,853,494	17,725,600	70,813,772
Non-large	56,003,146	223,732,568	45,207,315	180,603,223
	83,000,266	331,586,062	62,932,915	251,416,995

The annual interest rates of loans and advances to customers were as follows:

	2013	2012
Short-term loans	5.00% - 19.20%	5.50% - 19.20%
Medium and long-term loans	3.00% - 16.80%	4.50% - 16.80%

7. INVESTMENTS IN SECURITIES

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Investment in bonds (Note 7.1)	-	-	3,042,885	12,156,326
Investment in stocks (Note 7.2)	25,000	99,875	25,000	99,875
	25,000	99,875	3,067,885	12,256,201

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

7. INVESTMENTS IN SECURITIES (continued)

7.1 Investments in bonds

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Bonds issued by Vietinbank	-	-	3,042,885	12,156,326

It represents the international bonds issued by Vietinbank and quoted at Singapore Stock Exchange. During 2013, these bonds were sold out.

7.2 Investments in stocks

	2013			2012		
	US\$	KHR'000 (Note 2.1)	% owned by the Bank	US\$	KHR'000 (Note 2.1)	% owned by the Bank
Credit Bureau of Cambodia Company	25,000	99,875	1	25,000	99,875	1

8. PROPERTY AND EQUIPMENT

	Leasehold building US\$	Computer equipment US\$	Furniture and equipment US\$	Motor vehicles US\$	Total US\$
Cost					
As at 1 January 2013	362,027	716,032	307,223	366,545	1,751,827
Additions	291,731	80,613	59,868	2,360	434,572
At as 31 December 2013	653,758	796,645	367,091	368,905	2,186,399
Accumulated depreciation					
As at 1 January 2013	28,919	484,332	51,476	87,517	652,244
Charges	91,960	147,332	55,466	76,271	371,029
At as 31 December 2013	120,879	631,664	106,942	163,788	1,023,273
Net book value					
As at 1 January 2013	333,108	231,700	255,747	279,028	1,099,583
As at 31 December 2013	532,879	164,981	260,149	205,117	1,163,126
KHR'000 equivalent (Note 2.1)					
As at 1 January 2013	1,330,766	925,642	1,021,709	1,114,717	4,392,834
As at 31 December 2013	2,128,852	659,099	1,039,295	819,442	4,646,688

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

9. INTANGIBLE ASSET

	Computer software US\$
Cost	
As at 1 January 2013	361,512
Additions	68,400
As at 31 December 2013	429,912
Accumulated amortisation	
As at 1 January 2013	211,779
Charges	87,736
As at 31 December 2013	299,515
Net book value	
As at 1 January 2013	149,733
As at 31 December 2013	130,397
KHR'000 equivalent (Note 2.1)	
As at 1 January 2013	598,183
As at 31 December 2013	520,936

10. OTHER ASSETS

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Interest receivable	553,095	2,209,615	1,245,238	4,974,726
Rental deposit	223,050	891,085	204,650	817,577
Advance for T24 and IBM system maintenance	86,939	347,321	86,651	346,171
Advance for remittance activities	67,817	270,929	90,122	360,037
Prepaid rental expense	27,000	107,865	-	-
Prepaid insurance	20,844	83,272	26,076	104,174
Advance for road construction (*)	-	-	145,000	579,275
Advance for Hengly Branch opening ceremony	-	-	95,816	382,784
Other receivables	8,790	35,117	79,321	316,888
	987,535	3,945,204	1,972,874	7,881,632
Interest in suspense	(33,852)	(135,239)	(99,073)	(395,797)
	953,683	3,809,965	1,873,801	7,485,835

(*) This represents advance to sponsor for upgrading the road named Sacombank in Kandal Province, Cambodia.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

11. DUE TO OTHER FINANCIAL INSTITUTIONS

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Demand deposits	9,464,037	37,808,828	5,298,823	21,168,798
Term deposits and loans	32,000,000	127,840,000	16,621,929	66,404,606
Total	41,464,037	165,648,828	21,920,752	87,573,404

