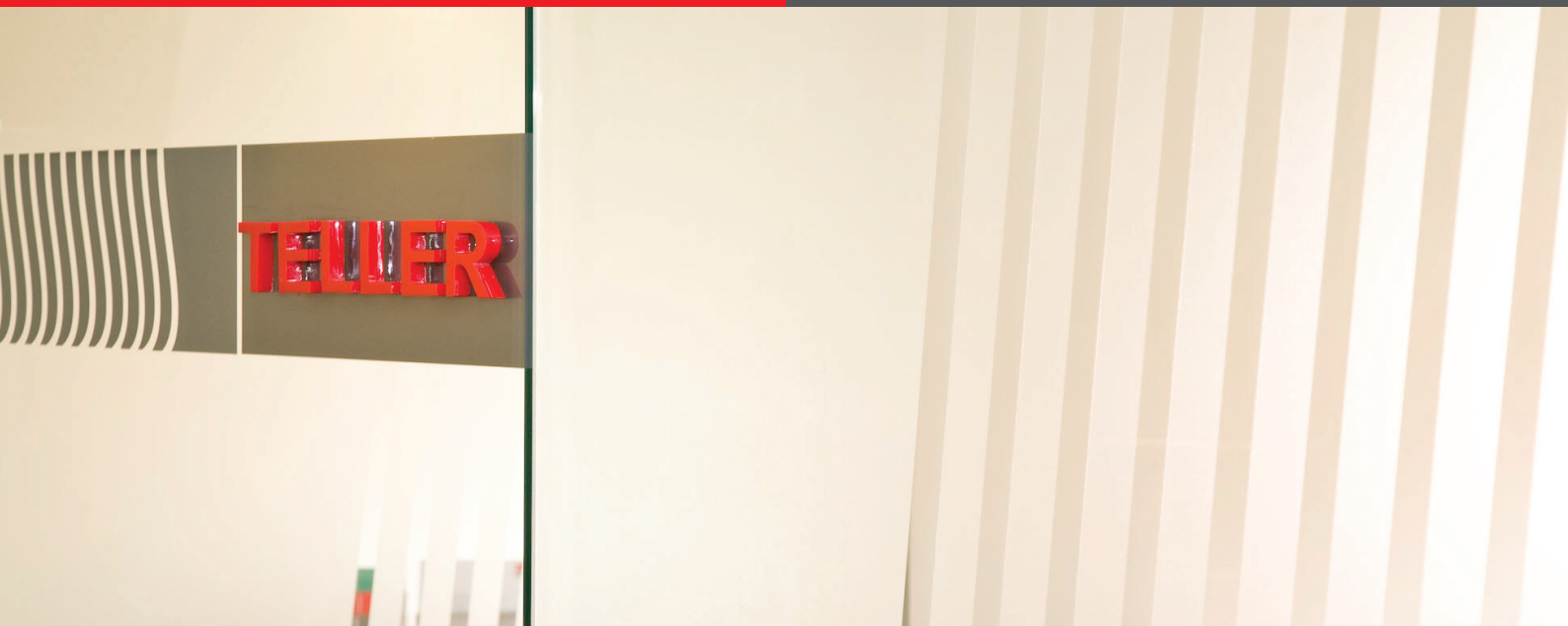




ANNUAL REPORT 2015





CONTENTS

OUR PROFILE	1
ETHICS AND INTEGRITY- MARUHAN-ISM	2
A MESSAGE FROM CHAIRMAN	3
ACHIEVEMENTS AND AMBITIONS	4
ORGANISATION CHART	5
PROFILES OF OUR BOARD MEMBERS	6
OUR PERFORMANCE	7
REPORT OF THE BOARD OF DIRECTORS	8-10
INDEPENDENT AUDITORS' REPORT	11
CONSOLIDATED BALANCE SHEET	12
CONSOLIDATED INCOME STATEMENT	13
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	14
CONSOLIDATED STATEMENT OF CASH FLOWS	15
SEPARATE BALANCE SHEET	16
SEPARATE INCOME STATEMENT	17
SEPARATE STATEMENT OF CHANGES IN EQUITY	18
SEPARATE STATEMENT OF CASH FLOWS	19
NOTES TO THE FINANCIAL STATEMENTS	20-74
CORPORATE SOCIAL RESPONSIBILITY	75
ATM NETWORK ADDRESS	76

MARUHAN JAPAN BANK PLC.

OUR PROFILE

MARUHAN Japan Bank Plc. was inaugurated in 2008 as the first fully licensed, Japanese owned, commercial bank in Cambodia.

We were set up to support the bi-lateral ties that exist between Japan and Cambodia, contribute to the country's growth and development and raise standards of customer service in the banking industry and that is what we have been, and will continue, working towards.

Whilst we are Japanese owned, we are very much rooted in Cambodia. We are a Cambodian bank and we use our Japanese expertise and high standards to deliver the international standard products and service to the Cambodian people, and those living or doing business in Cambodia, that will enable them to fulfill their individual and their country's potential.



OUR MISSION

1. To be the leading and most respected business and financial partner for businesses and non-commercial customers in Cambodia by providing high quality, convenient and customer oriented products, services and financial solutions.
2. To be a good corporate citizen.
3. To maximise satisfaction for all stakeholders.

OUR VISION

We will use our energy, spirit, efficiency, expertise, enthusiasm and commitment to create and supply a comprehensive range of innovative, professional, affordable, convenient and easy to use banking services. We will utilise our expertise in 'relationship banking' to provide unparalleled standards of customer service, product performance, choice, security, control and global reach and we will deliver these with the kind of Japanese-flavoured hospitality that Japan is renowned for around the world.

OUR PROMISE

We were set up to support the bilateralities that exist between Japan and Cambodia and contribute to growth and development in Cambodia and the wider region and that is exactly what we exist to do!

ETHICS AND INTEGRITY

MARUHAN-ISM

Our reputation depends on the integrity of our employees as well as our efficiency and quality of the service. We require absolute assurance of the honesty and integrity of our employees. At work and socially, the honesty of our employees must be beyond doubt because our hard earned reputation will be tarnished if any employee does not act in accordance with the highest principles and standards of behaviour. We are proud to be setting new standards in this aspect of our business and we have developed a range of ethical 'tools' and procedures, such as our Employee Code of Conduct, to help us accomplish our mission.

OUR CODE OF CONDUCT

The principles contained in this Code of Conduct govern our behaviour and guide us in the way we do our jobs, wherever we operate.

Honesty and Integrity

Our employees will not make statements, promises or commitments that they do not believe to be true or which they, or MARUHAN Japan Bank, do not intend to, or are unable to, honour. They will always act honestly, with integrity and in accordance with the MARUHAN Japan Bank values. They will not knowingly make false statements nor mislead any person directly, indirectly or by omission. They will, at all times, deal fairly, equally and in good faith with customers, suppliers, competitors and regulators, as well as with work colleagues and other parties. They will treat all people with respect and will undertake their duties with care and diligence. They will protect MARUHAN Japan Bank's interests, reputation and assets.

Personal Transactions and Gain

Our employees will keep personal dealings separate from their business dealings. They will not use the Bank's name nor any information obtained in the course of their employment to further any personal transaction or gain or to obtain any benefit for any other person, organisation or company. They will not undertake any transactions or enquiries on their own account nor actively seek to undertake business with people they know. They will provide people they know with the same service and business conditions as they would provide people they do not know.

They will use goods, services and facilities provided to them by MARUHAN Japan Bank strictly in accordance with the terms on which they are provided and will ensure that such goods and facilities are properly protected.

Confidentiality of Information

Our employees will respect the privacy of others. They will take care to ensure that confidential information is properly protected and not disclosed to third parties, unless required by their work, under relevant laws or regulations or where permitted, in writing, by an authorised MARUHAN Japan Bank employee.

Conflict of Interest

Our employees understand their primary business loyalty is to MARUHAN Japan Bank and will immediately and fully disclose any personal matters or interests that may lead to actual or perceived conflicts of interest. Their dealings with customers, suppliers and other parties will always be transparent and open to avoid the possibility of actual or perceived conflicts of interest.

Abiding by the Law

Our employees will abide by the law and this Code of Conduct. They will not take any action nor allow any omission that will breach any law or regulation. They will immediately report knowledge of any actual or potential breaches of this code or any law or regulation so that any appropriate action can be taken. They understand that if they breach any law, regulation or provision of this Code, the breach will be investigated and this could result in disciplinary action.

Payments, Gifts or Entertainment

Our employees will not accept or provide any benefit, gift or entertainment that is offered or may be construed as a gift, entertainment or hospitality from any company, organisation or individual with whom there has been a past, present or possible future business or working relationship with MARUHAN Japan Bank, except in accordance with the express terms of MARUHAN Japan Bank's policy. They will not offer, promise or provide a bribe, in any form, to any person, either directly or indirectly and they will not accept a bribe from any person.

A MESSAGE FROM **CHAIRMAN**



Dr. HAN, Chang-Woo
Chairman and CEO,
MARUHAN Group

Dear Stakeholders,

MARUHAN Japan Bank Plc. was established in May 2008, as the first Japanese-owned commercial bank in Cambodia, we contribute to the development and growth of Cambodia through providing various kinds of Bank service and investment from Japan.

In December 2012, SATHAPANA Limited became a member of the MARUHAN Group as MARUHAN Japan Bank, existing in Cambodia, became a majority of shareholder of SATHAPANA Limited which was established as a Cambodia non- government organization (NGO) in 1995, since then as a deposit-taking microfinance institution and has been providing funds to customers around the country with contribution in Cambodia economic development and growth with its branches and points of services more than 140 offices nationwide.

MARUHAN Japan Bank Plc. is focusing on providing commercial banking products and services, aiming to expanding its operation nationwide. Meanwhile, SATHAPANA Limited is offering micro financial products and services to customer through Cambodia nationwide, aiming to become a fully serviced commercial bank.

We can see we have similar and mutual objective, which we can complete each other. That is why; we believe that the consolidation of MARUHAN Japan Bank and SATHAPANA Limited will make us become one of the strongest banks in Cambodia by taking advantages of both side strong points. We have started banking business in Cambodia, because we wanted to support the Cambodian people who make effort to contribute in developing Cambodian economy with the spirit of challenges without being complacent or satisfaction about existing circumstances. So I am proud that the new born SATHAPANA Bank Plc. can contribute to the society in the Kingdom of Cambodia through providing best financial solution and promoting responsible finance.

Dr. HAN, Chang-Woo
韓昌祐
Chairman and CEO
MARUHAN Group

OUR EIGHT YEAR ACHIEVEMENTS & AMBITIONS



We are pleased that our performance in 2015 has been in line with expectations and business strategies.

Our key achievements during the review period were:

- Launched eBanking Service.
- Launched Trade Finance Service.
- Launched Collaboration Money Transfer with SATHAPANA Limited.
- Launched Advance Facility to Term Deposit Holders.
- Launched Offsite ATMs.

Despite our significant achievements in 2015 we know there is still a lot to do as we work towards our goal of setting new standards for the banking industry. In 2016, we will therefore focus on:

- The consolidation between MARUHAN Japan Bank and SATHAPANA Limited to become SATHAPANA Bank Plc.
- The distribution network expansion including ready ATMs infrastructure with other financial institutions such as EasyCash and our card business with the global card provider such Visa, Master, etc.
- The diversification of the remittance services infrastructure and the multiple currencies correspondent banks in the region and the globe to better service our customers and their needs.
- Strategies that will allow us to develop existing and new business links between Japan and Cambodia



COMMITTED TO BEING CAMBODIA'S
**BEST FINANCIAL
SERVICE PROVIDER**

Our strategy, based on the philosophy that banking is a service industry, is to provide our customers with the quality of financial service that we, ourselves, would want to receive. We consider ourselves to be experts in 'relationship banking' and, for us, customers always come first.

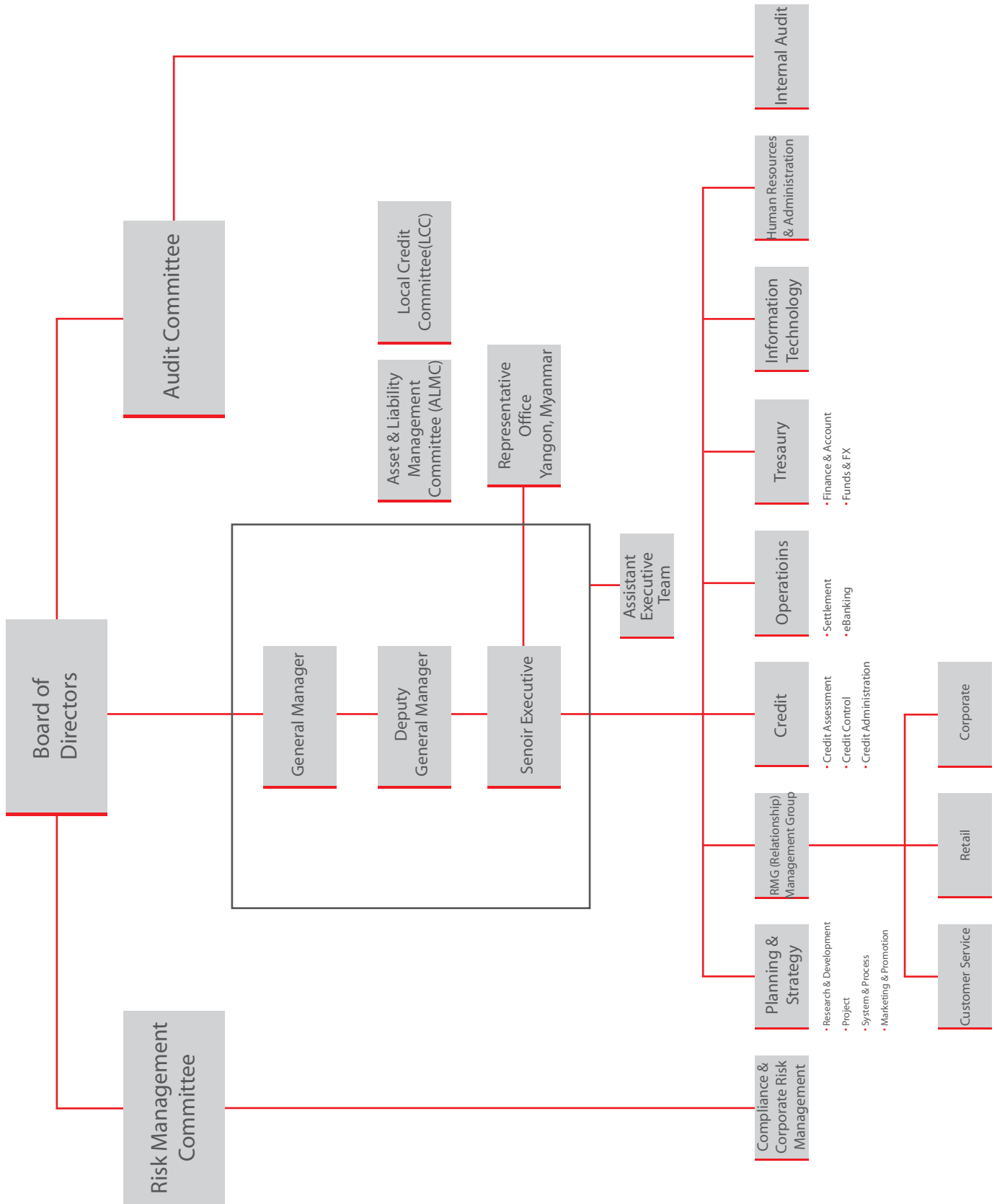
MARUHAN Japan Bank is committed to being the bank of choice for individuals, institutions and corporations who value unparalleled standards of service and performance and need national and regional coverage.

