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柬埔寨郵政銀行 CAMBODIA POST BANK PLC.



ANNUAL REPORT 2019



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ABOUT CPBank

The Cambodia Post Bank Plc. (CPBank) is one of the leading commercial banks in Cambodia which was founded in September 2013 and is a strategic partnership among CANADIA Investment Holding Plc. (CIH), Cambodia Post (CP) of Ministry of Post and Telecommunications and Fullerton Financial Holdings Pte. (FFH).

CPBank has developed and grown steadily over the last six years with the vision to be the best mass-market bank that enriches lives and fulfills the growing aspirations of the people of Cambodia and creates sustainable value for shareholders, employees, and society.

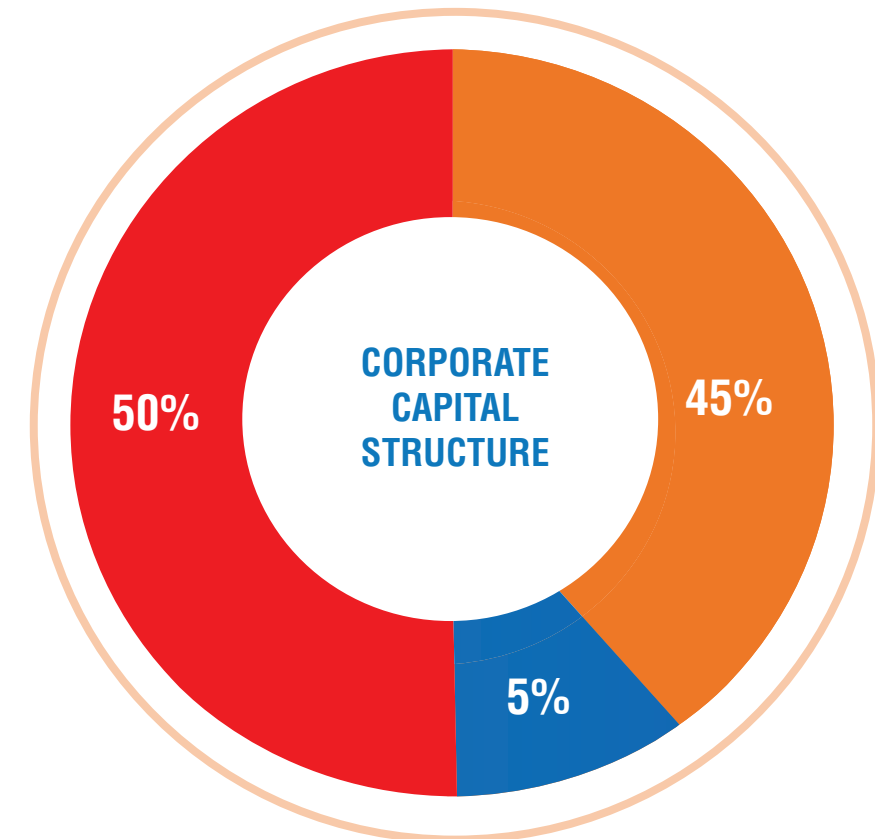
Initially, CPBank started its operation with registered capital of USD 38 million which has been increased to USD 58 million in January 2017 with the growing business needs. As part of the capital management plan, The Bank has increased its capital further to USD 70.79 million in September 2017 and to USD 76 million in March 2018.

CPBank is always at the forefront of modernizing financial technology to provide convenient and better customer experience with our products and services. In 2019, CPBank has expanded its branch network to 51, 60 ATMs nationwide and 1,585 staff who are continuously delivering our products and services to our customer's doorstep. In 2019, Bank has introduced "365 days of Banking services" at our three branches - Main branch, Olympic Branch and Sen Sok Branch (at Aeon Mall Sen Sok). Visa cards launched, expansion of QR Scan Payment via Mobile Banking, launching of Loan Origination System to automate loan acquisition are also some of our new initiatives for 2019.

In 2020, Bank will complete the Collection Management System to facilitate the loan collection automation, enhancement of online account opening and online loan application which will facilitate our new digital services. Bank will also enhance the first and second line of defense for minimizing the Operational Risk in order to ensure proper security for the Banking operation, so that our customer feel secured at all times while dealing at different channels of our service deliveries.

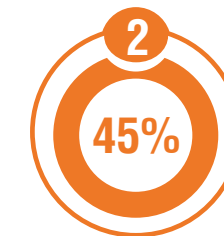
CPBank is committed to build a strong service culture among our staff backed by strong moral through maintaining professional code of conduct and standards. This is to maintain and improve our performance as well as to bring the best in class customer service experience for our customers in order to reach an ambitious objective of "One family One account" within the next 5 years.

SHAREHOLDERS



1). Canadia Investment Holding Plc.

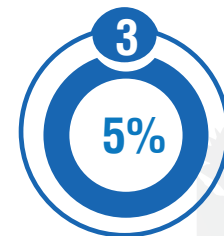
Canadia Investment Holding Plc. (CIH) is one of Cambodia's largest and most successful financial investment company, investments in Banking, Micro-Finance, Life Insurance, General Insurance and Stock Exchange company. CIH served Large Corporates, SME and Mass Market Customers throughout Cambodia. CIH has in-depth knowledge of the Cambodian market and operates with high discipline and corporate social responsibility.



2). Fullerton Financial Holdings

Fullerton Financial Holdings (FFH) invests in and operates financial institutions in emerging markets by differentiating through great people, disciplined development and execution of unique business models that focus on the SME and Mass Market customer segments.

As at the end of 2019, FFH has investments in 8 operating entities that manage assets in excess of US\$21bn, across 6 countries in Asia with over 1,600 outlets serving over 7 million customers.



3). Cambodia Post

Cambodia Post (CP) the public enterprise, state own company under technical regulated by Ministry of Posts and Telecommunications (MPTC) and financial regulated by Ministry of Economy and Finance (MEF). CP operated under the privilege authority granted by government for supporting their objectives, mission and vision and also government policies.

CORE VALUE "RICE"