The annual interest rates of deposits from credit institutions were as follows:

	2013 US\$	2012 US\$
Demand deposits	0.00% - 0.50%	0.00% - 0.50%
Term deposits	2.50% - 6.00%	2.25% - 6.00%

12. DUE TO CUSTOMERS

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Current accounts	3,462,389	13,832,245	2,255,885	9,012,261
Fixed deposits	16,765,811	66,979,415	13,626,028	54,435,982
Savings deposits	8,719,501	34,834,406	6,977,175	27,873,814
Margin deposits	151,398	604,835	229,796	918,035
Total	29,099,099	116,250,901	23,088,884	92,240,092

Further analyses of deposits from customers are as follows:

(a) Types of customers

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Domestic corporations	5,670,727	22,654,554	3,393,881	13,558,555
Foreign corporations	603,063	2,409,237	51,843	207,113
Resident individuals	21,641,225	86,456,694	18,668,005	74,578,680
Non-residents individuals	1,184,084	4,730,416	975,155	3,895,744
Total	29,099,099	116,250,901	23,088,884	92,240,092

(b) For maturity analysis, refer to Note 26.2 on Financial risk management.

(c) For deposits from related parties, refer to Note 25 on Related party transactions and balances.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

12. DUE TO CUSTOMERS (continued)

(d) The annual interest rates of deposits from customers were as follows:

	2013	2012
Fixed deposits	0.50% - 7.00%	2.00% - 7.00%
Saving deposits	0.50% - 1.00%	0.50% - 2.00%
Current accounts	0.50%	0.50% - 2.00%
Margin deposits	0.50%	0.50%

13. TAXATION

Major components of tax expense for the year were as follows:

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Corporate income tax				
Current	231,315	924,103	314,104	1,254,845
Deferred	(17,534)	(70,048)	(10,302)	(41,156)
Income tax expense for the year	213,781	854,055	303,802	1,213,689

Current corporate income tax ("CIT")

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

13. TAXATION (continued)

A reconciliation between the tax expense and the accounting profit multiplied by 20% tax rate is as follows:

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2013 KHR'000 (Note 2.1)
Accounting profit before tax	688,495	2,750,538	1,507,674	6,023,157
Statutory income tax rate of 20%	137,699	550,108	301,535	1,204,631
Adjustment in respect of current income tax of current year				
Non-deductible expenses	85,309	340,809	159,489	637,159
Current income tax expense	223,008	890,917	461,024	1,841,790
Additional tax payments for prior year	8,307	33,186	(146,920)	(586,945)
Income tax expense in the income statement	231,315	924,103	314,104	1,254,845
Balance at the beginning of the year	401,036	1,602,139	468,432	1,891,998
Payment of tax during the year	(409,343)	(1,635,325)	(362,548)	(1,448,378)
Tax prepaid	(69,776)	(278,755)	(18,952)	(75,713)
Foreign exchange difference	-	-	-	(20,613)
Balance at the end of the year	153,232	612,162	401,036	1,602,139

14. DEFERRED INCOME TAX LIABILITY

	Balance sheet		Charge (credit) to the income statement	
	2013 US\$	2012 US\$	2013 US\$	2012 US\$
Deferred tax asset				
Unrealised exchange loss	163,458	19,250	(144,208)	151,685
Deferred tax liability				
Unrealised exchange gain	(165,151)	(13,845)	151,306	(129,869)
Accelerated tax depreciation	(39,171)	(63,803)	(24,632)	(32,118)
	(40,864)	(58,398)		
KHR'000 equivalent (Note 2.1)	(163,252)	(233,300)		
Net deferred income tax benefit			(17,534)	(10,302)
KHR'000 equivalent (Note 2.1)			(70,048)	(41,156)

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

15. OTHER LIABILITIES

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Interest payable	514,074	2,053,726	301,091	1,202,859
Payable on remittance	152,644	609,813	17,358	69,345
Wages and salaries payable	53,142	212,302	15,578	62,234
Others	45,016	179,839	59,462	237,551
Total	764,876	3,055,680	393,489	1,571,989

16. PAID-UP CAPITAL

The paid-up capital amounting to US\$ 38,000,000 or KHR'000 151,810,000 was fully contributed by Saigon Thuong Tin Commercial Joint Stock Bank, incorporated in Vietnam.