We are Cambodia's only, Japanese-owned commercial bank and, as such, we are providing comfort and familiarity for Japanese people and investors who have interest in coming to, or doing business in Cambodia and we provide Japanese quality services to Cambodian customers.

Our team is led by experienced banking professionals who have proven track records in the local and foreign financial markets. Together our international and Cambodian team is delivering international standards of service with legendary Japanese hospitality to individuals, business people or representatives of multi-lateral donor agencies.

THE MARUHAN JAPAN BANK STRUCTURE

ORGANISATION CHART



PROFILES OF

OUR BOARD MEMBERS



Dr. HAN, Chang-Woo is the founder and Chairman of MARUHAN Corporation which is, with annual sales of JPY 2 Trillion and one of Japan's most successful companies. He is a patron of the arts and is active in the funding and supporting of a large number of charitable, cultural and educational associations and organisations.



Mr. HAN, Yu is President and Chief Operating Officer of MARUHAN Corporation. After obtaining a Bachelor's degree from HOSEI University in Japan, he joined MARUHAN in 1990, became Vice-President in 2006 and President in 2008. He leads the corporation's 15,000 employees and is responsible for developing MARUHAN Corporation's business globally.



Mr. HAN, Ken joined MARUHAN Corporation in 2000 and was appointed as Managing Director in 2014. He is responsible for the MARUHAN Group's finance matters. Director of MARUHAN Japan Bank in Cambodia, Lao PDR and Myanmar and is President/Chief Executive Officer of MARUHAN INVESTMENT ASIA PTE. LTD.



Mr. YABE, Yoshikazu joined MARUHAN Japan Bank as the Director and General Manager in January 2014. He has a background in commercial, investment and private banking and venture capital spanning Japan, New York, Zurich and Hong Kong. Prior to joining MARUHAN Japan Bank he worked for Sanwa Bank and Bank of Tokyo-Mitsubishi UFJ from 1977 to 2013.



Oknha Dr. BUN, Momy joined as the Director of MARUHAN Japan Bank in 2013 and also serves as Chief Executive Officer of SATHAPANA Limited. He has a Master of Business Administration degree from Utara University, Malaysia, a Doctor of Business Administration degree from Preston University in the USA and over 20 years' experience in Cambodia's microfinance industry.



His Excellency SHINOHARA, Katsuhiko is an Independent Director of MARUHAN Japan Bank. He started his diplomatic career in Cambodia as a Secretary Officer at the Japanese Embassy and went onto become a senior consular official. He ultimately served as the Japanese Ambassador to the Kingdom of Cambodia from 2007 to 2009.



Mr. ISHIMURA, Mitsuru is an Independent Director of MARUHAN Japan Bank. He has expertise in finance business with more than 30 years', including M&As in telecom, bank, consumer finance, electricity, food sectors, fund raisings for major corporates, equity finance, and finance for Asian countries as a managing Director of HSBC.

OUR PERFORMANCE

YEAR ENDED 31 DECEMBER 2015

US\$

	Group	Bank
Gross Revenue	91,473,622	8,508,084
Profit before Tax	23,268,889	2,161,758
KEY BALANCE SHEET ITEMS		
Total Assets	694,455,212	197,102,960
Shareholder's Equity	134,382,238	104,120,292
Loan and Advances	546,710,543	84,815,441
Deposit	348,396,974	91,262,052
FINANCIAL RATIOS		
Return on Assets	2.64%	1%
Expense to income ratio	74.64%	80.59%
Solvency Ratio	24.82%	48.36%
Liquidity Ratio	52.84%	102.94%

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of MARUHAN Japan Bank Plc. (“the Bank”) presents its report together with the consolidated financial statements of the Bank and its subsidiary (together referred to as “the Group”) and the separate financial statements of the Bank (collectively referred to as “the financial statements”) as at 31 December 2015 and for the year then ended.

THE GROUP

The Bank

The Bank is a commercial bank operating under the Cambodian Law on Commercial Enterprises and the supervision of the National Bank of Cambodia (“NBC”), pursuant to the Law on Banking and Financial Institutions of Cambodia and in accordance with Banking License No.20 issued by the NBC on 22 May 2008. The Bank is a wholly-owned subsidiary of MARUHAN Investment Asia Pte., a company incorporated in Singapore at 31 December 2015.

The Bank is established to conduct banking activities, including mobilizing and receiving short, medium and long term deposit funds from various organizations and individuals; lending on a short, medium and long term basis to various organizations and individuals based on the nature and ability of the Bank's capital resources; conducting foreign currency transactions; engaging in international trade finance services; discounting of commercial notes, providing transaction services between customers; and other banking services as approved by the NBC, through the Bank's head office at Phnom Penh.

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

The address of the Bank's registered office is No. 83, Preah Norodom Boulevard, Sangkat Phsartheumey 3, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

The Subsidiary

On 19 October 2012, the Bank entered into a sale and purchase agreement with Stichting Triodos-Doen (“ST”), Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (“NFVO”), DWM Funds S.C.A.-SICAV SIF (“DWM”), Cambodia Community Building (“CCB”), and Sathapana Employee Investment Limited (“SEI”) to acquire 95.1% equity of SATHAPANA Limited (“the Subsidiary”). This was subsequently approved by the NBC on 5 December 2012. In addition, the subject shares were approved for the change in ownership by the Ministry of Commerce on 17 December 2012.

The principal activity of the Subsidiary is to provide micro-finance services to poor entrepreneurs, especially women in urban and rural areas of Cambodia through its head office in Phnom Penh and its various provincial and district offices in the Kingdom of Cambodia. The NBC granted an indefinite life micro-finance license to the Subsidiary effective from 19 April 2006.

On 22 January 2009, the Subsidiary received a license from the NBC to conduct a deposit-taking business. On 31 January 2011, the Subsidiary received another three year-license to conduct money exchange business.

RESULTS OF OPERATIONS AND DIVIDENDS

The financial results of the Group and of the Bank for the year ended 31 December 2015 are as follows:

	Group		Bank	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Profit before income tax	23,268,889	12,275,473	2,161,758	810,614
Income tax expense	(4,906,436)	(2,678,248)	(183,302)	(25,478)
Net profit for the year	18,362,453	9,597,225	1,978,456	785,136
Net profit for the year - KHR'000	74,367,936	39,108,693	8,012,748	3,199,429
Attributable to:				
Equity holders of the Bank	17,434,361	9,079,305	1,978,456	785,136
Minority interest	928,092	517,920	-	-
	18,362,453	9,597,225	1,978,456	785,136

There were no dividends declared or paid by the Bank during the year.

PAID-UP CAPITAL

The paid-up capital of the Bank as at 31 December 2015 is US\$104.00 million (2014: US\$74.00 million).

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL LOANS AND ADVANCES

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances that have arisen which would render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Group and 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 Group and the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; and
- no contingent liability in respect of the Group and the Bank that has arisen since the end of the financial year other than in the ordinary course of business.

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

EVENTS SINCE THE BALANCE SHEET DATE

Other than as disclosed in the notes to the financial statements, there were no other significant events that occurred after the balance sheet date requiring disclosure or adjustment to the financial statements.

THE BOARD OF DIRECTORS

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

Dr. HAN, Chang-Woo	Chairman
Mr. HAN, Yu	Member
Mr. HAN, Ken	Member
Mr. YABE, Yoshikazu	Member
Oknha Dr. BUN, Mony	Member
H.E. SHINOHARA, Katsuhiko	Independent member
Mr. ISHIMURA, Mitsuru	Independent member (appointed on 1 October 2015 and NBC approved on 14 December 2015)
H.E. URABE, Kazuyoshi	Independent member (Resigned on 31 December 2015)

AUDITOR

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

DIRECTORS' INTERESTS

No director who held office at the end of the financial year has a direct interest in the shares of the Bank.

DIRECTORS' BENEFITS

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

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

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

The Board of Directors is responsible for ensuring that the financial statements are properly drawn up so as to give a true and fair view of the respective financial position of the Group and of the Bank as at 31 December 2015, and their respective financial performance and cash flows for the year then ended. The Board of Directors oversees preparation of these financial statements by management who is required to:

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

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the respective financial position of the Group and of the Bank as at 31 December 2015, and their respective financial performance and cash flows for the year then ended in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the NBC.

On behalf of the Board of Directors:

HAN, Chang-Woo Chairman
Phnom Penh, Kingdom of Cambodia
17 March 2016

INDEPENDENT AUDITORS' REPORT

To: The Shareholder of MARUHAN Japan Bank Plc.

We have audited the accompanying consolidated financial statements of MARUHAN Japan Bank Plc. ("the Bank") and its subsidiary (together referred to as "the Group") and the separate financial statements of the Bank which comprise the respective consolidated and separate balance sheets as at 31 December 2015, and the respective consolidated and separate income statements, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as "the financial statements")

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the National Bank of Cambodia ("NBC"), 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 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 auditor considers internal control relevant to the Group's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 consolidated and separate financial statements give a true and fair view of the respective financial position of the Group and of the Bank as at 31 December 2015, and their respective consolidated and separate financial performance and cash flows for the year then ended in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the NBC.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements that presents the merger of the operations of the Bank and its subsidiary, Sathapana Limited ("SPN"). On 29 May 2015, the Bank received approval in principle from the NBC on the merger subject to certain conditions that should be complied upon by the Bank and SPN within six months after the approval. On 13 November 2015, the management of the Bank and SPN submitted all pertinent documents required by the NBC which are pending approvals from the relevant regulatory bodies. According to the merger plan, the Bank's assets and liabilities will be transferred to SPN at the merger date which will continue to fulfill all rights and obligations of the Bank. Accordingly, these financial statements have been prepared on a going concern assumption basis.

Dai Xuan Nguyen
Partner
Ernst & Young (Cambodia) Ltd.
Certified Public Accountants
Registered Auditors

Phnom Penh, Kingdom of Cambodia
17 March 2016

CONSOLIDATED BALANCE SHEET

as at 31 December 2015

		2015		2014	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
ASSETS					
Cash on hand	3	17,613,309	71,333,901	10,210,384	41,607,315
Balances with the NBC	4	65,852,851	266,704,047	82,948,728	338,016,067
Balances with other banks and local MFIs	5	16,083,950	65,139,998	15,866,073	64,654,247
Placements with other banks and local MFIs	6	9,589,778	38,838,601	17,588,210	71,671,956
Loans and advances to customers	7	546,710,543	2,214,177,699	370,722,788	1,510,695,361
Property and equipment	8	5,997,688	24,290,636	4,634,561	18,885,836
Software	9	294,997	1,194,738	557,253	2,270,806
Goodwill	25	17,380,030	70,389,122	17,380,030	70,823,622
Deferred tax assets	13.2	1,413,581	5,725,003	1,057,958	4,311,179
Other assets	10	13,518,485	54,749,866	9,730,172	39,650,451
TOTAL ASSETS		694,455,212	2,812,543,611	530,696,157	2,162,586,840
LIABILITIES AND EQUITY					
Liabilities					
Deposits from other banks	11	22,399,475	90,717,874	15,422,822	62,848,000
Deposits from customers	12	325,997,499	1,320,289,871	253,835,705	1,034,380,498
Income tax payable	13.1	4,415,941	17,884,561	2,482,746	10,117,190
Borrowings	14	160,425,396	649,722,854	115,530,220	470,785,647
Subordinated debts	15	32,313,217	130,868,529	47,313,217	192,801,359
Pension and provident fund obligation	16	5,816,733	23,557,769	4,082,666	16,636,864
Other liabilities	17	8,704,713	35,254,088	5,879,515	23,959,023
Total liabilities		560,072,974	2,268,295,546	444,546,891	1,811,528,581
Equity					
Paid-up capital	18	104,000,000	421,200,000	74,000,000	301,550,000
Accumulated earnings		26,975,742	109,251,756	9,541,381	38,881,128
Equity attributable to equity holders of the Bank		130,975,742	530,451,756	83,541,381	340,431,128
Minority interest		3,406,496	13,796,309	2,607,885	10,627,131
Total equity		134,382,238	544,248,065	86,149,266	351,058,259
TOTAL LIABILITIES AND EQUITY		694,455,212	2,812,543,611	530,696,157	2,162,586,840

MARUHAN Japan Bank Plc.

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2015

	Notes	2015		2014	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Interest and similar income	19	89,011,630	360,497,102	55,933,603	227,929,432
Interest and similar expense	20	(32,888,646)	(133,199,016)	(19,411,777)	(79,102,991)
Net interest and similar income		56,122,984	227,298,086	36,521,826	148,826,441
Fees and commission income		2,461,992	9,971,068	1,609,477	6,558,619
Fees and commission expense		(659,927)	(2,672,704)	(347,467)	(1,415,928)
Net fees and commission income	21	1,802,065	7,298,364	1,262,010	5,142,691
Other operating income	22	295,984	1,198,735	87,421	356,241
Total operating income		58,221,033	235,795,185	37,871,257	154,325,373
General and administrative expenses	23	(32,566,672)	(131,895,022)	(24,577,711)	(100,154,172)
Provision for losses on loans and advances	7	(1,130,687)	(4,579,282)	(1,018,073)	(4,148,647)
Provision for impairment losses	10	(1,254,785)	(5,081,879)	-	-
Profit before income tax		23,268,889	94,239,002	12,275,473	50,022,554
Income tax expense	13	(4,906,436)	(19,871,066)	(2,678,248)	(10,913,861)
Net profit for the year		18,362,453	74,367,936	9,597,225	39,108,693
Attributable to:					
Equity holders of the Bank		17,434,361	70,609,163	9,079,305	36,998,168
Minority interest		928,092	3,758,773	517,920	2,110,525
Net profit for the year		18,362,453	74,367,936	9,597,225	39,108,693

MARUHAN Japan Bank Plc.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Attributable to equity holders of the Bank			Minority interest	Total
	Paid-up capital	Accumulated earnings	Total		
	US\$	US\$	US\$		
As at 1 January 2015	74,000,000	9,541,381	83,541,381	2,607,885	86,149,266
Conversion of subordinated debt into equity	30,000,000	-	30,000,000	-	30,000,000
Net profit for the year	-	17,434,361	17,434,361	928,092	18,362,453
Dividends declared	-	-	-	(129,481)	(129,481)
As at 31 December 2015	104,000,000	26,975,742	130,975,742	3,406,496	134,382,238
Equivalent in KHR'000 \ (Note 2.1)	421,200,000	109,251,756	530,451,756	13,796,309	544,248,065
As at 1 January 2014	74,000,000	462,076	74,462,076	1,718,665	76,180,741
Net profit for the year	-	9,079,305	9,079,305	517,920	9,597,225
Capital contribution	-	-	-	445,928	445,928
Dividends declared	-	-	-	(74,628)	(74,628)
As at 31 December 2014	74,000,000	9,541,381	83,541,381	2,607,885	86,149,266
Equivalent in KHR'000 (Note 2.1)	301,550,000	38,881,128	340,431,128	10,627,131	351,058,259

MARUHAN Japan Bank Plc.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Net cash used in operating activities	24	(81,206,491)	(328,886,288)	(14,026,385)
Cash flows from investing activities				
Decrease (increase) in placements with other bank and local MFIs		5,575,147	22,579,345	(53,077,474)
Purchases of property and equipment and software	8,9	(4,021,552)	(16,287,286)	(11,131,209)
Proceeds from disposal of property and equipment		20,489	82,980	148,187
Net cash from (used in) investing activities		1,574,084	6,375,039	(64,060,496)
Cash flows from financing activities				
Proceeds from borrowings		87,249,506	353,360,499	267,727,500
Repayment of borrowings		(42,354,330)	(171,535,037)	(136,826,947)
Proceeds from subordinated debt	15	15,000,000	60,750,000	40,750,000
Dividends paid		(129,481)	(524,398)	(304,109)
Capital contribution from minority interest		-	-	1,817,157
Net cash from financing activities		59,765,695	242,051,064	173,163,601
Net (decrease) increase in cash and cash equivalents		(19,866,712)	(80,460,185)	95,076,720
Cash and cash equivalents at beginning of year		77,635,895	316,366,272	216,945,219
Foreign exchange difference		-	(1,940,895)	4,344,333
Cash and cash equivalents at end of year	3	57,769,183	233,965,192	316,366,272
Significant non-cash transaction:				
Conversion of subordinated debt into equity		30,000,000	121,500,000	-

MARUHAN Japan Bank Plc.