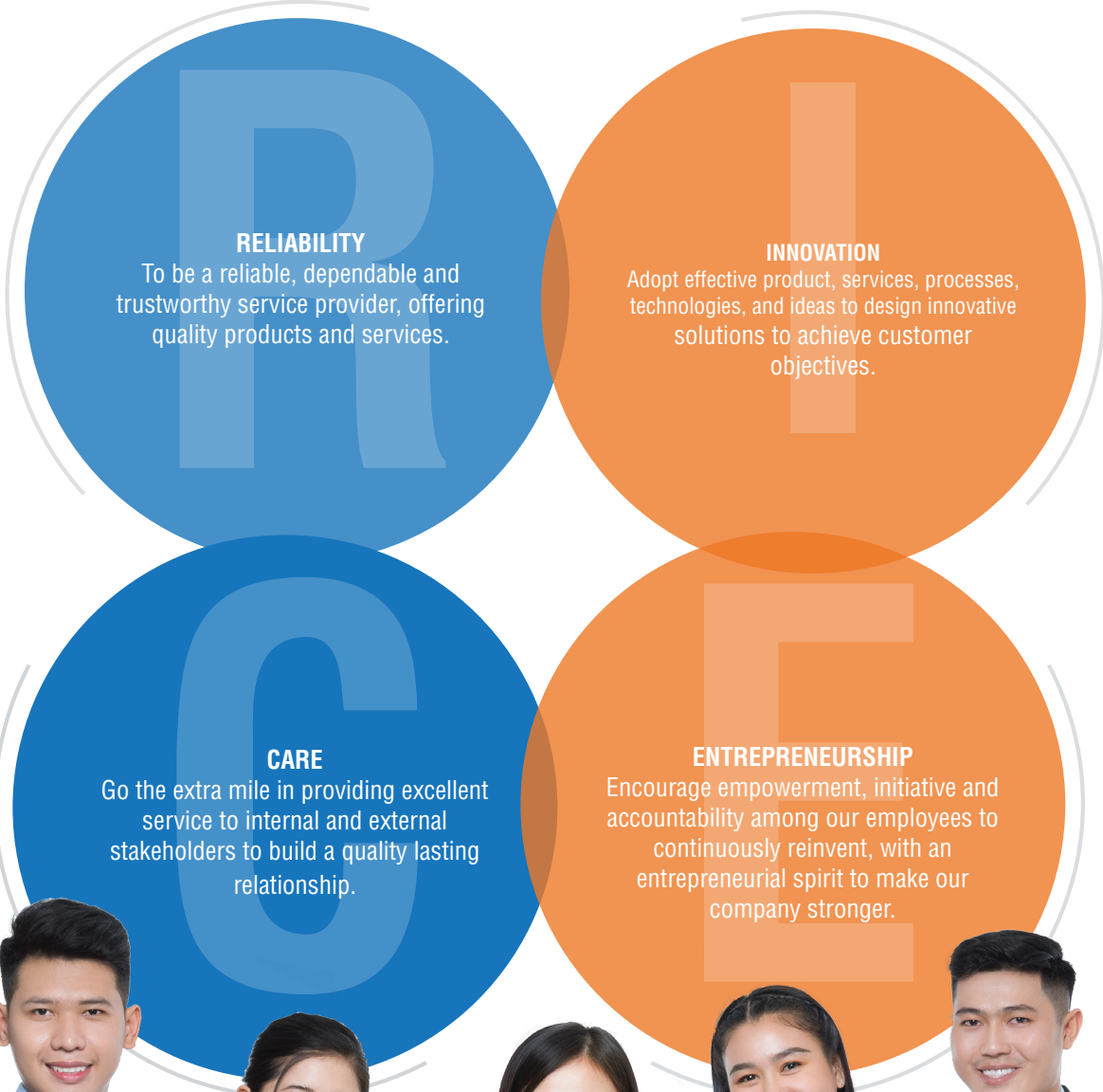
VISION

To be the best mass market bank that enriches lives and fulfills the growing aspirations of the people of Cambodia and create sustainable value for shareholders, employees and society.



MISSION

Design and provide innovative financial solutions and deliver best in class services to our customers.



CORPORATE MILESTONES

2014

- Implemented core banking T24
- Rolled out central operation
- Introduced Operational Risk Management function as second line of defense.
- Rolled out integrated Risk Management Framework
- Rolled out Operational Risk Management framework
- Expanded branch network to 19
- Increased Asset size to USD 129M with 740 staff.
- Achieved Net profit of USD 1.4M



2015

- Chief Risk Officer on boarded.
- Introduced semi-annual Bureau scrub for portfolio analytics.
- Completed operational Process re-engineering for quick turnaround time
- Introduced Credit Control function to strengthen the 2nd line of defense function.
- Opened 12 new branches, total branch network increased to 31
- Asset size increased to USD 255M with 1,025 staff.
- Net Profit after Tax increased to USD 4.5M

Awarded The Outstanding Emerging Retail Banking Bank Award in 2015

This Award to recognize the CPBank's Products and Services which efficiently support Cambodia market development.



2016

- Introduced digital service delivery channel
- Launch ATM services
- Pilot test mobile banking
- Equipped branches with enhanced customer service ability
- Introduced regional control, enhanced MIS and Analytics function
- Opened 6 new branches, total branch network increased to 37
- Achieved USD 416M asset size with 1,182 staff
- Net Profit after Tax doubled to USD 8M
- Introduced Telecollection team at Head Office.

Awarded The ESQR's Quality Choice Prize Award Program in 2016

CPBank has been nominated as the winner by interatinal organization known as ESQR in ESQR's Quality Choice Prize Award "Gold Category" which is organized in Germany at December 2016.



2017

- Acquired 100% stake of FUNAN Microfinance Plc. with 51 branches network
- Tripled FUNAN's asset size within a year
- Official Launch of Mobile Banking Services
- Become member of FAST payment System
- Partnership with Wing for loan Collection
- Opened 5 more new branches with total branch network increased to 42
- Corresponding Banking partnership with DBS (Singapore) and ICBC (China)
- Introduced 20 mobile touch point
- Centralized Asset operations
- Total asset reached to USD 577M with 1,281 staff.
- Achieved USD 8.5M Net Profit after Tax



2018

- Implemented Credit Application Score Card
- Developed Capital Management Framework
- Opened 3 more New Branches and total branch network increased to 45
- Become pioneer member of Cambodian Shared Switch (CSS)
- Increased registered capital to USD 76m
- Partnership with Sovannaphum Life Assurance Plc.
- Partnership with DaraPay for Loan Collection
- Total asset reached to USD 783M with 1,441 staff.
- Achieved USD 17M Net Profit

The BIZZ AWARD in 2018

The BIZZ AWARD 2018 that has been granted for CPBank's Business Excellence at the City of Miami, Florida on 2018.



2019

- Introduced 365days Banking Services in 3 Branches in Phnom Penh Area such as: Main Branch, Olympic and Sensok Branch (Aeon II).
- Launched Visa Debit Card
- Become a first group member of Bakong app
- Enabled QR based payment function in Mobile Banking for free fund transfer.
- Enabled eWallet top up function to DaraPay and Wing using Mobile Banking.
- Opened 6 new branches and total Branch network stands at 51.
- Pilot Test the Loan Origination System.
- 24 Hours Call Center with Web Chat.
- Hosting International Event under "Women and Finance" With WSBI.
- Total asset reached to USD 824M with 1,585 staffs.
- Achieved USD 20M Net Profit.



OPERATION NETWORKS

HEAD OFFICE

#265-269, Street Ang Doung, Sangkat Wat Phnom, Khan Doun Penh, Phnom Penh City

Tel: (855) 23 260 888

Email: info@cambodiapostbank.com
www.cambodiapostbank.com
 Swift Code: CPBPKHP2

Phnom Penh Branches

Main Branch 070 6000 98 #265-269, Street Ang Doung, Sangkat Wat Phnom, Khan Doun Penh, Phnom Penh	Saensokh Branch (AEON Mall Sen Sok) 069 7000 99 Bayab Village, Sangkat Phnom Penh Thmei, Khan Saensokh, Phnom Penh	Olympic Branch 070 6000 15 #057-058-059, Preah Sihanouk Blvd., Sangkat Veal Vong, Khan Prampir Meakkakra, Phnom Penh
Boeng Trabaek Branch 069 6000 92 Phum 5, Sangkat Psar Deurm Thkov, Khan Chamkamorn, Phnom Penh	Cana City Branch 070 6000 25 #A1-A2, Street Veng Sreng, Phum Choam Chao, Sangkat Choam Chao, Khan Porsenchey, Phnom Penh	Chrouy Changvar Branch 070 6000 64 #2Ha & b, Group 1, National Road N° 6A, Daeum Kor Village, Sangkat Chrouy Changvar, Khan Chrouy Changvar, Phnom Penh
Chhbar Ampov Branch 070 6000 14 National Road N° 1, Deum Slaeng Village, Sangkat Chbar Ampov Ti Pir, Khan Chhbar Ampov, Phnom Penh	Doun Penh Branch 070 6000 26 Building A, Street 13 corner of Street 102, Sangkat Voat Phnum, Khan Doun Penh, Phnom Penh	Ou Baek K'am Branch 070 600 357 #117A, St. 271, Phum1, Sangkat Boeng Salang, Khan Tuol Kouk Phnom Penh
Russey Keo Branch 093 6000 73 National Road N° 5, Sangkat Russey Keo, Khan Russey Keo, Phnom Penh	Sovanna Branch 070 6000 89 N° D33, Street Diamond, Sangkat Tomnob Tuek, Khan Chamkar Mon, Phnom Penh	Teuk Thla Branch 070 6000 13 No. A127-129, Russian Blvd., Sangkat Teuk Thla, Khan Sen Sok, Phnom Penh
Vimean Ekareach Branch 069 6000 29 N° 132 C, Preah Norodom Blvd., Phum 5, Sangkat Tonle Basak, Khan Chamka Mon, Phnom Penh		