17. INTEREST AND SIMILAR INCOME

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Interest income from lending	5,902,132	23,579,017	5,047,036	20,162,909
Interest income from deposits:	19,603	78,314	426,846	1,705,250
NBC	5,387	21,521	9,080	36,275
Overseas credit institutions	14,216	56,793	417,766	1,668,975
Interest income from bond investments	667	2,665	78,556	313,831
Total	5,922,402	23,659,996	5,552,438	22,181,990

18. INTEREST AND SIMILAR EXPENSE

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Interest expense on due to other financial institutions	597,987	2,388,958	883,761	3,530,626
Interest expense on due to customers	864,229	3,452,595	403,521	1,612,066
Total	1,462,216	5,841,553	1,287,282	5,142,692

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

19. FEES AND COMMISSION INCOME

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Commission received on remittances	552,085	2,205,580	492,189	1,966,296
Loan processing fees	176,221	704,003	202,570	809,267
Other commissions and fees	50,100	200,149	20,426	81,601
Total	778,406	3,109,732	715,185	2,857,164

20. FEES AND COMMISSION EXPENSE

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Fees and commission paid to banks and other financial organisations	164,823	658,468	171,407	684,771

21. OTHER OPERATING INCOME

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Foreign exchange gain	21,266	84,958	45,613	182,224
Loss on asset disposal	-	-	(17,206)	(68,738)
Total	21,266	84,958	28,407	113,486

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Salaries and wages	1,713,311	6,844,677	1,527,427	6,102,071
Rental, repairs and maintenance	558,884	2,232,742	482,882	1,929,114
Depreciation and amortisation	458,765	1,832,766	326,351	1,303,772
Other taxes	137,448	549,105	181,493	725,065
Tele-communication	122,295	488,569	124,800	498,576
Licence fee	111,458	445,275	81,983	327,522
Electricity and utilities	89,641	358,116	93,315	372,793
Marketing	82,315	328,848	53,879	215,247
Office supplies	56,780	226,836	76,566	305,881
BOD's remuneration	52,000	207,740	96,020	383,600
Travelling and communication	49,192	196,522	37,995	151,790
Staff benefit	47,180	188,484	50,397	201,336
Business meal and entertainment	9,381	37,477	24,610	98,317
Other expenses	316,064	1,262,675	112,077	447,747
Total	3,804,714	15,199,832	3,269,795	13,062,831

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

23. NET CASH PROVIDED BY OPERATING ACTIVITIES

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Cash flows from operating activities				
Profit before income tax	688,495	2,750,538	1,507,674	6,023,157
Adjustments for:				
Depreciation and amortisation expense	458,765	1,832,766	326,351	1,303,771
Allowance for losses on loans and advances	663,866	2,652,145	135,691	542,086
Income tax paid during the year	(479,119)	(1,914,080)	(381,500)	(1,524,091)
Loss from disposal of property and equipment	-	-	17,206	68,738
Accrued interest receivable	626,922	2,504,553	(303,396)	(1,212,065)
Accrued interest payable	212,983	850,867	163,163	651,836
Operating profit before changes in working capital	2,171,912	8,676,789	1,465,189	5,853,432
(Increase) decrease in operating assets:				
Capital guarantee and reserve deposits with NBC	(1,400,000)	(5,593,000)	499,968	1,997,372
Placements with and loans other credit institutions	-	-	6,000,000	23,970,000
Loans and advances to customers	(20,067,351)	(80,169,067)	(2,921,486)	(11,671,337)
Investments in securities	2,958,296	11,818,393	(2,983,296)	(11,918,268)
Other assets	293,196	1,171,317	(336,689)	(1,345,073)
Increase (decrease) in operating liabilities:				
Due to other financial institutions	19,543,285	78,075,424	(8,394,025)	(33,534,130)
Due to customers	6,010,215	24,010,809	8,941,356	35,720,717
Other liabilities	158,404	632,824	(247,121)	(987,248)
Net cash provided by operating activities	9,667,957	38,623,489	2,023,896	8,085,465