SEPARATE BALANCE SHEET

as at 31 December 2015

		2015		2014	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
ASSETS					
Cash on hand	3	3,563,175	14,430,859	3,240,653	13,205,661
Balances with the NBC	4	37,071,148	150,138,149	56,636,453	230,793,546
Balances with other banks and local MFIs	5	9,170,496	37,140,509	9,707,176	39,556,742
Placements with other banks and local MFIs	6	11,471,834	46,460,928	18,909,242	77,055,161
Loans and advances to customers	7	84,815,441	343,502,536	69,022,156	281,265,286
Investment in subsidiary	25	47,939,683	194,155,716	47,939,683	195,354,208
Property and equipment	8	638,940	2,587,707	790,715	3,222,164
Software	9	96,093	389,177	159,444	649,734
Deferred tax assets	13.2	-	-	91,873	374,382
Other assets	10	2,336,150	9,461,408	2,283,464	9,305,116
TOTAL ASSETS		197,102,960	798,266,989	208,780,859	850,782,000
LIABILITIES AND EQUITY					
Liabilities					
Deposits from other banks	11	8,691,354	35,199,984	7,625,945	31,075,726
Deposits from customers	12	82,570,698	334,411,327	97,008,416	395,309,295
Income tax payable	13.1	4,896	19,829	-	-
Subordinated debt	15	-	-	30,000,000	122,250,000
Pension fund obligation	16	445,553	1,804,490	333,408	1,358,638
Other liabilities	17	1,270,167	5,144,176	1,671,254	6,810,359
Total liabilities		92,982,668	376,579,806	136,639,023	556,804,018
Equity					
Paid-up capital	18	104,000,000	421,200,000	74,000,000	301,550,000
Accumulated earnings (losses)		120,292	487,183	(1,858,164)	(7,572,018)
Total equity		104,120,292	421,687,183	72,141,836	293,977,982
TOTAL LIABILITIES AND EQUITY		197,102,960	798,266,989	208,780,859	850,782,000

MARUHAN Japan Bank Plc.

SEPARATE INCOME STATEMENT

for the year ended 31 December 2015

	Notes	2015		2014	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Interest and similar income	19	7,719,645	31,264,562	6,352,134	25,884,946
Interest and similar expense	20	(3,509,469)	(14,213,349)	(3,256,863)	(13,271,717)
Net interest and similar income		4,210,176	17,051,213	3,095,271	12,613,229
Fees and commission income		788,439	3,193,178	540,922	2,204,257
Fees and commission expense		(30,180)	(122,229)	(6,208)	(25,298)
Net fees and commission income	21	758,259	3,070,949	534,714	2,178,959
Other operating income	22	2,630,920	10,655,226	1,432,567	5,837,711
Total operating income		7,599,355	30,777,388	5,062,552	20,629,899
General and administrative expenses	23	(3,795,424)	(15,371,467)	(3,849,788)	(15,687,886)
Provision for losses on loans and advances	7	(387,388)	(1,568,921)	(402,150)	(1,638,761)
Provision for impairment losses	10	(1,254,785)	(5,081,879)	-	-
Profit before income tax		2,161,758	8,755,121	810,614	3,303,252
Income tax expense	13	(183,302)	(742,373)	(25,478)	(103,823)
Net profit for the year		1,978,456	8,012,748	785,136	3,199,429

MARUHAN Japan Bank Plc.

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Paid-up capital	Accumulated earnings (losses)	Total
	US\$	US\$	US\$
As at 1 January 2015	74,000,000	(1,858,164)	72,141,836
Conversion of subordinated debt into equity	30,000,000	-	30,000,000
Net profit for the year	-	1,978,456	1,978,456
As at 31 December 2015	104,000,000	120,292	104,120,292
Equivalent in KHR'000 (Note 2.1)	421,200,000	487,183	421,687,183
As at 1 January 2014	74,000,000	(2,643,300)	71,356,700
Net profit for the year	-	785,136	785,136
As at 31 December 2014	74,000,000	(1,858,164)	72,141,836
Equivalent in KHR'000 (Note 2.1)	301,550,000	(7,572,018)	293,977,982

SEPARATE STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	Notes	2015		2014	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Net cash (used in) from operating activities	24	(27,139,047)	(109,913,140)	32,495,738	132,420,134
Cash flows from investing activities					
Decrease (increase) in placements with other banks and local MFIs		5,014,123	20,307,198	(13,573,617)	(55,312,490)
Purchases of property and equipment and software	8, 9	(79,069)	(320,229)	(588,116)	(2,396,573)
Proceeds from disposal of property and equipment		1,093	4,427	20,186	82,258
Additional investment in subsidiary	24	-	-	(8,654,600)	(35,267,495)
Net cash from (used in) investing activities		4,936,147	19,991,396	(22,796,147)	(92,894,300)
Net (decrease) increase in cash and cash equivalents		(22,202,900)	(89,921,744)	9,699,591	39,525,834
Cash and cash equivalents at beginning of year		53,222,805	216,882,930	43,523,214	173,875,240
Foreign exchange difference		-	(1,330,570)	-	3,481,856
Cash and cash equivalents at end of year	3	31,019,905	125,630,616	53,222,805	216,882,930
Significant non-cash transaction					
Conversion of subordinated debt into equity		30,000,000	121,500,000	-	-

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2015 and for the year then ended

1. CORPORATE INFORMATION

Establishment and operations

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

The Bank was established on 20 June 2008, duly registered with the Ministry of Commerce (“MoC”) and approved by the National Bank of Cambodia (“NBC”) on 22 May 2008. The Bank is a wholly-owned subsidiary of Mahuran Investment Asia Pte., a company incorporated in Singapore at 31 December 2015.

The Bank was established to conduct banking activities, including mobilizing and receiving short, medium and long term deposit funds from various organizations and individuals; lending on a short, medium and long term basis to various organizations and individuals based on the nature and ability of the Bank’s capital resources; conducting foreign currency transactions; international trade finance services, discounting of commercial notes, bonds and valued documents; providing transaction services between customers; and other banking services as approved by the NBC.

On 19 October 2012, the Bank entered into a sale and purchase agreement with Stichting Triodos-Doen (“ST”), Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (“NFVO”), DWM Funds S.C.A.-SICAV SIF (“DWM”), Cambodia Community Building (“CCB”), and Sathapana Employee Investment Limited (“SEI”) to acquire 95.1% equity of Sathapana Limited (“the Subsidiary”). This was subsequently approved by the NBC on 5 December 2012. In addition, the subject shares were approved for the change in ownership by the MoC on 17 December 2012.

The principal activity of the Subsidiary is to provide micro-finance services to poor entrepreneurs, especially women in urban and rural areas of Cambodia through its head office in Phnom Penh and its various provincial and district offices in the Kingdom of Cambodia. The NBC granted an indefinite life micro-finance license to the Subsidiary effective from 19 April 2006.

On 22 January 2009, the Subsidiary received a license from the NBC to conduct a deposit-taking business. On 31 January 2011, the Subsidiary received another 3 year-license to conduct money exchange business.

The financial statements were authorized for issue by the Board of Directors on 17 March 2016.

Paid-up capital

The paid-up capital of the Bank as at 31 December 2015 was US\$104.00 million (2014: US\$74.00 million).

Board of Directors

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

Dr. HAN, Chang-Woo	Chairman
Mr. HAN, Yu	Member
Mr. HAN, Ken	Member
Mr. YABE, Yoshikazu	Member
Oknha Dr. BUN, Mony	Member
H.E. SHINOHARA, Katsuhiko	Independent member
Mr. ISHIMURA, Mitsuru	Independent member (appointed on 1 October 2015 and approved by the NBC on 14 December 2015)
H.E. URABE, Kazuyoshi	Independent member (Resigned on 31 December 2015)

Location

The head office of the Bank is located at No. 83, Preah Norodom Boulevard, Sangkat Phsarthmey 3, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

Employees

As at 31 December 2015, the Bank has a total of 89 employees (2014: 81 employees).

Merger with Sathapana Limited

On 13 January 2015, the Board of Directors of the Group agreed to merge the operations of the Bank and its subsidiary. On 27 January 2015, the Board of Directors and management of the Group signed a memorandum of understanding for the said merger.

On 29 May 2015, the Bank received approval in principle from the NBC on the merger subject to certain conditions that should be complied upon by the Group within six months after the approval. On 13 November 2015, the management of the Group submitted all pertinent documents required by the NBC. To date, the Bank is yet to obtain necessary approvals from the relevant regulatory bodies.

2. ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

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

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

The translation of the US\$ amounts in the financial statements into Khmer Riel (“Riel”) is provided for the sole purpose of complying with Prakas No. B7-07-164 dated 13 December 2007 using the official rate of exchange regulated by the NBC as at the reporting date, which was US\$1 to KHR4,050 as at 31 December 2015 (2014: US\$1 to KHR4,075). Such translation should not be construed as a representation that the US\$ amounts represent, or have been or could be, converted into Riel at that or any other rate.

Fiscal year

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

2.2 Significant accounting judgments and estimates

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

2.2.1 Going concern assumption

As disclosed in Note 1, the Group have submitted the application to merge their operations to the NBC. According to the merger plan, the Bank’s assets and liabilities will be transferred to the Subsidiary at the merger date which will continue to fulfil all rights and obligations of the Bank. Accordingly, these financial statements have been prepared on a going concern assumption basis.

2.2.2 Operating leases

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

2.2.3 Impairment losses on loans and advances to customers

When preparing the financial statements, the quality of loans and advances is reviewed and assessed to determine their classification and level of allowance for impairment losses, as more fully disclosed in Note 2.3.8.

2.2.4 Impairment of non-financial assets

Assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.2.5 Impairment of goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit ("CGU") (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the profit and loss. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its impairment test of goodwill annually.

2.3 Summary of significant accounting policies

2.3.1 Change in accounting policies

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

2.3.2 Subsidiary

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

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

2.3.3 Basis of consolidation

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

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

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

2.3.4 Business combination

Business combination is accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

2.3.5 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

2.3.6 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, unrestricted balances with the NBC and other banks and short term highly liquid investments with original maturities of three months or less from the respective dates of placement, that are readily convertible to known amounts of cash and subject to insignificant change in value.

2.3.7 Loans and advances to customers

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 repayment date within one year from the date the loan was advanced. Long-term loans are those with final repayment date of more than one year from the date the loan was advanced. Interest accrued not yet paid other than overdraft, was classified as other assets in the balance sheet.

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 the allowance for losses on loans and advances in the income statement.

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

2.3.8 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, net of interest-in-suspense.

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

Classification	Number of days past due	Allowance rate
General provision		
Normal	Nil to less than 30 days	1%
Specific provision		
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 realizable value of the collateral, if any, when in the judgment of the management, there is no prospect of recovery.

In compliance with the NBC guidelines, the Subsidiary also provides a specific allowance for bad and doubtful loans on loans that are identified as non-performing, as follows:

Classification	Number of days past due	Allowance rate
Short term loans (less than one year):		
Sub-standard	30 days or more	10%
Doubtful	60 days or more	30%
Loss	90 days or more	100%
Long term loans (more than one year):		
Sub-standard	30 days or more	10%
Doubtful	180 days or more	30%
Loss	360 days or more	100%

In addition to the specific provision mandated by the NBC, the Subsidiary also provides a general allowance for bad and doubtful loans, as follows:

- 0.2% on outstanding performing loans;
- 90% on sub-standard loans; and
- 70% on doubtful loans.

The provision is calculated as a percentage of the loan amount outstanding at the time the loan is classified, excluding accrued interest. The provision is recorded in the Subsidiary's accounts and charged to the income statement for the month during which the corresponding loan has been classified below standard. Recoveries on loans previously written off and reversal of previous provisions are disclosed as a deduction from losses on loans and advances in the income statement.

2.3.9 Other credit-related commitments

In the normal course of business, the Group enters into other credit-related commitments including loan commitments, letters of credit and guarantees. The accounting policy and provision methodology are similar to those for originated loans as noted above. Specific provisions are raised against other credit-related commitments when losses are considered probable.

2.3.10 Balances with other banks

Balances with other banks are carried at cost.

2.3.11 Statutory deposits

Statutory deposits for banking-related 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.

2.3.12 Other assets

Other assets are carried at anticipated realizable values. An estimate is made for probable losses based on a review of all outstanding amounts as at the balance sheet date.

2.3.13 Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and provision for impairment in value (if any). Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate and treated as a change in accounting estimates.

Depreciation of property and equipment is charged to the income statement on a declining method basis over the estimated useful lives of the individual assets at the following rates:

Office furniture and equipment	25%
Motor vehicles	25%
Information technology ("IT") equipment and computers	50%

Leasehold improvements are depreciated on a straight-line basis over the term of related leases currently from 5 to 12 years.

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

Subsequent expenditure relating to an item of property and equipment that has already been recognized 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 Group. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Gain or loss arising from the retirement or disposal of an item of property and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the income statement on the date of retirement or disposal.

Fully depreciated property and equipment are retained in the financial statements until disposed of or written off.

2.3.14 Software

Software is stated at cost less accumulated amortization, and is amortized on a declining method basis at the rate of 50% per annum.

2.3.15 Liabilities

Deposits from customers, deposits and placements of banks and financial institutions are stated at placement values. Other liabilities are stated at cost which is the fair value of the consideration expected to be paid in the future for goods and services received.

2.3.16 Borrowings

Borrowings are stated at the amount of the principal outstanding. Fees paid on the establishment of borrowing facilities are capitalized and amortized over the period of the borrowings using the straight-line method.