Provincial Branches

Battambang Provincial Branch 070 6000 97 No. 248, National Road N° 5, Ochar Village, Sangkat Ochar, Krong Battambang, Battambang Province	Banteay Meanchey Provincial Branch 070 6000 46 Phum 3, Sangkat Preah Ponlea, Krong Serei Saophan, Banteay Meanchey Province	Kampong Cham Provincial Branch 070 6000 52 Phum Ti Prammuoy, Sangkat Veal Vong, Krong Kampong Cham, Kampong Cham Province.
Kampong Chhnang Provincial Branch 069 6000 45 Kandal Village, Sangkat Kampong Chhnang, Krong Kampong Chhnang, Kampong Chhnang Province	Kampong Thom Provincial Branch 070 6000 27 National Road N° 6A, Ballangk Lech Village, Sangkat Damrei Choan Khla, Krong Stung Saen, Kampong Thom Province.	Kampong Speu Provincial Branch 070 6000 74 National Road N° 4, Samnang Village, Sangkat Rokar Thum, Krong Chbar Mon, Kampong Speu Province
Kampot Provincial Branch 070 6000 31 Kampong Bay Khang Tboung Village, Sangkat Kampong Bay, Krong Kampot, Kampot Province	Kratie Provincial Branch 070 7000 58 Sangkum Reastre Niyum Street, Voat Village, Sangkat Kracheh, Krong Kracheh, Kratie Province	Krong Battambang Branch 070 6000 62 Kammeakor Village, Sangkat Svay Por, Krong Battambang, Battambang Province
Krong Bavet Branch 070 6000 42 National Road N° 1, Bavet Kandal Village, Sangkat Bavet, Krong Bavet, Svay Rieng Province	Siem Reap Provincial Branch 070 6000 35 Mondol 2 Village, Sangkat Svay Dankum, Krong Siem Reap, Siem Reap Province	Oddar Meanchey Provincial Branch 070 6000 42 Samraong Village, Sangkat Samraong, Krong Samraong, Oddar Meanchey Province
Pailin Provincial Branch 070 6000 73 Pahi Tboung Village, Sangkat Pailin, Krong Pailin, Pailin Province	Krong Poi Pet Branch 070 6000 45 Kiloou Lekh Buon Village, Sangkat Phsar Kandal, Krong Paov Paet, Banteay Meanchey Province	Preah Sihanouk Provincial Branch 070 7000 84 N° 197, Ground Floor and First Floor, Ekareach Street, Phum Pir, Sangkat Pir, Krong Preah Sihanouk, Preah Sihanouk Province

Prey Veng Provincial Branch 070 6000 94 Lekh Buon Village, Sangkat Kampong Leav, Krong Prey Veng, Prey Veng Province	Pursat Provincial Branch 070 6000 78 Sthani Village, Sangkat Svay At, Krong Pursat, Pursat Province	Svay Rieng Provincial Branch 070 6000 76 Kien Sang Village, Sangkat Svay Rieng, Krong Svay Rieng, Svay Rieng Province
Siem Reap-Phsar Leu Branch 070 7000 34 National Road N° 6, Chongkaosou Village, Sangkat Sla Kram, Krong Siem Reap, Siem Reap Province	Takeo Provincial Branch 070 6000 34 National Road N° 2, Phum Bei, Sangkat Roka Krong, Krong Doun Kaev, Takeo Province	Krong Ta Khmau Branch 070 6000 87 National Road N° 2, Thmei Village, Sangkat Ta Khmau, Krong Ta Khmau, Kandal Province

District Branches

Angk Snuol District Branch 070 7000 54 # 1 & 2, National Road N° 4, Borei Kammeakar Village, Baek Chan Commune, Angk Snuol District, Kandal province	Bakan District Branch 070 6000 84 National Road N° 5, Boeng Khnar Village, Boeng Khnar Commune, Bakan District, Pursat Province	Baray District Branch 093 7000 32 National Road N° 6, Prey Ta Trav Village, Ballangk Commune, Baray District, Kampong Thom Province
Cheung Prey District Branch 070 6000 96 Skon Village, Soutib Commune, Cheung Prey District, Kampong Cham Province	Kien Svay District Branch 070 6000 92 National Road N° 1, Dei Edth Kaoh Phos Village, Dei Edth Commune, Kien Svay District, Kandal Province	Mukh Kampul District Branch 070 6000 47 Kraom Village, Preaek Anhchanh Commune, Mukh Kampul District, Kandal Province
Memot District Branch 093 7000 19 National Road N° 7, Masin Tuek Village, Memot Commune, Memot District, Tboung Khmum Province	Peam Ro District Branch 070 6000 57 Preaek Reang Village, Banlich Prasat Commune, Peam Ro District, Prey Veng Province	Ponhea Kraek District Branch 093 6000 26 National Road N° 7, Kraek Tboung Village, Kraek Commune, Ponhea Kraek District, Tboung Khmum Province
Ponhea Lueu District Branch 070 6000 73 Tep Pranam Village, Vihear Luong Commune, Ponhea Lueu District, Kandal Province	Pouk District Branch 070 6000 93 National Road N° 6, Chambak Haer Village, Puok Commune, Puok District, Siem Reap Province	Rotonak Mondol District Branch 070 6000 50 Sdau Village, Sdau commune, Rotonak Mondol District, Battambang Province
Thma Koul District Branch 070 6000 91 No28, National Road 5, Kouk Trab Village, Ta Meun Commune, Thma Koul District, Battambang Province	Tram Kak District Branch 070 6000 48 Prey Rumdeng Village, Angk Ta Saom Commune, Tram Kak District, Takeo Province	Sampov Lun District Branch 070 6000 84 National Road N° 57B, Trapeng Prolit Village, Santepheap commune, Sampov Lun District, Battambang Province
S'ang District Branch 070 6000 19 National Road N° 21, Preaek Run Village, Preaek Koy Commune, S'ang District, Kandal Province	Stoung District Branch 070 6000 43 National Road N° 6, Leab Tong Village, Kampong Chen Tboung Commune, Stoung District, Kampong Thom Province	



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Fast & Convenience

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- Balance inquiry
- Scan QR
- FaceID / fingerprint
- E-wallet top up
- Bill payments
- Cash out
- ATM Lock / Unlock
- Funds transfer
- Change PIN code



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 Hotline Number www.cpbank.com.kh

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CORPORATE GOVERNANCE

Good corporate governance enhances the reputation and provides greater confidence to all stakeholders - customers, investors, regulators, employees, suppliers and the community at large. CPBank continues to maintain the sound corporate governance culture and effective internal control function.

The established Corporate Governance Structure comprising the following parties, provides a comprehensive framework to (i) independent internal auditors and Compliance function who report to the Chairman of the Audit Committee and notes to the management (ii) independent external auditors who is appointed by the Board and submit their report to the Board (iii) management committees which are responsible for various day to day operations of the bank (iv) various codes of conduct, whistle blower policies that are in place. (v) Board / committees have oversight and approve important operating policy and processes where the execution of these policies and plans being the responsibility of the management (vi) independent Risk Management Function directly reported to Risk Oversight Committee of the Board.

The role of the Board is defined by taking into account prevailing international best practices while ensuring compliance with local legal and regulatory framework. The current corporate governance structure includes the Board of Directors (BOD), different Board committees and various Management committees.

BOARD COMMITTEES

Three Board Committees will assist the Board in focusing on specific matters, fulfill their roles and responsibilities delegated by the Board, report to the Board on decisions and actions taken, monitor the management's performance, and make any necessary recommendations. These three committees are as below:

- **Audit Committee**
- **Risk Oversight Committee**
- **Remuneration and Nomination Committee**

1. Audit Committee (AC):

This committee is constituted to ensure safe and sound corporate governance and it is vested with necessary powers as defined in its Charter to achieve its objectives. The powers and terms of reference of the Audit Committee are comprehensive and comply with the requirements as set out by Article 131 of the Law of Commercial Enterprise, as well as Article 8 of the National Bank of Cambodia's Prakas B7-08-211 on Governance in Bank and Financial Institutions. The Chairperson of this committee is a Non-Executive Independent Director who also answers all queries from

shareholders at Annual General Meeting.