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

24. COMMITMENTS AND CONTINGENCIES

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
(i) Credit-related commitments				
Undrawn credit facilities	10,381,272	41,473,182	8,323,303	33,251,595
Letters of credit	-	-	220,000	878,900
Bank guarantees	29,580	118,172	-	-
	10,410,852	41,591,354	8,543,303	34,130,495
(ii) Lease commitments				
Not later than 1 year	283,367	1,132,051	255,144	1,019,300
Later than 1 year and not later than 5 years	968,781	3,870,280	975,367	3,896,591
Over 5 years	1,161,450	4,639,993	1,339,230	5,350,224
	2,413,598	9,642,324	2,569,741	10,266,115

25. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Significant transactions with related parties during the year included:

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Interest income				
Ultimate parent bank	16,010	63,960	226,942	906,633
Loan to employees	2,636	10,531	-	-
	18,646	74,491	226,942	906,633
Interest expense				
Ultimate parent bank	2,333	9,320	11,194	44,722
Deposit from employees	41	164	-	-
	2,374	9,484	11,194	44,722

(b) Outstanding amounts due from/to related parties included the following:

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Due from related parties				
Ultimate parent bank	7,252,821	28,975,020	4,231,192	16,903,612
Fellow subsidiaries	137,334	548,649	-	-
	7,390,155	29,523,669	4,231,192	16,903,612
Due to related parties				
Ultimate parent bank	7,352,415	29,372,898	8,370,162	33,438,797
Fellow subsidiaries	9,982	39,878	-	-
	7,362,397	29,412,776	8,370,162	33,438,797

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

25. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Key management personnel compensation

The details of remuneration of directors and other members of key management of the Bank are as follows:

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Salaries and other short-term benefits of key management	383,223	1,530,976	357,537	1,428,358

Related party transactions include all transactions undertaken with other parties to which the Bank are related as defined in Note 2.3.19.

26. FINANCIAL RISK MANAGEMENT

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

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

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

The Bank holds the following financial assets and liabilities:

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Financial assets				
Cash and gold	4,541,043	18,141,467	4,580,476	18,299,002
Balances with the NBC	14,874,294	59,422,805	8,306,064	33,182,726
Due from other financial institutions	10,552,899	42,158,832	6,516,711	26,034,260
Loans and advances to customers	83,000,266	331,586,062	62,932,915	251,416,995
Investments in securities	25,000	99,875	3,067,885	12,256,201
Other assets	811,060	3,240,185	1,471,680	5,879,362
Total financial assets	113,804,562	454,649,226	86,875,731	347,068,546
Financial liabilities				
Due to other financial institutions	41,464,037	165,648,828	21,920,752	87,573,404
Due to customers	29,099,099	116,250,901	23,088,884	92,240,092
Other liabilities	711,734	2,843,377	377,383	1,507,645
Total financial liabilities	71,274,870	284,743,106	45,387,019	181,321,141
Net financial assets	42,529,692	169,906,120	41,488,712	165,747,405

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

26. FINANCIAL RISK MANAGEMENT (continued)

26.1 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 financial instruments, such as loan commitments. The credit risk management is carried out by the Credit Risk Department.

(a) Credit risk measurement

The Bank assesses the probability of default of individual counterparties in accordance with its credit policy, procedures and practices. Credit Risk Department is responsible for determining the risk rating policies.

(b) Risk limit control and mitigation policies

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

The Bank is required, under the conditions of NBC Prakas No. B7-06-226 of the NBC, to maintain at all times a maximum ratio of 20% between the Bank's overall credit exposure to any single beneficiary and the Bank's net worth. The aggregation of large credit exposure must not exceed 300% of the Bank's net worth. As at 31 December 2013, the Bank has five large exposures exceeding 10% of its net worth and has no large exposure exceeding the maximum ceiling limit of 20% for individual large exposure.