2.3.17 Subordinated debts

Subordinated debts are recognized initially at cost and subsequently stated at the outstanding principal amount. Subordinated debts are treated as part of the Group's liabilities but included in the Group's net worth computation under the relevant NBC guideline.

2.3.18 Provisions for liabilities

Provisions for liabilities are recognized when the Group 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.

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.

2.3.19 Pension and provident fund

Pension fund

The Bank operates two benefit pension schemes for its employees as follows:

- (i) A monthly contribution by the employees and the Bank at 4% of monthly gross salary:
The Bank contributes interest on the cumulative balance of the pension fund computed at 1.5% per annum.
The defined contribution pension scheme will be fully paid to the employees upon termination of their employment with the Bank for any reason any time, except serious misconduct, if the employee has completed his/her continuous service with the Bank for a period of 3 years or more.
- (ii) A defined benefit scheme or long term benefit entitlement where the employee will receive half of final month salary multiplied by number of years of service with the Bank in addition to the 4% contribution pension scheme above:
This defined benefit scheme represents the long service award and will be fully paid to the employee upon termination of employment with the Bank for any reason any time, except serious misconduct, if the employee has completed his/her continuous service with the Bank for a period of 5 years or more.

Provident fund

The Subsidiary provides its employees with benefits under a provident fund policy. Employees who complete the probationary year have an option of participating in the provident fund scheme. The fund is sourced from the following:

- Employees may contribute up to 5% of their monthly salary, and the Subsidiary contributes twice that amount. This contribution is charged to the income statement.
- The Subsidiary contributes interest on the cumulative balance of the provident fund computed at 6.5% per annum. This contribution is charged to the income statement.

The provident fund will be paid to employees (who have contributed to the fund) upon their retirement, resignation or termination of employment. The employee's contribution and interest are paid in full accordingly, while the Subsidiary's contribution is paid in accordance with the following conditions:

Years of service (*)	Percentage of contribution by the Subsidiary
Equal to or less than 1 year	-
More than 1 year	20%
More than 2 years	40%
More than 3 years	60%
More than 4 years	80%
More than 5 years	100%

(*): Years of service are exclusive of the probationary year.

Those who have been terminated due to serious misconduct are only entitled to his/her contribution plus interest, regardless of how long they have been employed by the Subsidiary.

2.3.20 Current and deferred income tax

Current income tax

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

Deferred income tax

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

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

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

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

2.3.21 Recognition of income or expense

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

(i) Interest income

Interest income is recognized on an accrual basis.

Interest income on overdrafts, term loans and other loans is recognized by referencing to rest period, which is either monthly or daily. Where a loan becomes non-performing, the recognition of interest is suspended until it is realized on a cash basis. Loans are deemed to be non-performing where repayments are in arrears for ninety days or more.

(ii) Income from the various activities of the Group:

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

- 1) Loan arrangement fees and commissions on services and facilities extended to customers are recognized on the occurrence of such transactions;
- 2) Commitment fees and guarantee fees on services and facilities extended to customers are recognized as income over the period in which the services and facilities are extended;
- 3) Service charges and processing fees are recognized when the service is provided.

(iii) Interest expense

Interest expense on deposits of customers, settlement accounts of other banks and borrowings are recognized on accrual basis.

2.3.22 Operating leases

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

2.3.23 Related parties

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

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

- (a) any person holding directly or indirectly at least ten percent (10%) of the capital or voting rights;
- (b) any company of which the Group 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.

Transactions with related parties and related account balances are disclosed in Note 26.

2.3.24 Foreign currency transactions and translation

The Group maintains its accounting system and records all transactions in original currencies. Monetary assets and liabilities denominated in foreign currencies ("FC") other than the US\$ at year-end are re-translated to US\$ at the exchange rates ruling at the balance sheet date. Income and expenses arising in FC and KHR are converted into US\$ at month-end using the applicable middle exchange rates rather than the exchange rates ruling at the transaction dates. Unrealized foreign exchange differences arising from the translation of monetary assets and liabilities on the balance sheet date are recognized in the income statement.

See Note 31 for prevailing exchange rates of US\$ and applicable FCs against KHR as at 31 December 2015.

2.3.25 Fiduciary assets

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

2.3.26 Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest dollar. KHR equivalents are presented to the nearest thousand unless otherwise stated.

3. CASH ON HAND

The Group and the Bank's cash on hand comprise:

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
In US\$	13,302,961	53,876,992	7,854,421	32,006,766	3,397,058	13,758,085	2,982,722	12,154,592
In FC	4,310,348	17,456,909	2,355,963	9,600,549	166,117	672,774	257,931	1,051,069
	17,613,309	71,333,901	10,210,384	41,607,315	3,563,175	14,430,859	3,240,653	13,205,661

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

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Cash on hand	17,613,309	71,333,901	10,210,384	41,607,315	3,563,175	14,430,859	3,240,653	13,205,661
Balances with the NBC:								
Current account	20,132,146	81,535,192	34,496,375	140,572,728	14,346,456	58,103,147	23,211,913	94,588,545
Term deposits*	1,800,000	7,290,000	12,500,000	50,937,500	1,800,000	7,290,000	12,500,000	50,937,500
Balances with other banks:								
Current accounts	16,083,950	65,139,998	15,866,073	64,654,247	9,170,496	37,140,509	9,707,176	39,556,742
Placement with other banks and local MFIs:								
Term deposits*	2,139,778	8,666,101	4,563,063	18,594,482	2,139,778	8,666,101	4,563,063	18,594,482
	57,769,183	233,965,192	77,635,895	316,366,272	31,019,905	125,630,616	53,222,805	216,882,930

(*) Term deposits with original maturities of three months or less.

4. BALANCES WITH THE NBC

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Current accounts	20,132,146	81,535,192	34,496,375	140,572,728	14,346,456	58,103,147	23,211,913	94,588,545
Term deposits	1,800,000	7,290,000	12,500,000	50,937,500	1,800,000	7,290,000	12,500,000	50,937,500
Capital guarantee deposits	9,220,106	37,341,429	9,220,106	37,571,932	7,400,000	29,970,000	7,400,000	30,155,000
Reserve deposits	34,700,599	140,537,426	26,732,247	108,933,907	13,524,692	54,775,002	13,524,540	55,112,501
	65,852,851	266,704,047	82,948,728	338,016,067	37,071,148	150,138,149	56,636,453	230,793,546

Capital guarantee deposits

Under the relevant Prakas, banks and MFIs are required to maintain a statutory deposit at 10% of registered capital with the NBC. This deposit is not available for use in day-to-day operations but is refundable when the bank or MFI voluntarily ceases to operate its business in Cambodia.

The Bank placed the additional capital guarantee deposits in relation to the increase of its share capital on 24 February 2016.

Reserve deposits

Under NBC Prakas No. B7-012-140 dated 13 September 2012, banks are required to maintain certain cash reserves with the NBC in the form of compulsory deposits, computed at 8.00% and 12.50% of customer deposits and borrowings in KHR and in FC, respectively.

The reserve deposit of the Subsidiary represents the minimum reserve requirement which is calculated at 8% of the total deposits from customers as required by Prakas B7-07-163 on Licensing of Micro-finance Deposit Taking Institutions. The reserve deposit on customers' deposits fluctuates depending on the level of the customers' deposits.

Interest rates

Annual interest rates on balances with the NBC follow:

	Group		Bank	
	2015	2014	2015	2014
Current accounts	Nil	Nil	Nil	Nil
Capital guarantee deposits	0.11%	0.08%	0.11%	0.08%
Reserve deposits	0.08%	0.08%	0.08%	0.08%

5. BALANCES WITH OTHER BANKS AND LOCAL MFIs

The Group and the Bank's balances with other banks and local microfinance financial institutions ("MFIs") are as follows:

	Group		Bank	
	2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Current accounts				
Local banks	6,039,782	24,461,117	7,974,968	32,497,995
Overseas bank	4,562,271	18,477,198	4,461,040	18,178,738
Savings accounts				
Local banks	4,587,422	18,579,059	2,396,952	9,767,579
Local MFIs	894,475	3,622,624	1,033,113	4,209,935
	16,083,950	65,139,998	15,866,073	64,654,247
			9,170,496	37,140,509
				9,707,176
				39,556,742

Current account with an overseas bank does not earn interest while current accounts with local banks earn interest at 0.05% per annum (2014: 0.05%). Savings accounts earn interest at 0.05% to 1.20% per annum (2014: 3.75%).

6. PLACEMENTS WITH OTHER BANKS AND LOCAL MFIs

The Group and the Bank's placements with other banks and local MFIs are as follows:

	Group		Bank	
	2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Term deposits with other banks	4,100,000	16,605,000	14,000,000	57,050,000
Term deposits with local MFIs	5,489,778	22,233,601	3,588,210	14,621,956
	9,589,778	38,838,601	17,588,210	71,671,956
			11,471,834	46,460,928
				18,909,242
				77,055,161

Term deposits with other banks and local MFIs earn interest at rates ranging from 2.70% to 5.00% per annum (2014: 2.30% to 5.50%).

7. LOANS AND ADVANCES TO CUSTOMERS

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

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Commercial loans:								
Short-term loans	19,646,485	79,568,264	24,495,336	99,818,494	3,000,000	12,150,000	3,000,000	12,225,000
Overdraft	8,006,141	32,424,871	7,434,425	30,295,282	8,006,141	32,424,871	7,434,425	30,295,282
Long-term loans	508,560,436	2,059,669,766	334,404,063	1,362,696,557	72,936,070	295,391,083	58,330,374	237,696,274
Consumer loans:								
Staff loans	13,889,171	56,251,143	6,814,082	27,767,384	2,581,731	10,456,011	1,578,470	6,432,265
Total gross loans	550,102,233	2,227,914,044	373,147,906	1,520,577,717	86,523,942	350,421,965	70,343,269	286,648,821
Allowance for losses								
on loans and advances	(3,391,690)	(13,736,345)	(2,425,118)	(9,882,356)	(1,708,501)	(6,919,429)	(1,321,113)	(5,383,535)
	546,710,543	2,214,177,699	370,722,788	1,510,695,361	84,815,441	343,502,536	69,022,156	281,265,286

Further analyses of loans and advances to customers are set out below.

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

	Group			Bank		
	Specific allowance US\$	General allowance US\$	Total US\$	Specific allowance US\$	General allowance US\$	Total US\$
Balance as at 1 January 2015	1,056,145	1,368,973	2,425,118	623,921	697,192	1,321,113
Charge for the year	810,894	319,793	1,130,687	338,370	49,018	387,388
Write offs	(165,827)	-	(165,827)	-	-	-
Foreign exchange difference	1,712	-	1,712	-	-	-
Balance as at 31 December 2015	1,702,924	1,688,766	3,391,690	962,291	746,210	1,708,501
Equivalent in KHR'000 (Note 2.1)	6,896,843	6,839,502	13,736,345	3,897,279	3,022,150	6,919,429
Balance as at 1 January 2014	321,416	1,346,873	1,668,289	101,117	822,755	923,872
Charge (reversal) for the year	995,973	22,100	1,018,073	527,713	(125,563)	402,150
Write offs	(259,862)	-	(259,862)	(4,909)	-	(4,909)
Foreign exchange difference	(1,382)	-	(1,382)	-	-	-
Balance as at 31 December 2014	1,056,145	1,368,973	2,425,118	623,921	697,192	1,321,113
Equivalent in KHR'000 (Note 2.1)	4,303,791	5,578,565	9,882,356	2,542,478	2,841,057	5,383,535

7. LOANS AND ADVANCES TO CUSTOMERS

(b) Grading of loans and advances and related allowance on non-performing loans:

	Group				Bank			
	2015		2014		2015		2014	
	Principal US\$	Provision US\$	Principal US\$	Provision US\$	Principal US\$	Provision US\$	Principal US\$	Provision US\$
Normal loans:								
Secured	530,638,082	1,536,156	365,192,867	1,164,637	59,359,984	593,600	54,281,508	542,814
Unsecured	6,820,540	152,610	6,848,936	154,378	15,260,980	152,610	15,437,840	154,378
Special mention loans:								
Secured	11,279,057	338,370	-	-	11,279,057	338,370	-	-
Substandard loans:								
Secured	423,049	423,049	328,876	328,876	-	-	-	-
Doubtful loans:								
Secured	229,286	229,286	104,652	104,652	-	-	-	-
Loss loans								
Secured	712,219	712,219	672,575	672,575	623,921	623,921	623,921	623,921
Total gross loans	550,102,233	3,391,690	373,147,906	2,425,118	86,523,942	1,708,501	70,343,269	1,321,113
Equivalent in KHR'000	2,227,914,044	13,736,345	1,520,577,717	9,882,356	350,421,965	6,919,429	286,648,821	5,383,535

(Note 2.1)

7. LOANS AND ADVANCES TO CUSTOMERS

(c) For analysis of loan and advances to customers by maturity, refer to Note 29 on Liquidity risk.