Members: The AC consists of not less than 3 members. All the members of the AC are independent of the management of the Company. The existing AC are as below:

- **Mr. Giang Sovann** Chairman
- **Dr. Pung Carolyne** Member
- **Mr. Teo Meng Poh Philip** Member

Meeting: The AC meets as frequently as required, but not less than 4 times a year.

2. Risk Oversight Committee (ROC):

This committee includes three members and chaired by a person with expertise in risk management of finance and banking. The committee undertakes key duties as decided by the Board and documented in its Terms of Reference, and any such duties delegated to it. The committee is also responsible for monitoring the implementation of risk management policies as defined by the Board. It also plays a key role in giving professional advice to the risk function of the bank with best international practice.

Members: The Board appoints the ROC Chairperson and the term of office is for three years from the date of appointment.

The ROC can be composed of non-executive directors and experts who are not directors of the Company of whom are considered by the board to be independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgment. The existing ROC are as below :

- **Mr. Teo Meng Poh Philip** Chairman
- **Mr. Giang Sovann** Member
- **Mr. Neo Poh Kiat** Member

Meeting: Meetings are held as and when deemed appropriate, but at least four times a year. The Chairperson of the ROC may convene additional meetings if deemed necessary.

3. Remuneration and Nomination Committee (RNC):

This committee is constituted by the Board to meet requirements of Governance to deliver best practice for the Bank. The Chairperson of this committee is an Independent Director. The committee is responsible for implementing a very good remuneration policy to be consistent with the long-term objectives and corporate values of the Bank. It also recommends some procedures to select and replace board members and independent individuals who will potentially become committee members. The committee approves the nomination of senior managements as well.

The Committee is appointed by the Board and consists of 3 members and a Secretary of the Committee. The Board shall have the power at any time to remove any members from the Committee and to fill any vacancies created for such removal.

Members:

- **Mr. Neo Poh Kiat** Chairman
- **Dr. Pung Carolyne** Member
- **Mr. Yeo Hong Ping** Member

Meeting: Meetings shall be held as and when appropriate, but at least twice a year. The Chairperson of the Committee may convene additional meetings if deemed necessary.

MANAGEMENT COMMITTEES

CPBank has eight Management Committees to assist the Chief Executive Officer (CEO) in focusing on specific matters, monitoring and tracking an overall bank's operation, performance and also fulfill their roles and responsibilities delegated by the CEO, report to the CEO on decisions and actions taken, monitor the Bank's performance, and make any necessary recommendations on general matters arises on daily business operations.

1. Executive Committee (EC):

This committee consists of all Chiefs and Heads Department who are under direct reporting to Chief Executive Officer (CEO). Other important Department Heads or Managers can also be invited as deemed necessary. This committee is chaired by CEO. This committee is to support the CEO, in monitoring and tracking on the overall bank's operations, performance and progress of day-to-day activities from each business unit as well as decide on the general matter arises from daily business operations.

Members: The EC member shall comprise all one-level down from CEO (CEO's direct reports), including:

- Chief Executive Officer Chairman
- Chief Human Resources Officer Member
- Chief Financial Officer Member
- Chief Operating Officer Member
- Chief Sale and Distribution Officer Member
- Acting Chief IT Officer Member
- Head of Credit Member
- Head of Legal Unit Secretary

Meeting: Meetings shall be held as and when appropriate, but at least once a week. The Chairperson of the Committee may convene additional meetings if deemed necessary.

2. Asset and Liability Committee (ALCO):

The purpose of the Committee is to monitor all elements of Assets and Liability Management, and of major concern like liquidity, loan to deposit ratio, exposure due to reliance on given deposit categories & specific customers, limits on maximum and minimum maturities for assets & liabilities and sensitivity of interest rates. The Bank's interest is to ensure that all elements of assets and liability management are properly disclosed and managed transparently and accurately.

Members: The ROC will appoint the ALCO Chairperson and the term of office is for three years from the date of appointment.

The ALCO will comprise of the following members.

- Chief Executive Officer Chairman
- Chief Financial Officer Member
- Chief Operating Officer Member
- Chief Sale and Distribution Officer Member
- Head of Treasury Member
- Head of Risk Management Member
- Executive Secretary Secretary & Minute taker

Meeting: Meeting shall be held as and when appropriate, but at least once in a month. The Chairperson of the ALCO may convene additional meetings if deemed necessary.

3. Credit Committee (CC):

The Credit Committee (CC) is established to ensure the compliance with program governance and portfolio management of the Bank. The purpose of the CC is to:

- Approve credit guidelines allowed under the program Governance Framework and credit limit granted for a customer or a group of related customers as per delegated authority provided by the Board Committee.
- Be responsible for implementation and monitoring of the credit risk management frameworks and policies in concerning with the Bank business as whole.
- Ensure compliance with the Program Governance and Monitoring Framework.

Members:

- Head of Credit Chairman
- Chief Executive Officer Member
- Chief Financial Officer Member
- Chief Operating Officer Member
- Head of Risk Management Secretary

Meeting:

Approvals can be done via circulation as and when there is a case required CC approval. A formal meeting on the other matters stated in the duties set shall be held at least once a month. The Chairperson of CC may convene additional meetings if deemed necessary.

4. Customer Service and Complaint Handling Committee (CSCHC):

The purpose of the committee is to inform members on the importance of Customer Service and Complaint Handling and assist, coordinate education and training as well as building a culture of customer service and standard complaint handling for the purpose of improving and providing excellent service and customer satisfaction. In addition, CSCHC will oversee, monitor, evaluate and recommend all aspect of customer perceptions, Complaint and customer satisfaction as well as service provide to customers.

Members: The Committee members shall comprise of a Chairperson and at least three other members from Management of the company.

- Head of Compliance Chairman
- Chief Executive Officer Member
- Chief Operating Officer Member
- Chief Human Resource Officer Member
- Chief Sale and Distribution Officer Member
- Marketing Manager Member
- Head of Legal Unit Secretary

Meeting: Meetings shall be held as and when appropriate, but at least once a month. The Chairperson of the CSCHC may convene additional meeting if deemed necessary.

5. Human Resource Committee (HRC):

The purpose of the HRC is to:

- Ensure that the HR policy is consistently practised with the long term objectives and corporate values of the Bank.
- Recommend the procedures to management in related to any HR inquiry from related business unit which is not stated in the Bank's policy.
- Advise to management about staff disciplinary procedure at the point of they cannot make any decision within their own business unit.
- Any additional personnel responsibility as the Chief Executive Officer sees fit to designate.

Members: The committee members should be careful to avoid conflicts of interest that would compromise their judgment, and should excuse themselves from any decision in which there may be conflicts of interest, whether actual, potential or apparent. The permanent members consist of:

- Chief Human Resources Officer Chairperson
- Chief Executive Officer Member
- Head of Employee Relation Unit Secretary

Any member can appoint proxy in case they are not able to join any meeting. Any member can appoint proxy, the meeting. In case, where Chairperson appoint proxy, the meeting needs to be chaired by another regular Member selected by the members present in the meeting.

Meeting: Meeting shall be held as and Meetings shall be held as and when appropriate. The Chairperson of the HRC may convene additional meeting if deemed necessary.

6. Operational Risk Management Committee (ORMC):

The Bank has established ORMC to ensure the identification, monitoring and management of all operational risks of the Bank. The purpose of the ORMC is to:

- Implement and maintain an effective operational risk management framework for the Bank.
- Oversee and improve operational issues containing potential risks to enhance risk management practices to be able to avoid or mitigate critical operational risks for the Bank.
- Be responsible for implementation and monitoring of the operational risk management framework as well as policies in conformity with business and risk strategies of the Bank.
- Ensure compliance with the Program Governance and Monitoring Framework.

Members:

The ORMC includes the following members and chaired by Chief Risk Officer :

- Chief Risk Officer Chairperson
- Chief Executive Officer Alternate Chairperson
- Chief Financial Officer Member
- Chief Operating Officer Member
- Chief Sale and Distribution Officer Member
- Acting Chief IT Officer Member
- Head of Credit Member
- Head of Risk Management Member
- Head of E-Channel Member
- Head of Internal Audit Member

- Head of Compliance Member
- Head of Operational Risk Management Unit Secretary

Meeting:

A formal meeting on matters of operational risk management stated in the duties set above shall be held at least once a month. The Chairperson of the ORMC may convene additional meetings if considered necessary.