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 a common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types to secure for loans and advances to customers are:

- Mortgages over residential properties (land, building and other properties);
- Charges over business assets such as land and buildings;
- Customers' fixed deposits placed with the Bank ;
- Cash in the form of margin deposits; and
- Debenture over fixed and floating assets of borrowers.

(c) Impairment and provisioning policies

The Bank is required to follow the mandatory credit classification and provisioning in accordance with the relevant Prakas, as disclosed in Note 2.3.6.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

26. FINANCIAL RISK MANAGEMENT (continued)

26.1 Credit risk (continued)

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

	2013 US\$	2013 KHR'000 (Note 2.1)	2012 US\$	2012 KHR'000 (Note 2.1)
Due from other financial institutions	10,552,899	42,158,832	6,516,711	26,034,260
Loans and advances to customers	83,000,266	331,586,062	62,932,915	251,416,995
Investments in securities	-	-	3,042,885	12,156,326
Other assets	811,060	3,240,185	1,471,680	5,879,362
	94,364,225	376,985,079	73,964,191	295,486,943

The details of credit risk exposure relating to off-balance-sheet items are disclosed in Note 24 on Credit-related commitments.

(e) Credit quality by class of financial assets

The Bank manages the credit quality of financial assets using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amounts presented are gross of impairment allowance.

	Neither past due nor impaired (i) US\$	Past due but not impaired (ii)	Individually impaired (iii) US\$	Total US\$
2013				
Due from other financial institutions	10,552,899	-	-	10,552,899
Loans and advances to customers	79,130,978	2,053,285	1,816,003	83,000,266
	89,683,877	2,053,285	1,816,003	93,553,165
KHR'000 equivalent (Note 2.1)	358,287,089	8,202,874	7,254,932	373,744,895
2012				
Due from other financial institutions	6,516,711	-	-	6,516,711
Loans and advances to customers	61,391,996	867,177	673,742	62,932,915
Investments in securities	3,042,885	-	-	3,042,885
	70,951,592	867,177	673,742	72,492,511
KHR'000 equivalent (Note 2.1)	283,451,610	3,464,372	2,691,599	289,607,581

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

26. FINANCIAL RISK MANAGEMENT (continued)

26.1 Credit risk (continued)

(e) Credit quality by class of financial assets (continued)

(i) Loans and advances neither past due nor impaired

Loans and advances that are 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

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

(iii) Loans and advances individually impaired

Individually impaired loans and advances are loans and advances for which the Bank determines that there is an objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loans and advances. In accordance with NBC Prakas No. B7-00-51 dated 17 February 2000 on the classification and provisioning for bad and doubtful debts, loans and advances more than 90 days past due are considered impaired and a minimum level of specific provision for impairment is made depending on the classification concerned, unless other information is available to indicate the contrary.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013

26. FINANCIAL RISK MANAGEMENT (continued)

26.1 Credit risk (continued)

- f) Concentration of risks of financial assets with credit risk exposure

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

The Bank monitors concentration of credit risk of counterparty by industry. An analysis of concentrations of the Bank's credit risk as at 31 December is shown below:

	Financial intermediaries US\$	Wholesale and retail US\$	Personal use US\$	Import US\$	Real estate US\$	Services US\$	Textile industries US\$	Export US\$	Other industries	Total US\$
2013										
Due from other financial institutions	10,552,899	-	-	-	-	-	-	-	-	10,552,899
Loans and advances to customers	-	32,653,472	10,035,811	3,991,209	2,224,907	1,827,068	1,197,416	-	31,070,383	83,000,266
	10,552,899	32,653,472	10,035,811	3,991,209	2,224,907	1,827,068	1,197,416	-	31,070,383	93,553,165
KHR'000 equivalent (Note 2.1)	42,158,832	130,450,621	40,093,065	15,944,880	8,888,503	7,299,137	4,783,677	-	124,126,180	373,744,895
2012										
Due from other financial institutions	6,516,711	-	-	-	-	-	-	-	-	6,516,711
Loans and advances to customers	-	19,851,152	1,311,419	6,214,673	9,207,978	9,704,914	743,731	109,997	15,789,051	62,932,915
Investments in securities	3,042,885	-	-	-	-	-	-	-	-	3,042,885
	9,559,596	19,851,152	1,311,419	6,214,673	9,207,978	9,704,914	743,731	109,997	15,789,051	72,492,511
KHR'000 equivalent (Note 2.1)	38,190,586	79,305,352	5,239,119	24,827,619	36,785,872	38,771,131	2,971,205	439,438	63,077,259	289,607,581