(d) Analysis of loans and advances to customers by industrial sector

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Wholesale and retail	188,305,536	762,637,421	113,304,650	461,716,449	16,424,635	66,519,772	30,033,665	122,387,185
Agriculture, forestry and fishing	143,922,207	582,884,938	104,671,073	426,534,622	4,094,503	16,582,737	7,233,754	29,477,548
Services	83,380,119	337,689,482	52,333,373	213,258,495	2,581,731	10,456,011	1,578,470	6,432,265
Financial services	15,260,982	61,806,977	15,437,843	62,909,210	15,260,982	61,806,977	15,437,843	62,909,210
Construction	13,425,552	54,373,486	37,511,545	152,859,546	12,934,129	52,383,222	6,031,704	24,579,194
Utilities	9,227,744	37,372,363	-	-	9,227,744	37,372,363	-	-
Mortgages and housing	8,959,674	36,286,680	346,657	1,412,627	8,959,674	36,286,680	346,657	1,412,627
Mining and quarrying	7,215,217	29,221,629	-	-	7,215,217	29,221,629	-	-
Hotel and restaurant	4,552,270	18,436,694	5,888,742	23,996,624	4,552,270	18,436,694	5,888,742	23,996,624
Manufacturing manufacturing	1,156,865	4,685,303	231,007	941,354	1,156,865	4,685,303	231,007	941,354
Others	74,696,067	302,519,071	43,423,016	176,948,790	4,116,192	16,670,577	3,561,427	14,512,814
Total gross loans	550,102,233	2,227,914,044	373,147,906	1,520,577,717	86,523,942	350,421,965	70,343,269	286,648,821

7. LOANS AND ADVANCES TO CUSTOMERS

(e) Analysis of loans and advances to customers by residency, relationship, exposure, interest rates and collateral:

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Residence status:								
Residents	550,102,233	2,227,914,044	373,147,906	1,520,577,717	86,523,942	350,421,965	70,343,269	286,648,821
Non-residents	-	-	-	-	-	-	-	-
	550,102,233	2,227,914,044	373,147,906	1,520,577,717	86,523,942	350,421,965	70,343,269	286,648,821
Relationship:								
Related parties	1,261,914	5,110,752	766,111	3,121,902	8,510,135	34,466,047	8,716,238	35,518,670
Non-related parties	548,840,319	2,222,803,292	372,381,795	1,517,455,815	78,013,807	315,955,918	61,627,031	251,130,151
	550,102,233	2,227,914,044	373,147,906	1,520,577,717	86,523,942	350,421,965	70,343,269	286,648,821
Exposure:								
Large	52,549,811	212,826,735	40,500,000	165,037,500	52,549,811	212,826,734	40,500,000	165,037,500
Non-large	497,552,422	2,015,087,309	332,647,906	1,355,540,217	33,974,131	137,595,231	29,843,269	121,611,321
	550,102,233	2,227,914,044	373,147,906	1,520,577,717	86,523,942	350,421,965	70,343,269	286,648,821

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

(e) Analysis of loans and advances to customers by residency, relationship, exposure, interest rates and collateral (continued):

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Annual interest rates:								
Below 10%	80,319,271	325,293,048	63,664,774	259,433,954	77,453,985	313,688,639	67,063,477	273,283,669
Over 10% but not over 12%	8,836,341	35,787,181	3,097,906	12,623,967	8,836,341	35,787,181	3,097,906	12,623,967
Over 12% but not over 15%	4,271,712	17,300,434	3,166,886	12,905,060	233,616	946,145	181,886	741,185
Over 15% but not over 18%	219,956,523	890,823,918	101,464,449	413,467,630	-	-	-	-
Over 18%	236,718,386	958,709,463	201,753,891	822,147,106	-	-	-	-
	550,102,233	2,227,914,044	373,147,906	1,520,577,717	86,523,942	350,421,965	70,343,269	286,648,821
By collateral:								
Secured	534,841,253	2,166,107,075	366,344,381	1,492,853,353	71,262,962	288,614,996	54,905,429	223,739,623
Unsecured	15,260,980	61,806,969	6,803,525	27,724,364	15,260,980	61,806,969	15,437,840	62,909,198
	550,102,233	2,227,914,044	373,147,906	1,520,577,717	86,523,942	350,421,965	70,343,269	286,648,821

8. PROPERTY AND EQUIPMENT

Property and equipment of the Group and of the Bank are as follows:

	Group						Total
	Leasehold improvements	Office furniture and equipment	IT equipment and computers	Motor vehicles	Construction in progress		
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Cost							
As at 1 January 2015	1,620,710	2,407,822	3,047,644	2,699,409	424,242		10,199,827
Additions	158,155	647,767	1,153,157	1,732,824	298,149		3,990,052
Disposals	-	(58,872)	(20,281)	(185,760)	-		(264,913)
Write offs	(778,903)	(416,305)	(148,885)	(177,190)	-		(1,521,283)
Transfer in (out)	-	-	424,241	-	(424,241)		-
As at 31 December 2015	999,962	2,580,412	4,455,876	4,069,283	298,150		12,403,683
Less: Accumulated depreciation							
As at 1 January 2015	1,100,947	1,125,613	2,223,971	1,114,735	-		5,565,266
Depreciation charge for the year	168,287	475,098	1,195,748	822,144	-		2,661,277
Disposals	-	(50,512)	(20,120)	(148,070)	-		(218,702)
Write offs	(778,901)	(390,881)	(145,399)	(176,931)	-		(1,492,112)
Others	(109,734)	-	-	-	-		(109,734)
As at 31 December 2015	380,599	1,159,318	3,254,200	1,611,878	-		6,405,995
Net book value							
As at 31 December 2015	619,363	1,421,094	1,201,676	2,457,405	298,150		5,997,688
As at 31 December 2014	519,763	1,282,209	823,673	1,584,674	424,242		4,634,561
Equivalent in KHR'000 (Note 2.1)							
As at 31 December 2015	2,508,419	5,755,431	4,866,788	9,952,490	1,207,508		24,290,636
As at 31 December 2014	2,118,034	5,225,002	3,356,467	6,457,547	1,728,786		18,885,836

	Bank					Total
	Leasehold improvements	Office furniture and equipment	IT equipment and computers	Motor vehicles		
	US\$	US\$	US\$	US\$	US\$	US\$
Cost						
As at 1 January 2015	1,145,386	504,468	1,381,807	571,140	3,602,801	
Additions	3,465	850	23,854	19,400	47,569	
Disposals	-	(54,421)	-	-	(54,421)	
Write-off	(778,903)	(380,420)	(122,832)	(175,670)	1,457,825	
As at 31 December 2015	369,948	70,477	1,282,829	414,870	2,138,124	
Less: Accumulated depreciation						
As at 1 January 2015	929,842	417,656	1,140,418	324,170	2,812,086	
Depreciation charge for the year	71,900	15,693	128,078	66,592	282,263	
Disposals	-	(47,101)	-	-	(47,101)	
Write-off	(778,901)	(363,834)	(119,925)	(175,670)	(1,438,330)	
Others	(109,734)	-	-	-	(109,734)	
As at 31 December 2015	113,107	22,414	1,148,571	215,092	1,499,184	
Net book value						
As at 31 December 2015	256,841	48,063	134,258	199,778	638,940	
As at 31 December 2014	215,544	86,812	241,389	246,970	790,715	
Equivalent in KHR'000 (Note 2.1)						
As at 31 December 2015	1,040,206	194,655	543,745	809,101	2,587,707	
As at 31 December 2014	878,342	353,759	983,660	1,006,403	3,222,164	

9. SOFTWARE

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

	Group US\$	Bank US\$
Cost		
As at 1 January 2015	2,807,274	1,750,981
Additions	31,500	31,500
Write offs	(323,791)	(323,791)
As at 31 December 2015	<u>2,514,983</u>	<u>1,458,690</u>
Less: Accumulated amortization		
As at 1 January 2015	2,250,021	1,591,537
Amortization during the year	293,756	94,851
Write offs	(323,791)	(323,791)
As at 31 December 2015	<u>2,219,986</u>	<u>1,362,597</u>
Net book value		
As at 31 December 2015	<u>294,997</u>	<u>96,093</u>
As at 31 December 2014	<u>557,253</u>	<u>159,444</u>
Equivalent in KHR'000 (Note 2.1)		
As at 31 December 2015	<u>1,194,738</u>	<u>389,177</u>
As at 31 December 2014	<u>2,270,806</u>	<u>649,734</u>

10. OTHER ASSETS

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Accrued interest receivable	5,832,521	23,621,710	4,030,002	16,422,258	379,440	1,536,732	336,600	1,371,645
Prepayments	6,000,850	24,303,443	3,900,141	15,893,075	296,596	1,201,214	171,835	700,228
Advances and deposits	2,615,250	10,591,762	1,640,022	6,683,090	2,615,250	10,591,762	1,640,022	6,683,090
Others	324,649	1,314,830	160,007	652,028	299,649	1,213,579	135,007	550,153
	14,773,270	59,831,745	9,730,172	39,650,451	3,590,935	14,543,287	2,283,464	9,305,116
Allowance for impairment losses	(1,254,785)	(5,081,879)	-	-	(1,254,785)	(5,081,879)	-	-
	13,518,485	54,749,866	9,730,172	39,650,451	2,336,150	9,461,408	2,283,464	9,305,116

Others include sundry assets and investment in Credit Bureau of Cambodia amounting to US\$100,000 and US\$75,000 for the Group and of the Bank, respectively (2014: US\$150,000 and US\$125,000, respectively). Fair value of the investment could not be reliably determined due to the unpredictable nature of future cash flow and the lack of suitable methods of arriving at a reliable fair value. This investment is carried at original cost. In 2014, others include prepaid tax of the Bank amounting to US\$1,249 (Note 13.1).

Allowance for impairment losses pertains to advances made to MARUHAN Office in Myanmar and refundable security deposits.

11. DEPOSITS FROM OTHER BANKS

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Current accounts	2,690,842	10,897,910	474,365	1,933,038	2,690,842	10,897,910	625,187	2,547,637
Savings accounts	102,633	415,664	46,693	190,274	512	2,074	758	3,089
Term deposits	19,606,000	79,404,300	14,901,764	60,724,688	6,000,000	24,300,000	7,000,000	28,525,000
	22,399,475	90,717,874	15,422,822	62,848,000	8,691,354	35,199,984	7,625,945	31,075,726

Current accounts are interest-free while term deposits earn annual interest at rates ranging from 0.38% to 5.00% in 2015 (2014: 1.25% to 4.50%).

12. DEPOSITS FROM CUSTOMERS

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		equivalent (Note 2.1)		equivalent (Note 2.1)		equivalent (Note 2.1)		equivalent (Note 2.1)
Demand deposits	3,137,316	12,706,130	3,179,855	12,957,909	3,137,316	12,706,130	3,179,855	12,957,909
Savings accounts	68,086,865	275,751,803	66,080,132	269,276,538	35,603,752	144,195,195	39,910,301	162,634,477
Term deposits	254,771,302	1,031,823,773	184,575,502	752,145,171	43,827,614	177,501,837	53,918,044	219,716,029
Certified checks	2,016	8,165	216	880	2,016	8,165	216	880
	325,997,499	1,320,289,871	253,835,705	1,034,380,498	82,570,698	334,411,327	97,008,416	395,309,295

Further analyses of deposits from customers are set out below.

(i) Interest rates of the Group and Bank on deposits from customers are as follows:

	Group	Bank
	2015	2014
Demand deposits	0.50% - 1.50%	Nil
Savings deposits	0.25% - 4.00%	0.75% - 4.00%
Term deposits	1.00% - 9.50%	1.00% - 8.00%
		0.50% - 1.50%
		0.25% - 3.00%
		1.00% - 7.00%
		0.50% - 2.50%
		1.00% - 7.00%

(ii) For deposits from related parties, refer to Note 27 on Related party transactions and balances.

(iii) For maturity analysis, refer to Note 29 on Liquidity risk.

13. INCOME TAX

Major components of income tax expense for the year ended 31 December 2015 are as follows:

	Group		Bank	
	2015	2014	2015	2014
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Income tax expense				
Current	5,262,059	21,311,339	91,429	370,287
Deferred	(355,623)	(1,440,273)	91,873	372,086
	4,906,436	19,871,066	183,302	742,373
				25,478
				103,823

13.1 Current income tax

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

Details of income tax expense are as follows:

	Group		Bank	
	2015	2014	2015	2014
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Accounting profit before income tax	23,268,889	94,239,002	2,161,758	8,755,121
Current income tax expense, at the statutory rate of 20%	4,653,778	18,847,800	432,352	1,751,024
Non-deductible items	109,551	443,682	113,288	458,816
Non-taxable income	(1,224)	(4,956)	(506,669)	(2,052,009)
Effect of minimum tax	91,429	370,287	91,429	370,287
Movement of unrecognized deferred tax assets	52,902	214,253	52,902	214,255
	4,906,436	19,871,066	183,302	742,373
				25,478
				103,823

13.1 Details of movements of income tax payable (prepaid tax) are as follows:

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Balance at beginning of year	2,481,497	10,112,099	1,983,610	7,924,522	(1,249)	(5,090)	721,66	2,883,056
Current income tax expense	5,262,059	21,311,339	3,013,512	12,280,062	91,429	370,287	70,397	286,868
Payments for income tax during the year	(3,327,615)	(13,476,841)	(2,515,625)	(10,251,172)	(85,284)	(345,400)	(793,312)	(3,232,746)
Foreign exchange difference	-	(62,036)	-	158,688	-	32	-	57,731
Balance at end of year	4,415,941	17,884,561	2,481,497	10,112,100	4,896	19,829	(1,249)	(5,090)

Prepaid tax asset of the Bank in 2014 is presented as part of "Other assets" (see Note 10).

13.2 Deferred income tax

Tax loss carried forward

As at 31 December 2014, the Bank has estimated accumulated tax losses of US\$242,575 available for offset against any future taxable profits. With the change of ownership in 2015, the management has assessed that the accumulated tax losses cannot be offset against any future taxable profits. Details of income tax expense are as follows:

As at balance sheet date, deferred tax assets consist of:

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent	US\$	KHR'000 equivalent
Deferred tax assets on:								
Accruals	761,775	3,085,188	544,265	2,217,881	-	-	-	-
Allowance for losses on loans and advances to customers	296,760	1,201,878	198,214	807,722	-	-	-	-
Pension fund	221,438	896,824	209,737	854,678	25,884	104,830	66,682	271,729
Unrealized foreign exchange loss	79,823	323,283	11,834	48,223	-	-	1,685	6,866
Property and equipment	48,133	194,939	59,747	243,469	-	-	23,506	95,787
Unearned income	31,536	127,721	34,161	139,206	-	-	-	-
	<u>1,439,465</u>	<u>5,829,833</u>	<u>1,057,958</u>	<u>4,311,179</u>	<u>25,884</u>	<u>104,830</u>	<u>91,873</u>	<u>91,873</u>
Deferred tax liabilities on:								
Unrealized foreign exchange gain	(25,884)	(104,830)	-	-	(25,884)	(104,830)	-	-
Deferred tax assets - net	<u>1,413,581</u>	<u>5,725,003</u>	<u>1,057,958</u>	<u>4,311,179</u>	<u>-</u>	<u>-</u>	<u>91,873</u>	<u>374,382</u>

The management of the Bank believes that it is doubtful to recover the deferred tax asset with the impending merger of the Group. As at 31 December 2015, unrecognised deferred tax asset of the Group and the Bank amounted to US\$127,780.

14. BORROWINGS

The borrowings of the Subsidiary are unsecured and broken down as follows:

	2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Nederlandse Financierings – Maatschappij voor Ontwikkelingslanden N.V (“FMO”)	45,000,000	182,250,000	25,656,851	104,551,668
Symbiotics	17,996,049	72,883,998	17,481,227	71,236,000
DEG	12,500,000	50,625,000	15,000,000	61,125,000
Micro-Finance Enhancement	15,000,000	60,750,000	10,000,000	40,750,000
ResponsAbility SICAV	11,000,000	44,550,000	10,000,000	40,750,000
ICBC	15,000,000	60,750,000	9,000,000	36,675,000
Norfund	4,200,000	17,010,000	7,000,000	28,525,000
Triodos – Doen	5,250,000	21,262,500	5,250,000	21,393,750
Blue Orchard	3,333,334	13,500,003	4,666,667	19,016,668
Cathay United Bank (Cambodia) Corporation Limited	2,896,013	11,728,853	4,475,475	18,237,561
NMI	4,000,000	16,200,000	4,000,000	16,300,000
Maruhan Investment Asia	10,000,000	40,500,000	-	-
Hatton National Bank Plc	4,750,000	19,237,500	-	-
ABA Bank	2,500,000	10,125,000	-	-
Union Commercial Bank	5,000,000	20,250,000	-	-
ACLEDA Bank	2,000,000	8,100,000	-	-
DWM Funds S.C.A	-	-	3,000,000	12,225,000
	160,425,396	649,722,854	115,530,220	470,785,647

The above amounts are unsecured with details as follows:

(a) By currency:

	2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
US\$	155,929,347	631,513,856	112,392,142	457,997,979
KHR	4,496,049	18,208,998	3,138,078	12,787,668
	160,425,396	649,722,854	115,530,220	470,785,647

(b) By maturity:

	2015		2014	
	US\$	KHR'000	US\$	KHR'000
		equivalent		equivalent
		(Note 2.1)		(Note 2.1)
Less than 1 month	2,080,353	8,425,430	-	-
1 to 3 months	9,491,014	38,438,607	9,581,119	39,043,060
3 to 12 months	43,035,617	174,294,248	32,230,441	131,339,047
1 to 5 years	105,818,412	428,564,569	71,218,660	290,216,040
Over 5 years	-	-	2,500,000	10,187,500
	160,425,396	649,722,854	115,530,220	470,785,647

(c) By interest rate (per annum including withholding tax):

	2015	2014
KHR	4.72% - 11%	5.21% - 10.50%
US\$	9.17% - 10.50%	9.00% - 10.50%

As at 31 December 2015, the Subsidiary breached the financial covenant with FMO and DEG to maintain a liquidity coverage ratio ("LCR") of 100%. Calculated LCR of the Subsidiary is 86%. On 12 January 2016, the Subsidiary informed the creditors of the breach and requested for a waiver of the LCR for the quarter ended 31 December 2015.