7. Procurement Committee (PROCO):

The purpose of the PROCO Committee is to seek value for money in all procurement. Value for money is achieved in an open competitive environment in which suppliers can be confident that their proposals will be assessed based on merit. It does not automatically mean "lowest prices"; it incorporates and considers fitness for purpose; fair market price; return on investment; whole-of-life costs; timely delivery; post-delivery support; environmental sustainability; social responsibility; evidence of previous performance of experience, effective warranty and conformity to law.

Members: The PROCO Committee will comprise of the following members:

- Chief Financial Officer Chairperson
- Chief Executive Officer Alternate Chairperson
- Chief Operating Officer Member
- Head of Credit Member
- Administration & Procurement Manager Member & Secretary

Meeting: Meeting shall be held as and when appropriate. The Chairperson of the PROCO may convene additional meetings if deemed necessary.

8. Information Technology Steering Committee (ITSC):

Purposes: The purpose of TC Takes responsibility to govern and oversee the CPBank's information technology related matters, infrastructure and services, the deployment, implementation, monitoring and review of the policies, practices and guideline and technology projects aimed at realizing the business needs, resource optimization while minimize the risk.

Members:

- Acting Chief IT Officer Chairperson
- Chief Executive Officer Alternate Chairperson
- Chief Risk Officer Member
- Chief Operating Officer Member
- Chief Financial Officer Member
- Chief Sale and Distribution Officer Member
- Head of E-Channel Member
- Head of Core Banking & MIS Development Unit Secretary

Other shall be invited to the meeting while deemed relevant.

Meeting: The meeting shall be arranged, organized and held as required while there is a request from chairperson.

RISK MANAGEMENT



CPBank is continuing with the commitment of building a safe and sound risk management system which is independent and incorporated best international practices in accordance with the Bank's strategic objectives. Our Risk Management is directly supervised by the Risk Oversight Committee of the Board and the function covers overall risk management activities of the Bank.

CPBank's Risk management framework starts with setting the Risk Appetite for the Bank which is done by the Board and our business strategy is linked with the appetite. The framework also serves to reinforce our risk culture through 'tone from the top' articulation of risks that we are willing to accept for the Bank. Accordingly, material risks including credit, operational, liquidity and market risks are regularly monitored and effectively mitigated to ensure that the Bank always maintains its economic capital, regulatory capital adequacy, liquidity position, and other regulatory compliances.

CPBank has few management sub-committees such as CC (Credit Committee) for credit risk and loan portfolio management, ALCO (Assets and Liabilities Committee) for interest rate and liquidity risk management, and ORMC (Operational Risk Management Committee) for operational risk management including compliance risk, legal risk, information security risks, fraud risks, and money laundering risks. We manage the identification, assessment and mitigation of top and emerging risks through an internal governance process with the use of risk management tools and processes. Our approach to identification and impact assessment aims to ensure that we mitigate the impact of these risks on our financial results, long-term strategic goals and reputation.

As part of our regular analysis, sensitivities of the key portfolio risks are reviewed using a bottom-up risk assessment, complemented by a top-down macro-economic and political scenario analysis. This two-pronged approach allows us to capture both those risk drivers that have an impact across our risk inventories as well as those relevant only to specific portfolios.

We are committed to continue to strengthen risk management capabilities and control with enhancement related to risk procedures, risk policies, risk tools, risk analytics, and risk reports. At the same time our credit underwriting and credit control procedures as well as credit policies are also periodically reviewed and fine-tuned to balance between speed, cost and risk control along with regulatory changes. Risk awareness is constantly raised through a series of internal trainings. Through continuous implementation of best practices to improve the portfolio quality, CP Bank could able to manage the NPL rate despite relatively slower credit growth than previous years in a challenging market environment.

CREDIT RISK MANAGEMENT

CPBank has built prudent credit policies and robust Management Information System for credit products and customer segments and applied advanced risk measurement techniques. All our loan products are governed by a product program which are developed based on the customer life cycle needs and has approved by the Board Committee and these product program are regularly reviewed in order to adopt and mitigate the risk. Portfolios are regularly monitored based on the different portfolio triggers to ensure the Bank operates within the set boundary. All credit policies are presented to the board committees for approval. We have daily, weekly, monthly portfolio report to monitor, so that the timely action can be taken to mitigate any credit risk.

CPBank regularly monitor its concentration risk by product, customer segment, business sector etc. In 2019, we have reviewed all our financial institution counterparty exposures. We have our Loan Origination System running in pilot and the Collections Management System is almost at final stage, which will help us to facilitate risk management for different stages of the credit life cycle. We aspire to be a Bank with infinite possibilities backed by technology to enhance the capability to serve our customer at their convenience with an experience and satisfaction.

In 2019, global economy faced a number of challenges, decelerating growth in both developed countries and emerging economies. Amongst all, the main challenge was US-China trade tension, which caused the contraction of international trade and investment. Meanwhile, climate change has threatened agriculture and significantly impacted on the economy. Moreover, protests in a number of countries have led to political and economic uncertainties, while Brexit has yet to reach a withdrawal deal. In addition, technological advances have created both opportunities and challenges, especially in production chain, labor markets and connectivity.

The Cambodian economy also faced some risks where external risks include: i/- a faster-than-expected slowdown of Chinese economy that may have an impact on Cambodian economy given the close connection between the two and ii/- the adoption of protectionist policy could also affect exports. Internal risks include: i/- the potential loss of the “Everything But Arms (EBA)” which will directly impact the garment industry and other sectors indirectly benefiting from this sector; ii/- the high level of credit growth to construction sector which could pose an increasing risk when real estate supply surges above demand, and iii/- active mortgage financing by property developers which has yet to be firmly regulated.

We have performed the assessment of the potential impacts of these risks is integrated into our stress tests which assess our ability to absorb these events should they occur. We also reviewed the policy and procedure for Environmental and Social Management system for sustainability which has deployed in line with our commitment to the society we are operating. With the regulatory requirement of implementing CIFRS, we have already made ourselves complied with the IFRS9 for impairment.

The overall focus of risk and capital management throughout 2019 was on maintaining our risk profile in line with our risk strategy, increasing our capital base to support our strategic management initiatives with a focus on balance sheet optimization.

OPERATIONAL RISK MANAGEMENT

CPBank has implemented Operational Risk Management Framework guided by Operational Risk Management policy. Bank has system for loss data collection and have business wise key risk indicators (KRIs) to monitor risk exposures. In addition, the Bank has implemented risk control self-assessment (RCSAs) activities to help constitute a risk culture to manage operational risk across the bank. There are on-going RCSA workshops delivered to all functions and branches across the bank to enhance Operational Risk Management practice. Bank are continually adopting best practices to mitigate emerging risks such as compliance risk, fraud risk, vendor risk, technology risk etc. under Operational Risk Management Framework to make it more exhaustive and effective.

We have also performed Business Continuity Plan (BCP) test twice during 2019 along with call tree exercise in order to assess our capability to operate under any unforeseen event.

LIQUIDITY RISK MANAGEMENT

CP Bank fully monitors its liquidity position with monitoring metrics such as Liquidity Coverage Ratio (LCR) and monitor it on daily basis. Moreover, Bank also monitor the cash flow to ensure the maximization of the cash in Bank operation. These practices have been supporting the Bank in forecasting and reacting smoothly and effectively in normal and stressed scenarios and also help the Bank maintain a sound liquidity position. CPBank is also perform the maturity gap analysis for the management of market risk to ensure funding with required maturity to minimize the gap. During 2019, CPBank maintained the liquidity fairly well with full compliance with regulatory requirements. CPBank also has some defined management action triggers in place, under the risk appetite statement, to approach safe and sound practices of managing the risk at its early stage.

INFORMATION TECHNOLOGY RISK MANAGEMENT

The emerging and advancement of information technology has brought about rapid changes to the way businesses and operations are being conducted in the CPBank. Management of security and quick threat identification have become imperative aspects of technological applications. CP Bank financial system and networks supporting the business operation have grown in scope and complexity over the years and offer diversity of products and services which have the system operating in multiple locations and supported by different service providers.