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

26. FINANCIAL RISK MANAGEMENT (continued)

26.2 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 and to replace funds when they are withdrawn. The consequence of this may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

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

Analysis of financial assets and liabilities by remaining contractual maturities

An analysis of the assets and liabilities of the Bank by relevant maturity based on the remaining period as at 31 December to the contractual or estimated maturity dates is set out on the next page.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

26. FINANCIAL RISK MANAGEMENT (continued)

26.2 Liquidity risk (continued)

2013	Overdue			Current				Total US\$
	Above 3 months US\$	Up to 3 months US\$	Up to 1 month US\$	From 1 to 3 months US\$	From 3 to 12 months US\$	From 1 to 5 years US\$	Over 5 years US\$	
Financial assets								
Cash and gold	-	-	4,541,043	-	-	-	-	4,541,043
Balances with the NBC	-	-	6,971,791	-	-	-	7,902,503	14,874,294
Due from other financial institutions	-	-	10,552,899	-	-	-	-	10,552,899
Loans and advances to customers	1,816,004	-	4,898,460	3,788,227	40,474,773	14,563,175	17,459,627	83,000,266
Investments in securities	-	-	-	-	-	-	25,000	25,000
Other assets	12,900	-	432,737	-	4,950	218,523	141,950	811,060
Total discounted financial assets	1,828,904	-	27,396,930	3,788,227	40,479,723	14,781,698	25,529,080	113,804,562
Financial liabilities								
Due to other financial institutions	-	-	15,463,417	13,000,000	13,000,620	-	-	41,464,037
Due to customers	-	-	16,913,814	1,574,700	10,369,406	241,179	-	29,099,099
Other liabilities	-	-	331,477	110,132	268,275	1,850	-	711,734
Total discounted financial liabilities	-	-	32,708,708	14,684,832	23,638,301	243,029	-	71,274,870
Net discounted financial assets (liabilities)	1,828,904	-	(5,311,778)	(10,896,605)	16,841,422	14,538,669	25,529,080	42,529,692
KHR'000 equivalent (Note 2.1)	7,306,471	-	(21,220,553)	(43,531,937)	67,281,481	58,081,983	101,988,675	169,906,120

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

26. FINANCIAL RISK MANAGEMENT (continued)

26.2 Liquidity risk (continued)

2012	Overdue			Current				Total US\$
	Above 3 months US\$	Up to 3 months US\$	Up to 1 month US\$	From 1 to 3 months US\$	From 3 to 12 months US\$	From 1 to 5 years US\$	Over 5 years US\$	
Financial assets								
Cash and gold	-	-	4,580,476	-	-	-	-	4,580,476
Balances with the NBC	-	-	1,803,561	-	-	-	6,502,503	8,306,064
Due from other financial institutions	-	-	4,516,711	2,000,000	-	-	-	6,516,711
Loans and advances to customers	1,540,919	-	3,351,559	6,749,865	24,634,146	13,435,864	13,220,562	62,932,915
Investments in securities	-	-	3,042,885	-	-	-	25,000	3,067,885
Other assets	-	-	456,867	-	827,403	45,000	142,410	1,471,680
Total discounted financial assets	1,540,919	-	17,752,059	8,749,865	25,461,549	13,480,864	19,890,475	86,875,731
Financial liabilities								
Due to other financial institutions	-	-	5,298,823	12,104,137	4,517,792	-	-	21,920,752
Due to customers	-	-	11,978,900	1,891,615	8,897,575	320,794	-	23,088,884
Other liabilities	-	-	62,834	71,412	234,003	9,134	-	377,383
Total discounted financial liabilities	-	-	17,340,557	14,067,164	13,649,370	329,928	-	45,387,019
Net discounted financial assets (liabilities)	1,540,919	-	411,502	(5,317,299)	11,812,179	13,150,936	19,890,475	41,488,712
KHR'000 equivalent (Note 2.1)	6,155,971	-	1,643,951	(21,242,610)	47,189,655	52,537,989	79,462,449	165,747,405