On 20 January 2016, DEG acknowledged the waiver request of the Subsidiary.

As at the date of the report, the FMO is yet approved the waiver request of the Subsidiary. The management believes that approval of the waiver request will be secured from the creditors.

15. SUBORDINATED DEBTS

Group	Bank							
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
MARUHAN (Cambodia) Corporation	15,000,000	60,750,000	-	-	-	-	-	-
DEG	10,000,000	40,500,000	10,000,000	40,750,000	-	-	-	-
MARUHAN Investment Asia Pte Ltd.	5,000,000	20,250,000	35,000,000	142,625,000	-	-	30,000,000	122,250,000
Triodos – Doen and Triodos Share Fund	1,313,217	5,318,529	1,313,217	5,351,359	-	-	-	-
DWM Funds S.C.A	1,000,000	4,050,000	1,000,000	4,075,000	-	-	-	-
	32,313,217	130,868,529	47,313,217	192,801,359	-	-	30,000,000	122,250,000

MARUHAN (Cambodia) Corporation

On 6 April 2015, the NBC approved the Subsidiary's subordinated debt from Maruhan (Cambodia) Corporation ("MCC") amounting to US\$15,000,000. The Subsidiary drew down US\$15,000,000 on 28 January 2015. This subordinated has a seven-year term maturing on 28 January 2022 and bears a fixed interest at 7.00% per annum.

DEG

On 31 December 2014, the NBC approved the Subsidiary's subordinated debt from DEG amounting to US\$10,000,000. This subordinated has a seven-year term maturing on 15 December 2021 and bears a fixed interest at 10.65% per annum.

MARUHAN Investment Asia Pte Ltd.

On 10 October 2013, the NBC approved the Subsidiary's subordinated debt from Maruhan Investment Asia ("MIA") amounting to US\$5,000,000. The Subsidiary drew down US\$5,000,000 on 12 August 2013. This subordinated debt has a seven-year term maturing on 12 August 2020 and bears gross interest at 10.4651% per annum. On 24 September 2015, the subordinated debt of MIA with the Bank amounting to US\$30.00 million was converted into paid-up capital (equivalent to 300,000 shares) (see Note 18) which was approved by the NBC on 31 December 2015.

Triodos – Doen and Triodos Share Fund

On 19 December 2007, the NBC approved the Subsidiary's subordinated debt from Triodos – Doen amounting to US\$1,000,000 and Triodos Fair Share Fund, amounting to US\$1,000,000. This subordinated debt has a 10-year term maturing on 1 January 2018 and bears interest at 11.6279% per annum for the first five years, and gross interest at 12-month LIBOR plus 6% (subject to a minimum gross interest rate charge at 12.2093%) for the remaining period from 1 January 2013.

On 6 January 2011, the NBC approved the Subsidiary's another subordinated debt from Triodos – Doen amounting to US\$500,000. This subordinated debt bears gross interest at 11.0466% per annum and matures on 1 January 2018. The subordinated debts from Triodos – Doen amounting to US\$900,000 and US\$286,783 were converted into the Subsidiary's share capital on 12 October 2011 and 1 December 2011, respectively, which were approved by the NBC on 11 August 2011. These shares of Triodos – Doen were subsequently sold and transferred to MJB in 2012.

DWM Funds S.C.A

On 29 October 2008, the NBC approved the Subsidiary's subordinated debt from DWM amounting to US\$1,000,000. The Subsidiary drew down US\$400,000 in 2009 and another US\$600,000 in 2010. This subordinated debt has an eight-year term maturing on 31 October 2016 and bears gross interest at 12.7907% per annum.

On 6 January 2011, the NBC approved the Subsidiary's another subordinated debt from DWM amounting to US\$1,000,000. This subordinated debt bears gross interest rate at 11.05% per annum and matures within 7 years after the disbursement date. This subordinated debt was subsequently converted into the Subsidiary's share capital on 24 October 2011 which was approved by the NBC on 11 August 2011.

Share of DWM were subsequently sold and transferred to the Bank in 2012.

16. PENSION AND PROVIDENT FUND OBLIGATION

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Balance at beginning of year	4,082,666	16,636,864	2,899,452	11,583,311	333,408	1,358,638	271,745	1,085,621
Contribution for the year	1,680,959	6,807,884	1,250,222	5,094,655	146,148	591,899	125,013	509,428
Interest	261,369	1,058,544	180,911	737,212	2,768	11,210	1,960	7,987
Payment to employees	(208,261)	(843,457)	(247,919)	(1,010,270)	(36,771)	(148,923)	(65,310)	(266,138)
Foreign exchange difference	-	(102,066)	-	231,956	-	(8,334)	-	21,740
Balance at end of year	5,816,733	23,557,769	4,082,666	16,636,864	445,553	1,804,490	333,408	1,358,638

17. OTHER LIABILITIES

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Accrued interest expense	6,201,959	25,117,934	3,912,025	15,941,502	709,787	2,874,637	1,086,808	4,428,743
Salary and bonus payable	1,299,653	5,263,595	957,357	3,901,230	249,150	1,009,058	203,581	829,593
Withholding and other taxes payable	453,133	1,835,189	371,544	1,514,042	47,491	192,338	50,367	205,246
Payable to related parties	84,680	342,954	69,913	284,895	84,680	342,954	69,913	284,895
Accrued professional fees	29,700	120,285	84,023	342,394	29,700	120,285	31,262	127,393
Other liabilities	635,588	2,574,131	484,653	1,974,960	149,359	604,904	229,323	934,489
Other liabilities	8,704,713	35,254,088	5,879,515	23,959,023	1,270,167	5,144,176	1,671,254	6,810,35

Others include unearned income, accounts payable and other accruals.

18. PAID-UP CAPITAL

The details of the Bank's paid-up capital are as follows:

	2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Authorized, registered, issued and fully paid:				
At beginning of year	74,000,000	299,700,000	74,000,000	301,550,000
Conversion of subordinated debt	30,000,000	121,500,000	-	-
At end of year	104,000,000	421,200,000	74,000,000	301,550,000
	Number of shares of US\$ 100 each		Amount	
	2015	2014	2015 US\$	2014 US\$
Issued and fully paid by:				
Maruhan Investment Asia Pte. ("MIA")	1,040,000	-	104,000,000	-
MARUHAN Corporation ("MC")	-	362,600	-	36,260,000
SONAM Co., Ltd. ("SC")	-	377,400	-	37,740,000
	1,040,000	740,000	104,000,000	74,000,000

On 24 September 2015, the Board of Directors of the Bank agreed to convert the subordinated debt with MIA amounting to US\$30.00 million for an equivalent amount of paid-up capital (equivalent to 300,000 shares) which was approved by the NBC on 31 December 2015. On the same date, the NBC also approved the transfer of entire shares from MC and SC to MIA.

The capital guarantee of 10% of registered capital is maintained with the NBC, as disclosed in Note 4.

19. INTEREST AND SIMILAR INCOME

	Group		Bank	
	2015	2014	2015	2014
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Lending	88,362,030	357,866,222	55,656,789	226,801,415
Deposits	649,600	2,630,880	276,814	1,128,017
	89,011,630	360,497,102	55,933,603	227,929,432
			US\$	KHR'000 equivalent (Note 2.1)
			7,077,435	28,663,612
			642,210	2,600,950
			7,719,645	31,264,562
			US\$	KHR'000 equivalent (Note 2.1)
			6,084,767	24,795,426
			267,367	1,089,520
			6,352,134	25,884,946

20. INTEREST AND SIMILAR EXPENSE

	Group		Bank	
	2015	2014	2015	2014
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Deposits from customers	18,292,912	74,086,294	10,939,356	44,577,876
Borrowings	10,338,658	41,871,564	6,539,263	26,647,496
Subordinated debt	4,257,076	17,241,158	1,933,158	7,877,619
	32,888,646	133,199,016	19,411,777	79,102,991
			US\$	KHR'000 equivalent (Note 2.1)
			2,909,469	11,783,349
			-	-
			600,000	2,430,000
			3,509,469	14,213,349
			US\$	KHR'000 equivalent (Note 2.1)
			2,656,863	10,826,717
			-	-
			600,000	2,445,000
			3,256,863	13,271,717

21. NET FEES AND COMMISSION INCOME

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Fees and commission income from:								
Commercial loan fees	2,173,289	8,801,820	1,448,905	5,904,288	604,264	2,447,269	453,265	1,847,055
Telex and cable charges	98,397	398,508	72,949	297,267	3,377	13,677	6,238	25,420
Loan commitment fees	50,530	204,647	24,614	100,302	50,530	204,647	24,614	100,302
Settlement services	36,077	146,112	9,578	39,030	36,077	146,112	9,578	39,030
Other fees and commission	103,699	419,981	53,431	217,732	94,191	381,473	47,227	192,450
	2,461,992	9,971,068	1,609,477	6,558,619	788,439	3,193,178	540,922	2,204,257
Fees and commission expense from:								
Borrowings	(629,747)	(2,550,475)	(341,259)	(1,390,630)	-	-	-	-
Settlement services	(30,180)	(122,229)	(6,208)	(25,298)	(30,180)	(122,229)	(6,208)	(25,298)
Net	1,802,065	7,298,364	1,262,010	5,142,691	758,259	3,070,949	534,714	2,178,959

22. OTHER OPERATING INCOME

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Foreign exchange gain (loss)	163,156	660,782	(8,427)	(34,340)	129,418	524,143	(8,427)	(34,339)
Loan recoveries	129,688	525,236	101,932	415,373	-	-	-	-
Dividend income (Note 25)	28,369	114,894	-	-	2,527,224	10,235,257	1,448,391	5,902,193
Others	(25,229)	(102,177)	(6,084)	(24,792)	(25,722)	(104,174)	(7,397)	(30,143)
	295,984	1,198,735	87,421	356,241	2,630,920	10,655,226	1,432,567	5,837,711

23. GENERAL AND ADMINISTRATIVE EXPENSES

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Staff and other related costs	19,341,647	78,333,670	14,282,932	58,202,948	1,917,060	7,764,093	1,884,658	7,679,981
Depreciation and amortization charges	2,845,299	11,523,461	2,512,033	10,236,534	267,380	1,082,889	590,715	2,407,164
Rental	2,630,014	10,651,557	2,054,141	8,370,625	240,644	974,608	162,000	660,150
Publication, marketing and promotion expenses	1,527,292	6,185,533	1,103,230	4,495,662	127,305	515,585	157,320	641,079
Motor vehicles	555,582	2,250,107	575,766	2,346,246	29,268	118,535	33,055	134,699
Maintenance and hire of fixed assets	643,784	2,607,325	550,683	2,244,033	239,787	971,137	270,450	1,102,084
Telecommunication	597,258	2,418,895	543,858	2,216,221	128,377	519,927	150,574	613,589
Utilities	645,217	2,613,129	531,729	2,166,796	68,142	275,975	70,876	288,820
Security	379,963	1,538,850	291,476	1,187,765	33,417	135,339	30,721	125,188
Professional and other related costs	384,248	1,556,204	175,025	713,227	187,044	757,528	90,451	368,588
Materials for banking activities	58,508	236,957	50,963	207,674	58,508	236,957	50,963	207,674
Business trip	41,670	168,764	49,807	202,964	41,670	168,764	49,807	202,964
Others	2,916,190	11,810,570	1,856,068	7,563,477	456,822	1,850,130	308,198	1,255,906
	32,566,672	131,895,022	24,577,711	100,154,172	3,795,424	15,371,467	3,849,788	15,687,886

Others include Board of Directors fees, donations, dues and membership, insurance, supplies, license fees and non-capitalised fixed assets.

24. NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES

	Group				Bank			
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Profit before income tax	23,268,889	94,239,002	12,275,473	50,022,554	2,161,758	8,755,121	810,614	3,303,252
<i>Adjustments for:</i>								
Depreciation and amortization	2,845,299	11,523,461	2,512,033	10,236,534	267,380	1,082,889	590,715	2,407,164
Loss on disposals of property and equipment	25,722	104,174	6,084	24,792	25,722	104,174	7,397	30,143
Write off of property and equipment	29,171	118,143	19,290	78,607	-	-	-	-
Tax paid during the year	(3,327,615)	(13,476,841)	(2,515,625)	(10,251,172)	(85,284)	(345,400)	(793,312)	(3,232,746)
Cash provided by operating activities								
before changes in net operating assets and liabilities	22,841,466	92,507,939	12,297,255	50,111,315	2,369,576	9,596,784	615,414	2,507,813
Decrease (increase) in operating assets:								
Loans and advances to customers	(175,987,755)	(712,750,408)	(112,473,788)	(458,330,686)	(15,793,285)	(63,962,804)	12,803,231	52,173,166
Statutory deposits with the NBC	(7,968,352)	(32,271,826)	(9,457,562)	(38,539,565)	(152)	(616)	(1,499,509)	(6,110,499)
Other assets	(3,788,313)	(15,342,668)	(3,231,406)	(13,167,979)	(52,686)	(213,378)	(474,363)	(1,933,029)
Increase (decrease) in operating liabilities:								
Deposits from other banks	6,976,653	28,255,445	9,538,603	38,869,807	1,065,409	4,314,906	(22,154)	(90,278)
Deposits from customers	72,161,794	292,255,266	96,698,481	394,046,310	(14,437,718)	(58,472,758)	20,457,461	83,364,154
Provident fund obligation	1,734,067	7,022,971	1,183,214	4,821,597	112,145	454,187	61,663	251,277
Other liabilities	2,823,949	11,436,993	2,003,145	8,162,816	(402,336)	(1,629,461)	553,995	2,257,530
Net cash (used in) provided by operating activities	(81,206,491)	(328,886,288)	(3,442,058)	(14,026,385)	(27,139,047)	(109,913,140)	32,495,738	132,420,134

25. INVESTMENT IN SUBSIDIARY

On 17 December 2012, the Bank acquired the Subsidiary for US\$39.29 million and generated a good will in the consolidated financial statements as follow:

Purchase price	39,285,083
Fair value of net assets acquired	21,905,053
Goodwill	<u><u>17,380,030</u></u>

On 27 March 2014 and 15 May 2014, the NBC and MoC approved the additional capital contributions from the Bank amounting to US\$8.65 million.