We understand the risk fully and set out the guiding principles for our Information Technology Risk Management framework as below:

- Establishing a sound and robust technology risk management framework;
- Strengthening system security, reliability, resiliency, and recoverability; and
- Deploying strong authentication to protect customer data, transactions and systems.

We are not only putting control and monitoring the technology risk but also perform periodical penetration test to ensure the robustness of our system security and proactively taking appropriate steps to enhance the security to keep our system safe. We have data backup management for safeguarding the information as well as dedicated Disaster Recovery site in addition to our BCP site.

We have user access management process to ensure proper access control within the Bank. We also have change request management process in place to ensure all changes are a adequately evaluated before deployment. We have dedicated information Technology Risk professional to identify, analyze, evaluate, respond, monitor and review the risk continuously.

COMPLIANCE

The Cambodia Post bank Plc. is committed to follow best practices and market standards in areas of accountability, transparency and business ethics in order to promote sustainability. Good governance and corporate social responsibility form an integral part of market standards. At the core of these efforts are integrity issues and the reputation risk the Bank faces in its activities. To manage these issues the Bank has established an independent compliance function. The bank has developed the compliance policy intended to present how Cambodia Post Bank Plc. defines compliance and the Compliance function's role and responsibilities regarding the management of compliance risks.

This Policy has been updated and approved by the Board of Directors and enters into force as of 3rd December 2019. The Policy will be subject to review at least every years or as needed to ensure that it reflects developments in the market and best practices, taking into account the changing environment of the Bank and with due regard to the resources assigned from time to time to the Compliance function.

THE COMPLIANCE PROGRAM OF THE BANK HAS THE FOLLOWING:

(a) AML/CFT compliance:

Cambodia Post Bank Plc. has strongly committed to the fight against money laundering and financing of terrorism. The bank has set up the comprehensive policy and procedure on anti-money laundering and counter financing of terrorism in line with the law and Prakas on AML/CFT. All the relevant staff is required to strictly implement this policy and procedure.

(b) Legal compliance:

Cambodia Post Bank Plc. has fully adhered to relevant laws and regulation. Cambodia Post Bank Plc. has created the compliance checklist to evaluate the performance of the bank. Legal & Compliance department of the bank is the main facilitator and monitoring the implementation of the whole bank in term of legal/ regulatory compliance.

(c) Whistleblowing:

The Bank is committed to achieve and maintain the highest standards of openness, probity and accountability. Either stakeholders or employees at all levels are expected to conduct themselves with integrity, impartiality and honesty. The implementation has been enforced within the whole bank to encourage the bank staff to report the significant matters which may include but are not confined to:

- Breach of legal or regulatory requirements;

- Malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matters;
- Endangerment of the health and safety of an individual;
- Violation of rules of conducts applicable within the Bank;
- Deliberate concealment of any of the above.
- Criminal offenses, breach of civil law and miscarriage of justice.
- Potential conflict of interest situation
- Damage caused to the environment;
- Improper conduct or unethical behavior likely to prejudice the standing of the Bank;

(d). Customer Complaints Handling:

The bank is committed to provide customers the best service in class. The Bank has established the policy on the customer complaint handling to resolve customer complaints fairly, effectively and efficiently which will be in line with the Prakas No. B7-017-299 Pro Kor dated 27 September, 2017 on the customer complain handling, which has been issued by National Bank of Cambodia. This policy applies in the whole bank regarding to our products, service, staff and complaint handling.

(e) FATCA Compliance:

Cambodia Post Bank Plc. has also implemented the FATCA program. Now, the FATCA become local law because the government of Cambodia has signed the Inter Government Agreement Model IB (IGA IB) with U.S government on 14 September, 2015. So under this IGA, it means the government and financial institution shall have obligation to be carried out under the FATCA provisions.

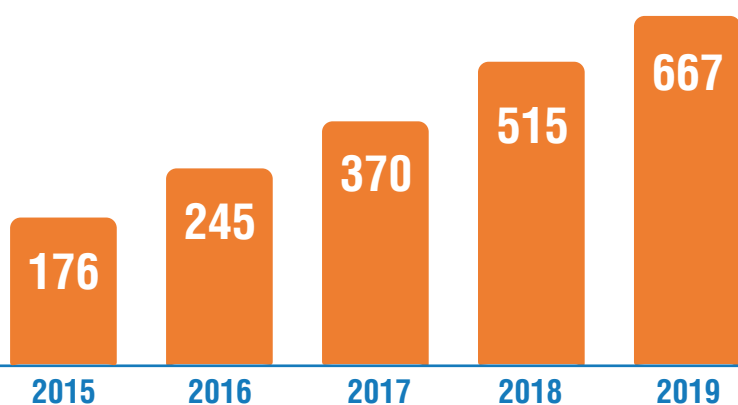
The reporting on U.S person accounts maintained with financial and banking institutions under the jurisdiction of Cambodia shall be required to submit the report to the General Taxation Department under the supervision of ministry of Economics & Finance. To comply with Foreign Account Tax Compliance Act provisions the bank has set out the following guidelines as shown below:

- Decision No HQ 163/15 dated 22 July, 2015 on the promulgating the Operating Manual on Foreign Account Tax Compliance Act (FATCA).
- Additionally, the bank has set up the FATCA Steering Committee which composes senior management of Cambodia Bank Plc. to build the FATCA Reporting System.