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

26. FINANCIAL RISK MANAGEMENT (continued)**26.3 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 and currency, 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 and foreign exchange rates.

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

Interest rate risk

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

The Bank has no financial assets and liabilities with floating interest rates. Balances with the NBC, due from other financial institutions and loans and advances earn fixed interest rates for the period of the deposits or loan. Due to other financial institutions and due to customers have fixed interest rates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

26. FINANCIAL RISK MANAGEMENT (continued)

26.3 Market risk (continued)

Interest rate risk (continued)

The table below analyses the Bank's interest rate risk exposure on non-trading financial assets and liabilities as at 31 December. The Bank's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

2013	Subject to re-pricing of interest rate in period								Total US\$
	Overdue US\$	Non-interest bearing US\$	Less than 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
Financial assets									
Cash on hand	-	4,541,043	-	-	-	-	-	-	4,541,043
Balances with the NBC	-	-	6,971,791	4,102,503	3,800,000	-	-	-	14,874,294
Due from other financial institutions	-	4,993,419	5,559,480	-	-	-	-	-	10,552,899
Loans and advances to customers	1,816,004	-	4,898,460	3,788,227	15,076,522	25,398,251	14,563,175	17,459,627	83,000,266
Investments in securities	-	25,000	-	-	-	-	-	-	25,000
Other assets	12,900	798,160	-	-	-	-	-	-	811,060
Total financial assets	1,828,904	10,357,622	17,429,731	7,890,730	18,876,522	25,398,251	14,563,175	17,459,627	113,804,562
Financial liabilities									
Due to other financial institutions	-	-	15,463,417	13,000,000	2,000,000	11,000,620	-	-	41,464,037
Due to customers	-	10,083	16,883,730	1,604,800	1,777,257	8,582,050	241,179	-	29,099,099
Other liabilities	-	711,734	-	-	-	-	-	-	711,734
Total financial liabilities	-	721,817	32,347,147	14,604,800	3,777,257	19,582,670	241,179	-	71,274,870
Total interest sensitivity gap	1,828,904	9,635,805	(14,917,416)	(6,714,070)	15,099,265	5,815,581	14,321,996	17,459,627	42,529,692
KHR'000 equivalent (Note 2.1)	7,306,471	38,495,041	(59,595,077)	(26,822,710)	60,321,564	23,233,246	57,216,374	69,751,210	169,906,120

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

26. FINANCIAL RISK MANAGEMENT (continued)

26.3 Market risk (continued)

Interest rate risk (continued)