The financial information of the Subsidiary as at 31 December 2015 and for the year then ended follows:

	2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Total assets	539,088,011	2,183,306,444	362,535,957	1,477,334,025
Total liabilities	478,268,127	1,936,985,914	318,014,285	1,295,908,211
Net profit for the year	18,940,661	76,709,677	10,569,797	43,071,922

In 2015, the Subsidiary declared dividends to the Bank amounting to US\$2.51 million (2014: US\$1.45 million).

26. COMMITMENTS AND CONTINGENCIES

(a) Lending and other commitments

	2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Unused portion of overdraft	11,881,363	48,119,520	5,415,575	22,068,468
Bank guarantee	37,000	149,850	-	-
	<u><u>11,918,363</u></u>	<u><u>48,269,370</u></u>	<u><u>5,415,575</u></u>	<u><u>22,068,468</u></u>

(b) Lease commitments

Details of future minimum lease payments under non-cancellable operating leases of the Group and of the Bank are as follows:

	Group			
	2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Within one year	2,417,691	9,791,649	2,065,751	8,417,935
Two to five years	7,535,749	30,519,783	5,784,523	23,571,931
More than five years	3,920,686	15,878,778	2,278,605	9,285,315
	<u><u>13,874,126</u></u>	<u><u>56,190,210</u></u>	<u><u>10,128,879</u></u>	<u><u>1,275,181</u></u>

	Bank			
	2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Within one year	47,400	191,970	94,500	385,088
Two to five years	43,450	175,973	-	-
	90,850	367,943	94,500	385,088

(c) Taxation contingency

The taxation system in Cambodia is relatively new and is characterized by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

(d) Option to purchase minority interest

The Bank granted Cambodia Community Building ("CCB"), a shareholder of the Subsidiary, a put option to sell its remaining shares with the Subsidiary to the Bank. The put option may be exercised by CCB at any time during the put option period starting from the first day of the put option period to the last day of the three year term. In the event that CCB does not exercise the put option and it expires, the Bank has the right and option at any time following the expiration of the put option period to purchase all the remaining shares.

The exercise price of both the put and call option will be calculated as 2.2 times of the total book value of the shares (based on the audited book value in the previous financial year preceding the year during which the put or call option will be exercised). If CCB exercises its put option between 31 December 2015 and the expiry date of the put option period, the exercise price calculation shall be based on the audited book value of the 2015 financial year.

In case there is any additional capital injection or subordinated debts extended by the Bank to the Subsidiary, such additional capital injection or subordinated debts will be deducted for the purpose of determining the exercise price.

The option was exercised on 17 March 2016.

27. RELATED PARTY TRANSACTIONS AND BALANCES

(i) Significant transactions of the Bank with related parties are as follows:

	2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Conversion from subordinated debt to equity by MIA	30,000,000	121,500,000	-	-
Interest income from the Subsidiary	818,286	3,314,058	574,715	2,341,964

Significant transactions of the Subsidiary are as follows:

Related party	Transaction	2015		2014	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
the Bank	Dividends declared	2,512,968	10,177,520	1,448,391	5,902,193
	Borrowing	-	-	500,000	2,037,500
	Subordinated debt	-	-	4,000,000	16,300,000
	Repayments of borrowing	192,160	778,248	642,160	2,616,802
	Interest expense	817,799	3,312,088	494,337	2,014,423
	Deposit	1,414,381	5,728,243	548,464	2,234,991
Board of Directors	Remuneration	353,000	1,429,650	291,936	1,189,639
	Fee and related expenses	133,863	542,145	77,176	314,491

(ii) Amounts due to and due from related parties of the Bank are as follows:

	2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
<i>Deposits from related parties</i>				
MC	19,605,651	79,402,887	19,479,853	79,380,401
MARUHAN (Cambodia) Corporation	3,361,922	13,615,784	4,716,689	19,220,508
MIA	668,252	2,706,421	304,104	1,239,224
SATHAPANA Limited	348,265	1,410,473	150,822	614,600
Key management	1,164,977	4,718,157	22,419,672	91,360,163
	25,149,067	101,853,722	47,071,140	191,814,896

	2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
<i>Subordinated debt</i>				
MIA	-	-	30,000,000	122,250,000
Loans to related parties				
Subsidiary	8,442,155	34,190,728	8,634,315	35,184,834
Key management	67,980	275,319	81,923	333,836
Accrued interest receivable from Subsidiary	70,681	286,258	-	-
	8,580,816	34,752,305	8,716,238	35,518,670

Amounts due to and due from related parties of the Subsidiary are as follows:

Related party	Transaction	2015		2014	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
the Bank	Borrowing	442,155	1,790,728	634,315	2,584,834
	Subordinated debt	8,000,000	32,400,000	8,000,000	32,600,000
	Deposit	2,735,661	11,079,427	1,321,280	5,384,215
MIA	Subordinated debt	5,000,000	20,250,000	5,000,000	20,375,000
Senior management	Deposit	562,772	2,279,227	356,309	1,451,958
	Loan	1,193,934	4,835,433	684,188	2,788,064

(iii) Key management personnel compensation

The details of remuneration of members of key management of the Group and the Bank are as follows

	Group			
	2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Salary and other benefits	731,621	2,963,065	887,049	3,614,725

	Bank			
	2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Salary and other benefits	378,621	1,533,415	595,113	2,425,085

28. FINANCIAL RISK MANAGEMENT

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

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

A primary objective of the Group in risk management is to comply with NBC's regulations. On the other hand, the Group has recognized the importance of achieving international best practices on risk management. The Board of Directors has established an Asset and Liability Management Committee ("ALMC") for the Bank to formulate broad parameters of acceptable risk and monitor the activities against these parameters.

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

	Group			Bank				
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Financial assets								
Cash on hand	17,613,309	71,333,901	10,210,384	41,607,315	3,563,175	14,430,859	3,240,653	13,205,661
Balances with the NBC	21,932,146	88,825,192	46,996,375	191,510,228	16,146,456	65,393,147	35,711,913	145,526,045
Balances with other banks and local MFIs	16,083,950	65,139,998	15,866,073	64,654,247	9,170,496	37,140,509	9,707,176	39,556,742
Placements with other banks and local MFIs	9,589,778	38,838,601	17,588,210	71,671,956	11,471,834	46,460,928	18,909,242	77,055,161
Loans and advances to customers	546,710,543	2,214,177,699	370,722,788	1,510,695,361	84,815,441	343,502,536	69,022,156	281,265,286
Other assets	7,292,986	2,953,593	5,820,024	23,716,598	1,814,905	7,350,365	2,101,622	8,564,110
Total financial assets	619,222,712	2,507,851,984	467,203,854	1,903,855,705	126,982,307	514,278,344	138,692,762	565,173,005
Financial liabilities								
Deposits from other banks	22,399,475	90,717,874	15,422,822	62,848,000	8,691,354	35,199,984	7,625,945	31,075,726
Deposits from customers	325,997,499	1,320,289,871	253,835,705	1,034,380,498	82,570,698	334,411,327	97,008,416	395,309,295
Borrowings	160,425,396	649,722,854	115,530,220	470,785,647	-	-	-	-
Subordinated debts	32,313,217	130,868,529	47,313,217	192,801,359	-	-	30,000,000	122,250,000
Other liabilities	6,951,927	28,155,304	4,550,614	18,543,751	973,526	3,942,780	1,417,306	5,775,520
Total financial liabilities	548,087,514	2,219,754,432	436,652,578	1,779,359,255	92,235,578	373,554,091	136,051,667	554,410,541
Net financial assets	71,135,198	288,097,552	30,551,276	124,496,450	34,746,729	140,724,253	2,641,095	10,762,464

28.1 Credit risk

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

(a) Credit risk measurement

The Group assesses the probability of default of individual counterparties using internal rating tool. Local credit committee is responsible for determining the risk rating for each borrower.

Risk ratings are reviewed and updated at least annually, and in events of (i) change of loan terms and conditions including extension; (ii) repayment irregularities or delinquencies and (iii) adverse information relating to the borrower or transaction.

(b) Risk limit control and mitigation policies

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

The Bank is required, under the conditions of 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 aggregate of large credit exposure must not exceed 300% of the Bank's net worth.

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

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

(c) Impairment and provisioning policies

The Group is required to follow the mandatory credit classification and provisioning in accordance with the relevant Prakas as disclosed in Note 2.3.8.

(d)		Group				Bank			
		2015		2014		2015		2014	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
	Maximum exposure to credit risk before collateral held or other credit enhancements								
	Maximum exposure to credit risk before collateral held or other credit enhancements follows:								
	Balances with the NBC	21,932,146	88,825,192	46,996,375	191,510,228	16,146,456	65,393,147	35,711,913	145,526,045
	Balances with other banks and local MFIs	16,083,950	65,139,998	15,866,073	64,654,247	9,170,496	37,140,509	9,707,176	39,556,742
	Placements with other banks and local MFIs	9,589,778	38,838,601	17,588,210	71,671,956	11,471,834	46,460,928	18,909,242	77,055,161
	Loans and advances to customer	546,710,543	2,214,177,699	370,722,788	1,510,695,361	84,815,441	343,502,536	69,022,156	281,265,286
	Other assets	7,292,986	29,536,593	5,820,024	23,716,598	1,814,905	7,350,365	2,101,622	8,564,110
		601,609,403	2,436,518,083	456,993,470	1,862,248,390	123,419,132	499,847,485	135,452,109	551,967,344

The credit exposure amounts arising from off balance sheet items are disclosed in Note 26 on Commitments and contingencies.

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

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

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

	Group						Total
	2015						
	Balances with the NBC	Balance with other banks and local MFIs	Placements with other banks and local MFIs	Loans and customers	Other assets		US\$
Financial intermediaries	21,932,146	16,083,950	9,589,778	15,260,982	8,547,771		71,414,627
Manufacturing	-	-	-	1,156,865	-		1,156,865
Others - community, social and personal activities	-	-	-	533,684,386	-		533,684,386
Less allowance for losses on loans and advances	21,932,146	16,083,950	9,589,778	550,102,233	8,547,771		606,255,878
	-	-	-	(3,391,690)	(1,254,785)		(4,646,475)
	21,932,146	16,083,950	9,589,778	546,710,543	7,292,986		601,609,403
Equivalent in KHR'000 (Note 2.1)	88,825,192	65,139,998	38,838,601	2,214,177,699	29,536,593		2,436,518,083

Group
2014

	Balances with the NBC	Balance with other banks and local MFIs	Placements with other banks and local MFIs	Loans and customers	Other assets	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Financial intermediaries	46,996,375	15,866,073	17,588,210	15,437,843	5,820,024	101,708,525
Manufacturing	-	-	-	231,007	-	231,007
Others - community, social and personal activities	-	-	-	357,479,056	-	357,479,056
	46,996,375	15,866,073	17,588,210	373,147,906	5,820,024	459,418,588
Less allowance for losses on loans and advances	-	-	-	(2,425,118)	-	(2,425,118)
	46,996,375	15,866,073	17,588,210	370,722,788	5,820,024	456,993,470
Equivalent in KHR'000 (Note 2.1)	191,510,228	64,654,247	71,671,956	1,510,695,361	23,571,097	1,862,102,889

Bank
2015

	US\$	Balance with other banks and local MFIs	Placements with other banks and local MFIs	Loans and advances to customers	Other assets	Total
Financial intermediaries	16,146,456	9,170,496	11,471,834	15,260,982	3,069,690	55,119,458
Manufacturing	-	-	-	1,156,865	-	1,156,865
Others - community, social and personal activities	-	-	-	70,106,095	-	70,106,095
Less allowance for losses on loans and advances	16,146,456	9,170,496	11,471,834	86,523,942	3,069,690	126,382,418
	-	-	-	(1,708,501)	(1,254,785)	(2,963,286)
Equivalent in KHR'000 (Note 2.1)	16,146,456	9,170,496	11,471,834	84,815,441	1,814,905	123,419,132
	65,393,147	37,140,509	46,460,928	343,502,536	7,350,365	499,847,485

Bank
2014

	US\$	Balance with other banks and local MFIs	Placements with other banks and local MFIs	Loans and advances to customers	Other assets	Total
Financial intermediaries	35,711,913	9,707,176	18,909,242	15,437,843	2,101,622	81,867,796
Manufacturing	-	-	-	231,007	-	231,007
Others - community, social and personal activities	-	-	-	54,674,419	-	54,674,419
Less allowance for losses on loans and advances	35,711,913	9,707,176	18,909,242	70,343,269	2,101,622	136,773,222
	-	-	-	(1,321,113)	-	(1,321,113)
Equivalent in KHR'000 (Note 2.1)	35,711,913	9,707,176	18,909,242	69,022,156	2,101,622	135,452,109
	145,526,045	39,556,742	77,055,161	281,265,286	8,564,110	551,967,344

(f) Loans and advances to customers

Loans and advances to customers are summarized as follows:

	Group			Bank				
	2015		2014		2015		2014	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Neither past due nor impaired	537,458,622	2,176,707,419	372,041,803	1,516,070,347	74,620,964	302,214,904	69,719,348	284,106,343
Past due but not impaired	11,279,057	45,680,181	-	-	11,279,057	45,680,181	-	-
Individually impaired	1,364,554	5,526,444	1,106,103	4,507,370	623,921	2,526,880	623,921	2,542,478
Total loans and advances to customers - gross	550,102,233	2,227,914,044	373,147,906	1,520,577,717	86,523,942	350,421,965	70,343,269	286,648,821
Less allowance for losses on loans and advances	(3,391,690)	(13,736,345)	(2,425,118)	(9,882,356)	(1,708,501)	(6,919,429)	(1,321,113)	(5,383,535)
Loans and advances to customers - net	546,710,543	2,214,177,699	370,722,788	1,510,695,361	84,815,441	343,502,536	69,022,156	281,265,286

Group
2015

	Neither past due nor impaired							Total
	High grade	Standard grade	Substandard grade	Past due but not impaired	Past due or impaired	Past due or impaired	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
Balances with the NBC	21,932,146	-	-	-	-	-	21,932,146	
Balances with other banks and local MFIs	-	16,083,950	-	-	-	-	16,083,950	
Placements with other banks and local MFIs	-	9,589,778	-	-	-	-	9,589,778	
Loans and advances to customers	-	537,458,622	-	11,279,057	1,364,554	550,102,233		
Other assets	-	8,547,771	-	-	-	8,547,771		
	21,932,146	571,680,121	-	11,279,057	1,364,554	606,255,878		
Less allowance for losses on loans and advances and impairment of other assets	-	2,943,551	-	338,370	1,364,554	4,646,475		
	21,932,146	568,636,570	-	10,940,687	-	601,509,403		
	88,825,191	2,302,978,110	-	44,309,782	-	2,436,113,083		

Equivalent in KHR'000 (Note 2.1)