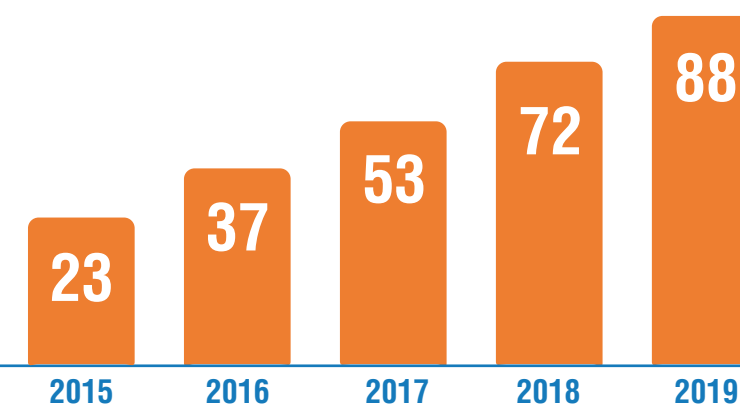
BANK PERFORMANCE HIGHLIGHT



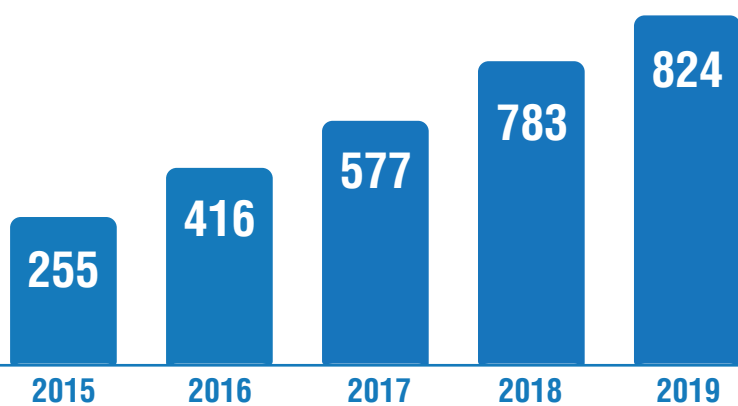
LOAN PORTFOLIO
\$667 Million



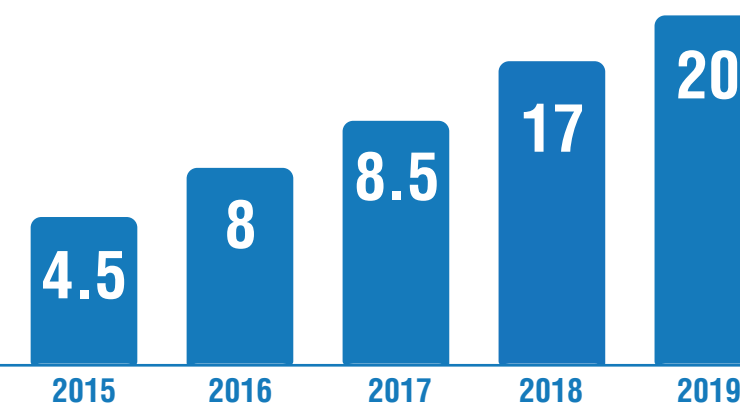
TOTAL REVENUES
\$88 Million



TOTAL ASSETS
\$824 Million



NET PROFITS
\$20 Million



*2015-2017: Existing Cambodia GAAP

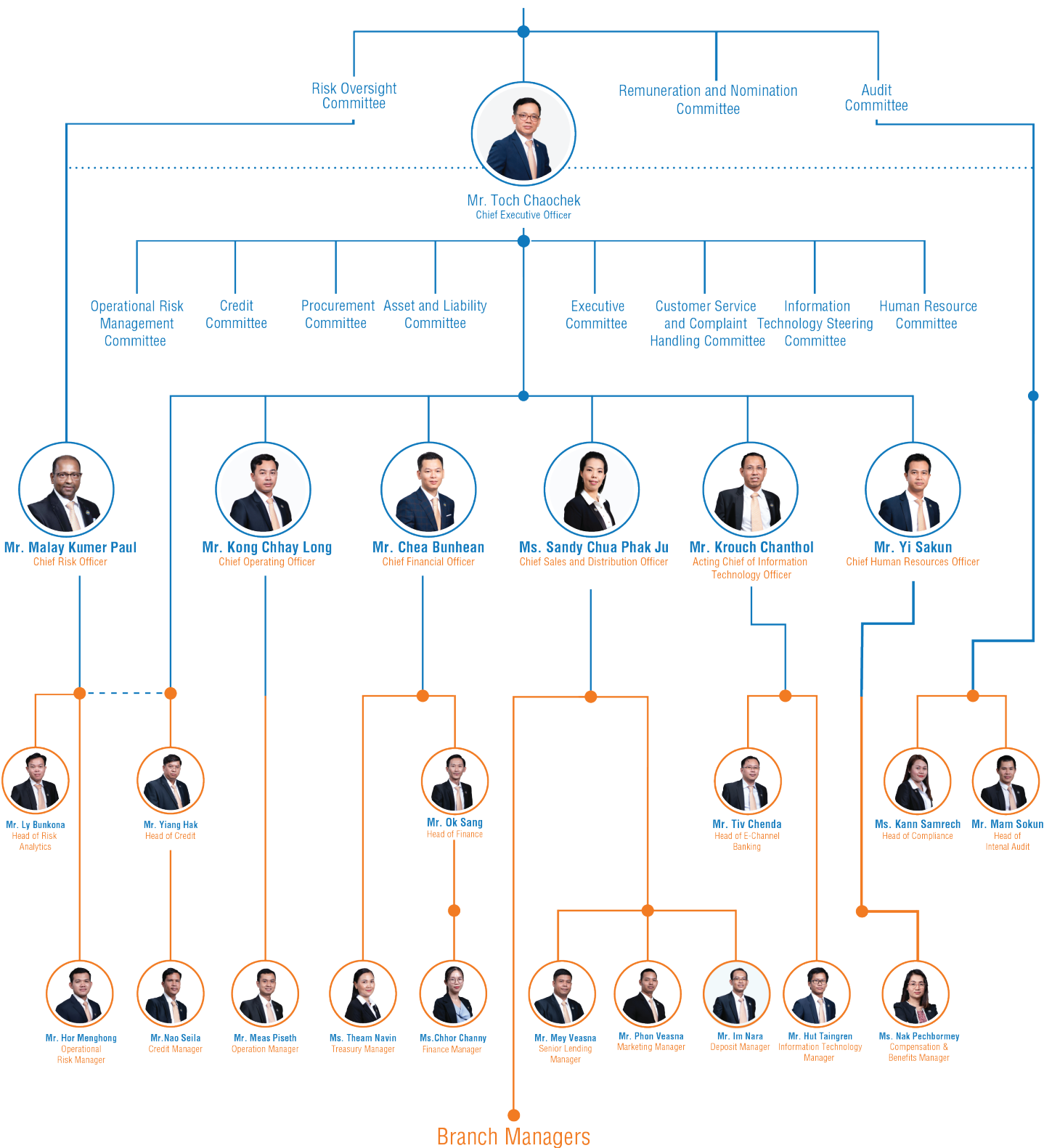
*2018-2019: Cambodia International Financial Reporting Standards ("CIFRS")

*2015-2017: Existing Cambodia GAAP

*2018-2019: Cambodia International Financial Reporting Standards ("CIFRS")

ORGANIZATIONAL STRUCTURE

BOARD OF DIRECTORS



CHAIRMAN'S MESSAGE



“ LAID OUT OUR STRATEGIC ROADMAP TO BUILD A LEADING FINANCIAL SERVICES INSTITUTION OF CAMBODIA THAT IS AGILE, HIGHLY-RESPONSIVE, OPPORTUNISTIC AND DIGITAL-DRIVEN ”

As a Bank that is constantly on the move, we are effecting deep-rooted transformation intending to realize our ambition of becoming Cambodia's leading digital bank. We are a fairly well-capitalized business, which positions us strongly to achieve our goals in the highest growing economy in Southeast Asia markets today.

During 2019, we embraced a frontline position to equip them with tools and training that is extensive, strategic and well-defined. Of course, any kind of change-driven reinvention cannot be achieved in a week or a span of a few months. Rather, it is all about making incremental impacts every day to achieve transformation at an aggregate level over a period. So in 2019, we laid out our strategic roadmap to build a leading financial services institution of Cambodia that is agile, highly-responsive, opportunistic and digital-driven. The year 2019 was when we planted this seed. What gives me the confidence that we'll achieve success over the long-term is the fact that today, we have a balance sheet of over USD 824M and we are fairly well-capitalized. We serve 100,000+ customers in 19 provinces of the country, even as we believe that there is the substantive scope of expanding the coverage of the Bank on the back of our strong brand equity and robust technological backbone.

Cambodia's economy has now experienced ~7 percent growth for the fifth consecutive year. Nonetheless, maintaining and accelerating this has been a challenge amid growing vulnerabilities and mounting uncertainties. However, CPBank demonstrated both strength and resilience to deliver value to all of its stakeholders. In 2019, we achieved admirable progress in building a simpler, safer and more customer-focused bank largely thanks to the bank's dynamic leadership that played a catalytic role in maneuvering the bank through numerous challenges.

Taking into account the emergence of digital banking, upgrading some of our IT infrastructure and Loan Origination systems is a key focus of the bank's continual efforts to transform and improve. During the year 2019, CPBank experienced notable improvements in key fundamentals with our countrywide network of 51 branches, 60 ATMs and diversified service delivery channels. We also maintained a comfortable liquidity and capital position throughout the year.

As a responsible financier in Cambodia, we are also committed towards the environment and sustainability. We have already implanted Environment and Social Management policy for sustainability in our operations.

In a year characterized by various challenges, we delivered a decent set of results, demonstrating the strength and resilience of our franchise. This proves that our strategy is working. CPBank has generated modest growth in portfolios along with strong profitability ratios in 2019. CPBank's consolidated total asset size stood at US\$ 824 million as of 31st December 2019. With 23% growth in consolidated operating income over 2018, CPBank's consolidated Profit before Tax stood at US\$ 26 million registering a growth of US\$ 5 million (25%) over 2018.

Bank's subsidiary Funan Microfinance also delivered modest growth in 2019 where their loan portfolio has grown to US\$ 56 million by 31st December 2019(20% growth over 2018). Funan's net operating income also grown 19% in 2019 where net profit increased to US\$ 3 million from its previous year's US\$ 2 million.

With CPBank's vision "to be the best mass-market bank that enriches lives and fulfills the growing aspirations of the people of Cambodia and creates sustainable value for shareholders, employees, and society" we are always committed to the society we are operating in.