2012	Overdue US\$	Non-interest bearing US\$	Subject to re-pricing of interest rate in period							Total US\$	
			Less than 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$			
Financial assets											
Cash on hand	-	4,580,476	-	-	-	-	-	-	-	-	4,580,476
Balances with the NBC	-	-	1,803,561	2,702,503	3,800,000	-	-	-	-	-	8,306,064
Due from other financial institutions	-	2,516,711	2,000,000	2,000,000	-	-	-	-	-	-	6,516,711
Loans and advances to customers	1,540,919	-	3,351,559	6,749,865	24,634,146	13,435,864	13,220,562	-	-	-	62,932,915
Investments in securities	-	3,067,885	-	-	-	-	-	-	-	-	3,067,885
Other assets	-	1,471,680	-	-	-	-	-	-	-	-	1,471,680
Total financial assets	1,540,919	11,636,752	7,155,120	11,452,368	28,434,146	13,435,864	13,220,562	-	-	-	86,875,731
Financial liabilities											
Due to other financial institutions	-	5,298,823	-	12,104,137	4,517,792	-	-	-	-	-	21,920,752
Due to customers	-	9,462,856	2,516,044	1,891,615	8,897,575	320,794	-	-	-	-	23,088,884
Other liabilities	-	377,383	-	-	-	-	-	-	-	-	377,383
Total financial liabilities	-	15,139,062	2,516,044	13,995,752	13,415,367	320,794	-	-	-	-	45,387,019
Total interest sensitivity gap	1,540,919	(3,502,310)	4,639,076	(2,543,384)	15,018,779	13,115,070	13,220,562	-	-	-	41,488,712
KHR'000 equivalent (Note 2.1)	6,155,971	(13,991,728)	18,533,109	(10,160,819)	60,000,022	52,394,705	52,816,145	-	-	-	165,747,405

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

26. FINANCIAL RISK MANAGEMENT (continued)

26.3 Market risk (continued)

Currency risk

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 Bank was incorporated and is operating in Cambodia, and USD is the reporting currency. The major currency in which the Bank transacts is also USD. However, some transactions were denominated in KHR, EUR and other foreign currencies. The Bank's management has set limits to control the positions of the currencies. Positions are monitored on a daily basis and hedging strategies are used to ensure positions of the currencies are maintained within established limits.

Assets and liabilities denominated in other currencies which were translated into USD were as follows:

2013	KHR equivalent to US\$	EUR equivalent to US\$	Other foreign currencies equivalent to US\$	Total US\$
Financial assets				
Cash and gold	140,288	20,380	588,579	749,247
Balances with the NBC	176,718	-	-	176,718
Due from other financial institutions	12,996	978,592	722,683	1,714,271
Total financial assets	330,002	998,972	1,311,262	2,640,236
Financial liabilities				
Due to other financial institutions	-	1,023,869	693,479	1,717,348
Due to customers	76,441	213	535,123	611,777
Other liabilities	7,285	4,568	1,014	12,867
Total financial liabilities	83,726	1,028,650	1,229,616	2,341,992
Foreign exchange position on-balance-sheet	246,276	(29,678)	81,646	298,244
KHR'000 equivalent (Note 2.1)	983,873	(118,564)	326,176	1,191,485

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

26. FINANCIAL RISK MANAGEMENT (continued)

26.3 Market risk (continued)

Currency risk (continued)

2012	KHR equivalent to US\$	EUR equivalent to US\$	Other foreign currencies equivalent to US\$	Total US\$
Financial assets				
Cash and gold	106,746	28,937	2,177,006	2,312,689
Balances with the NBC	33,054	-	-	33,054
Due from other financial institutions	10,544	98,583	19,800	128,927
Loans and advances to customers	-	-	-	-
Investments in securities	-	-	-	-
Other assets	-	-	-	-
Total financial assets	150,344	127,520	2,196,806	2,474,670
Financial liabilities				
Due to other financial institutions	-	135,118	16,660	151,778
Due to customers	29,540	15	2,132,822	2,162,377
Other liabilities	7,820	-	16,785	24,605
Total financial liabilities	37,360	135,133	2,166,267	2,338,760
Foreign exchange position on-balance-sheet	112,984	(7,613)	30,539	135,910
KHR'000 equivalent (Note 2.1)	451,371	(30,414)	122,005	542,962

26.4 Fair value of financial assets and liabilities

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

26.5 Capital management

The main regulatory capital requirement of the Bank is for the banking operations to which the Bank's lead regulator, NBC, sets and monitors capital requirements for the banks as a whole.

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

The Bank has complied with all externally imposed capital requirement throughout the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at and for the year ended 31 December 2013

27. SUBSEQUENT EVENTS

Other than as disclosed elsewhere in these financial statements, at the date of this report, there were no events which occurred subsequent to 31 December 2013 that had significant impact on the financial position of the Bank as at 31 December 2013.

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