Group
2014

	Neither past due nor impaired							Total
	High grade	Standard grade	Substandard grade	Past due but not impaired	Past due or impaired	Past due or impaired	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
Balances with the NBC	46,996,375	-	-	-	-	-	46,996,375	
Balances with other banks and local MFIs	-	15,866,073	-	-	-	-	15,866,073	
Placements with other banks and local MFIs	-	17,588,210	-	-	-	-	17,588,210	
Loans and advances to customers	-	372,041,803	-	-	1,106,103	373,147,906		
Other assets	-	5,820,024	-	-	-	5,820,024		
	46,996,375	411,316,110	-	-	1,106,103	459,418,588		
Less allowance for losses on loans and advances	-	(1,319,015)	-	-	(1,106,103)	(2,425,118)		
	46,996,375	409,997,095	-	-	-	456,993,470		
	191,510,228	1,670,738,162	-	-	-	1,862,248,390		

Equivalent in KHR'000 (Note 2.1)

	Bank 2015						
	Neither past due nor impaired						
	High grade US\$	Standard grade US\$	Substandard grade US\$	Past due but not impaired US\$	Past due or impaired US\$	Total US\$	
Balances with the NBC	16,146,456	-	-	-	-	16,146,456	
Balances with other banks and local MFIs	-	9,170,496	-	-	-	9,170,496	
Placements with other banks and local MFIs	-	11,471,834	-	-	-	11,471,834	
Loans and advances to customers	-	74,620,964	-	11,279,057	623,921	86,523,942	
Other assets :	-	3,069,690	-	-	-	3,069,690	
	16,146,456	98,332,984	-	11,279,057	623,921	126,382,418	
Less allowance for losses on loans and advances and impairment of other assets	-	2,000,995	-	338,370	623,921	2,963,286	
	16,146,456	96,331,989	-	10,940,687	-	123,419,132	
	65,393,147	390,144,556	-	44,309,782	-	499,847,485	

Equivalent in KHR'000 (Note 2.1)

	Bank 2014						
	Neither past due nor impaired						
	High grade US\$	Standard grade US\$	Substandard grade US\$	Past due but not impaired US\$	Past due or impaired US\$	Total US\$	
Balances with the NBC	35,711,913	-	-	-	-	35,711,913	
Balances with other banks and local MFIs	-	9,707,176	-	-	-	9,707,176	
Placements with other banks and local MFIs	-	18,909,242	-	-	-	18,909,242	
Loans and advances to customers	-	69,719,348	-	-	623,921	70,343,269	
Other assets	-	2,101,622	-	-	-	2,101,622	
	35,711,913	100,437,388	-	-	623,921	136,773,222	
	-	(697,192)	-	-	(623,921)	(1,321,113)	
Less allowance for losses on loans and advances							
	35,711,913	99,740,196	-	-	-	135,452,109	
	145,526,045	406,441,299	-	-	-	551,967,344	

Equivalent in KHR'000 (Note 2.1)

The Group holds collateral against loans and advances to customers in the form of real estate and chattel mortgages, guarantees, and other registered securities over assets. Estimates of fair value are based on the value of collateral assessed at the time of borrowing.

28.2 Market risk

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

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

(i) Foreign exchange risk

The Group operates in the Kingdom of Cambodia and transacts in many currencies, and is exposed to various currency risks, primarily with respect to KHR, US\$, JPY, CNY, EUR, THB, GBP and AUD.

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

The Group has set limits on positions by currency, based on its internal risk assessment system and the NBC's regulations. Positions are monitored on a daily basis to ensure positions are maintained within the established limits.

As at 31 December 2015, balances in monetary assets and liabilities denominated in currencies other than US\$ are not significant. Therefore, no sensitivity analysis for foreign currency exchange risk was presented.

(ii) Price risk

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

(iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise. The management of the Group 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, management regularly monitors the mismatch.

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk as a result of mismatches of interest rate re-pricing of assets and liabilities. The Group manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

The Group has no financial assets and liabilities with floating interest rates. Balances with the NBC and with other banks, placements with local MFIs, and loans and advances earn fixed interest rates for the period of the deposits and deposits by banks and from customers have fixed interest rates.

28.3 Liquidity risk

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

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

Note 29 summarizes the financial assets and liabilities of the Group by relevant maturity based on the remaining period at the balance sheet date to the contractual or estimated maturity dates.

28.4 Capital management

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

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from previous years.

As at 31 December 2015, the Group is compliant with the solvency ratio prescribed by the NBC at 15%, as shown in the table below:

	Group		2014		2015		Bank	
	2015		US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Tier I capital	113,232,735	458,592,577	65,522,175	267,002,864	95,514,064	386,831,960	63,266,154	257,809,577
Tier II capital	34,001,983	137,708,031	34,130,061	139,079,997	(47,193,473)	(191,133,566)	(17,242,491)	(70,263,151)
Net worth	147,234,718	596,300,608	99,652,236	406,082,861	48,320,591	195,698,394	46,023,663	87,546,426
Total risk-weighted assets	593,246,045	2,402,646,484	419,517,839	1,709,535,194	99,922,726	404,687,041	92,088,388	375,260,181
Solvency ratio	24.82%	24.82%	23.75%	23.75%	48.36%	48.36%	49.98%	49.98%

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

29. LIQUIDITY RISK

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

	Group						Total US\$
	Up to 1 month US\$	1 – 3 months US\$	3 – 6 months US\$	6 – 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
31 December 2015							
Financial assets							
Cash on hand	17,613,309	-	-	-	-	-	17,613,309
Balances with the NBC	21,932,146	-	-	-	-	-	21,932,146
Balances with other banks and local MFIs	16,083,950	-	-	-	-	-	16,083,950
Placements with other local banks and MFIs	-	2,139,778	7,450,000	-	-	-	9,589,778
Loans and advances to customers	23,800,607	43,821,585	2,722,866	154,244,313	299,980,099	23,087,578	547,657,048
Other assets	7,192,986	-	-	-	-	-	7,192,986
Total financial assets	86,622,998	45,961,363	10,172,866	154,244,313	299,980,099	23,087,578	620,169,217
Financial liabilities							
Deposits from other banks	6,643,475	1,400,000	7,556,000	6,800,000	-	-	22,399,475
Deposits from customers	116,289,904	52,787,404	48,691,634	101,218,815	6,839,742	170,000	325,997,499
Borrowings	2,080,353	9,491,014	-	43,127,772	105,726,257	25,000,000	160,425,396
Subordinated debts	-	-	-	1,000,000	6,313,217	-	32,313,217
Other liabilities	5,150,879	1,402,322	-	398,726	-	-	6,951,927
Total financial liabilities	130,164,611	65,080,740	56,247,634	152,545,313	118,879,216	25,170,000	548,087,514
Net liquidity surplus (gap) - US\$	(43,541,613)	(19,119,377)	(46,074,768)	1,699,000	181,100,883	(2,082,422)	72,081,703
Equivalent In KHR'000 (Note 2.1)	(176,343,533)	(77,433,477)	(186,602,810)	6,880,950	733,458,576	(8,433,809)	291,930,897

Group

	Up to 1 month US\$	1 – 3 months US\$	3 – 6 months US\$	6 – 12 months US\$	1 to 5 years US\$	Over 5 years US\$	No fixed maturity date US\$	Total US\$
31 December 2014								
Financial assets								
Cash on hand	10,210,384	-	-	-	-	-	-	10,210,384
Balances with the NBC	46,996,375	-	-	-	-	-	-	46,996,375
Balances with other banks and local MFIs	15,866,073	-	-	-	-	-	-	15,866,073
Placements with other local banks and MFIs	-	4,063,063	2,525,147	11,000,000	-	-	-	17,588,210
Loans and advances to customers	11,686,749	32,652,423	46,393,977	72,157,306	180,871,047	26,915,875	-	370,677,377
Other assets	5,670,024	-	-	-	-	-	150,000	5,820,024
total financial assets	90,429,605	36,715,486	48,919,124	83,157,306	180,871,047	26,915,875	150,000	467,158,443
Financial liabilities								
Deposits from other banks	2,321,058	701,764	5,100,000	7,300,000	-	-	-	15,422,822
Deposits from customers	82,264,782	31,820,897	29,003,383	110,050,844	695,799	-	-	253,835,705
Borrowings	1,119,915	7,934,857	12,826,262	19,861,559	71,449,053	2,338,574	-	115,530,220
Subordinated debts	-	156,315	574,153	847,595	23,428,150	22,307,004	-	47,313,217
Other liabilities	2,425,061	1,833,602	25,296	228,155	38,500	-	-	4,550,614
Total financial liabilities	88,130,816	42,447,435	47,529,094	138,288,153	95,611,502	24,645,578	-	436,652,578
Net liquidity surplus (gap) - US\$	2,298,789	(5,731,949)	1,390,030	(55,130,847)	85,259,545	2,270,297	150,000	30,505,865
Equivalent In KHR'000 (Note 2.1)	9,367,565	(23,357,692)	5,664,372	(224,658,202)	347,432,646	9,251,460	611,250	124,311,399

Bank

	Up to 1 month US\$	1 – 3 months US\$	3 – 6 months US\$	6 – 12 months US\$	1 to 5 years US\$	Over 5 years US\$	No fixed maturity date US\$	Total US\$
31 December 2015								
Financial assets								
Cash on hand	3,563,175	-	-	-	-	-	-	3,563,175
Balances with the NBC	16,146,456	-	-	-	-	-	-	16,146,456
Balances with other banks and local MFIs	9,170,496	-	-	-	-	-	-	9,170,496
Placements with other local banks and MFIs	-	2,139,778	8,475,000	857,056	-	-	-	11,471,834
Loans and advances to customers	7,862,182	968,757	905,355	5,028,114	38,523,015	31,528,018	-	84,815,441
Other assets	1,739,905	-	-	-	-	-	75,000	1,814,905
Total financial assets	38,482,214	3,108,535	9,380,355	5,885,170	38,523,015	31,528,018	75,000	126,982,307
Financial liabilities								
Deposits from other banks	3,691,354	-	-	5,000,000	-	-	-	8,691,354
Deposits from customers	39,912,657	1,683,340	1,797,100	33,727,859	5,279,742	170,000	-	82,570,698
Other liabilities	709,787	263,739	-	-	-	-	-	973,526
Total financial liabilities	44,313,798	1,947,079	1,797,100	38,727,859	5,279,742	170,000	-	92,235,578
Net liquidity surplus (gap)	(5,831,584)	1,161,456	7,583,255	(32,842,689)	33,243,273	31,358,018	75,000	34,746,729
Equivalent In KHR'000 (Note 2.1)	(23,617,915)	4,703,897	30,712,183	(133,012,890)	134,635,256	126,999,973	303,750	140,724,254

Bank

	Up to 1 month US\$	1 – 3 months US\$	3 – 6 months US\$	6 – 12 months US\$	1 to 5 years US\$	Over 5 years US\$	No fixed maturity date US\$	Total US\$
31 December 2014								
Financial assets								
Cash on hand	3,240,653	-	-	-	-	-	-	3,240,653
Balances with the NBC	35,711,913	-	-	-	-	-	-	35,711,913
Balances with other banks and local MFIs	9,707,176	-	-	-	-	-	-	9,707,176
Placements with other local banks and MFIs	-	5,069,095	2,525,147	11,315,000	-	-	-	18,909,242
Loans and advances to customers	15,323	2,154,802	3,932,743	4,281,880	23,721,533	34,915,875	-	69,022,156
Other assets	1,976,622	-	-	-	-	-	125,000	2,101,622
Total financial assets	50,651,687	7,223,897	6,457,890	15,596,880	23,721,533	34,915,875	125,000	138,692,762
Financial liabilities								
Deposits from other banks	625,945	-	2,000,000	5,000,000	-	-	-	7,625,945
Deposits from customers	44,037,825	1,920,909	3,494,374	47,555,308	-	-	-	97,008,416
Subordinated debts	-	-	-	-	12,000,000	18,000,000	-	30,000,000
Other liabilities	1,086,808	330,498	-	-	-	-	-	1,417,306
Total financial liabilities	45,750,578	2,251,407	5,494,374	52,555,308	12,000,000	18,000,000	-	136,051,667
Net liquidity surplus (gap)	4,901,109	4,972,490	963,516	(36,958,428)	11,721,533	16,915,875	125,000	2,641,095
Equivalent In KHR'000 (Note 2.1)	19,972,019	20,262,897	3,926,328	(150,605,594)	47,765,247	68,932,191	509,375	10,762,463

30. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

The aggregate fair values of financial assets and liabilities carried on the balance sheet are approximately equal to their carrying values, except for loans and advances which take into consideration the mandatory and specific provisioning required by NBC as disclosed in Notes 2.3.7 and 2.3.8.

31. SUBSEQUENT EVENTS

Other than as disclosed elsewhere in these financial statements, at the date of this report, there were no other events, which occurred subsequent to 31 December 2015 that had significant impact on the financial position of the Group and of the Bank as at 31 December 2015.

32. EXCHANGE RATES OF US\$ AND APPLICABLE FC AGAINST KHMER RIEL AT YEAR END

	2015	2014
	KHR	KHR
GBP	6,030	6,374
EUR	4,451	4,980
US\$	4,050	4,075
CNY	627	660.50
AU\$	2,934.50	3,326.50
SG\$	2,877.50	3,098.50
THB	112.50	124.50
JPY	33	34

Our Commitment to CORPORATE SOCIAL RESPONSIBILITY

Our philosophy is to drive social support within every aspect of our organization and we do this by using our business resources responsibly; to improve environments, provide opportunities and generate hope within the Cambodian communities in which we work.

This commitment includes being a role model employer and service provider, as well as setting new standards in terms of commitment to corporate social responsibility.

We are therefore proud to have provided both financial and in-kind assistance to the following worthy Cambodian based projects, including:

- MARUHAN Corporation agreed to dispatch a Japanese Head Coach to the National Volleyball Team of Cambodia. On the 10th June 2015, MARUHAN Corporation was joined the 28th Sea Game at Singapore, which Volleyball Cambodia team won Volleyball Singapore team with 3-0.



ATM NETWORK

MARUHAN Japan Bank Plc. has launched successfully offsite ATMs, as their express and convenient banking solution in the Kingdom.

1. MARUHAN Japan Bank Plc (HEAD OFFICE)
#83, Preah Norodom Blvd., Phnom Penh.
2. Aeon Mall
#132, Samdach Sothearos Blvd., Phnom Penh (Ground floor)
3. City Mall
Monireth Blvd., Phnom Penh.
4. Asia Europe University
#826, Kampuchea Krom Blvd., Phnom Penh.
5. Phnom Penh Special Economic Zone (PPSEZ)
National Road No. 4, Phnom Penh.
6. Gloria Jean's Coffee
#18-20, St. 592, Phnom Penh (Toul Kork)
7. Good Luck Day Hotel
#537, St. 271, Phnom Penh (Near the Cambodian Red Cross)
8. Home Fix
#224, Mao Tse Toung Blvd., Phnom Penh (Near Vanda Institute)
9. Gloria Jean's Coffee
#16EoE1E2, St. 51 coner St. 310, Phnom Penh (Boeng Keng Kang I)
10. Arya Vong Kim
#22, Monivong Blvd., Phnom Penh (Opposite France Embassy)
11. Royal Curtain
#302, St. 271, Phnom Penh (Near the Sonsom Kosal Pagoda)



No. 83, Preah Norodom Boulevard,
Phnom Penh, the Kingdom of Cambodia



023 999 030



Email: info@maruhanjapanbank.com
www.maruhanjapanbank.com