In my view, the advances the bank made recently, are testaments to our well-equipped Board and our staff, all of whom anticipate and embrace changes. I express my sincere gratitude to my colleagues on the Board for their learned advice which has contributed to impressive results for the bank in 2019. Bearing this in mind, I am thankful to the regulatory bodies of the Kingdom of Cambodia, especially National Bank of Cambodia, General Department of Taxation, Ministry of Economy and Finance, for all of their continued support. I thank every customer of the bank for his/her unwavering trust and support. Finally, I want to applaud the bank's employees for another year of exceptional performance.

Standing at the edge of an inflection point, our ambition to be Cambodia's leading financial services provider remains reinforced now than ever before. We remain committed to the success of our operations across the nation and will continue to focus on supporting our people and serving our customers, bringing the best to them at all times.



NEAK OKNHA DR. PUNG KHEAV SE
Chairman of the Board of Directors

“

STRATEGICALLY POSITIONED TOWARDS THE GOAL TO BE THE MARKET LEADER IN MSME SEGMENT

”

CEO'S MESSAGE

WITHIN 6 YEARS OF OPERATIONS, WE ARE WELL RECOGNIZED IN THE FINANCIAL INDUSTRY IN CAMBODIA AS BEING THE 10TH BANK IN TERMS OF BANK ASSETS AND 5TH BANK IN TERMS OF BRANCH NETWORK WITH MODEST SUSTAINABLE GROWTH AMONG THE COMMERCIAL BANKS.

I want to start by thanking everyone at CPBank for once again doing their very best, and also our Board for their continued support and guidance. Under the strategic partnership among Canadia Investment Holding, Fullerton Financial Holdings and Cambodia Post of Ministry of Post and telecommunication, we are very privileged to provide sustainable service experience to our customers.

Over recent years, we have reshaped our strategy to confront aspects regarding our identity and overall performance. To achieve this, we prepared to face the challenges that lay ahead and to reposition our business, in the quest to become the country's leading digital bank.

Today, though we have come far, we still have a long way to go. Yet, I'm proud of the progress CPBank has achieved. With our destiny in our own hands, we will continue to use our strong foundations to invest in achieving sustainable growth in the months and years ahead.

In a little over three years, we have more than doubled our profits. Despite this, we are determined to make further progress and to achieve even more. Moreover, as a bank dedicated to its strong values, success cannot be determined by numbers only. Indeed, alongside profits, we strive to make sure that we continue to operate as a responsible and compliant bank for the wider benefit of our customers, society in general, and for the planet as a whole. And in 2019, we are especially proud of achieving steady growth despite various challenges that we faced along the way.

The Bank has expanded the branch network to 51 by the end of 2019, which can be considered as our commitment to wards the country to serve our customers at their doorsteps. Bank has continued with the best practice for operational risk management and independent risk function. We have managed our operational risk well without any significant operational loss for the year 2019 as well.

During 2019, we embraced a Paradigm Shift, implementing fundamental changes across our organization. Towards this extent, we refocused on embedding technology intending to create positive disruption and fostered a culture of openness, innovation, and collaboration. All these bolstered the Bank's solid foundations. As our strategic priority, we kept technological adoption at our forefront to provide our customers with the service experience. In 2019, we have implemented a Loan Origination System which will enable our Credit officer to bring a faster turnaround time for service delivery. Now anyone can open accounts with CPBank from anywhere using our online account opening service. We have already soft launch Visa Credit Card and awaiting full-scale launch in 2020. Our SME Banking also went live in 2019 which is in line with the initiatives to support Cambodia's highest contributor segment for economic growth. Our subsidiary Funan Microfinance has also grown modestly and introduced different consumer products in 2019.

We have taken initiatives to improve our bench strength in 2019, which I believe is one of our core strengths. We have done a few roadshow and Career fairs to promote our brand which I believe, will keep us one of the first choice employers in Cambodia.

In 2019, our total revenue increased by 22%, net profit before tax also increased by 25% along with the cost to income improved to 25% compared to last year's performance. These numbers also a testament to our goal to be one of the top 5 Commercial Banks and market leaders in the MSME segment in Cambodia.



TOCH CHAOCHEK
Chief Executive Officer



BOARD OF DIRECTORS



NEAK OKNHA DR. PUNG KHEAV SE

Chairman of the Board of Directors

Neak Oknha Dr. Pung Kheav Se serves as Chairman of Canadia Bank and Overseas Cambodian Investment Corporation, and is actively involved in the investment and development activities of both companies. A distinguished entrepreneur and respected business leader in Cambodia and Canada, Neak Oknha Dr. Pung Kheav Se has served as Chairman, President, CEO and Board Member of several companies, including Oriental Ship Supplies, Oriental Commercial Inc, and has led Canadia Bank's growth since 1991. He used to be a Chairman of the Association of Banks in Cambodia and also serves as President of Cambodia Constructors Association, working closely with industry leaders to guide the development of the banking and construction sectors in Cambodia.

Among the honors and awards Neak Oknha Dr. Pung Kheav Se holds a Mahaserey Vattanac Award presented by His Majesty, Norodom Sihanouk, King-Father of Cambodia in 2002; and "The Highest National Contribution" medal awarded by Prime Minister Hun Sen, presented by His Majesty, Norodom Sihamoni King of Cambodia in 2012, for the significant contributions he has made and continues to make toward the development of Cambodia.

On November 21st, 2019, Neak Oknha Dr. Pung Kheav Se was honorary as Doctor of Business Administration under representative of by Akka Moha Sena Padei Techo HUNSEN, Prime Minister of the Kingdom of Cambodia during the inauguration of the Indradevi Building of the Royal Academy of Cambodia.



MR. YEO HONG PING

Vice Chairman of the Board of Directors

Mr Yeo is the President of Fullerton Financial Holdings Pte Ltd ("FFH"). He oversees the building of the FFH franchise and the development of FFH's visions and strategies with the goal of increasing stakeholder value on a sustainable basis. Mr Yeo has overall responsibility of FFH and its investee companies.

Before joining FFH, Mr Yeo was Managing Director of J.P. Morgan and was responsible for the overall investment banking business in Singapore. Mr Yeo also served as Senior Management Committee member for J.P. Morgan Singapore, and Board Member for J.P. Morgan (SEA). He previously held other senior appointments including Head of Real Estate Investment Banking and Head of Corporate Finance in Southeast Asia.



H.E ORK BORA

Advisor to the Board of Directors

Mr. Bora has been appointed as the General Manager of Cambodia Post in 2010 and as the Royal Delegation in charge of Cambodia Post in 2011.

Mr. Bora had also served as the Chief of Post and Telecommunication Department in Banteay Meanchey province and was a member of Cambodia Engineering Institution from 2000 to 2010.

Mr. Bora has a Master of Business Administration and graduated in Telecom Engineer from University of Hanoi Polytechnic, Vietnam in 1997. Since 1998, he had accomplished many technical training programs related to telecom and ICT (local and international).



MR. NEO POH KIAT

Independent Director

Mr. Neo is currently Managing Director for Advisory Services of Octagon Advisors. Mr Neo has been actively involved in several of our clients' major M & A transactions in the region. Based in Beijing and as Managing Director of Octagon Advisors Shanghai Limited, Mr Neo has oversight responsibility for the company's consultancy projects in China.

Prior to joining Octagon Advisors, Mr. Neo was the Senior Vice President and the China Country Officer for Singapore's United Overseas Bank, the country's leading banking group. Based in Hong Kong, Mr. Neo was responsible for UOB's corporate banking relationships in the Greater China region.

Before joining UOB, Mr. Neo held various appointments in Singapore's DBS Bank, with his last held appointment being that of Managing Director and General Manager of DBS Bank's Hong Kong branch. Concurrently, he was also an Executive Director and a member of the Executive Committee of DBS Kwong On Bank, Supervisory Director of DBS Asia Capital Limited which is the investment banking subsidiary of DBS Bank in Hong Kong. He was instrumental in the setting up of DBS Securities Hong Kong and had served as its Executive Director in the early 90's. Mr. Neo holds a Bachelor of Commerce (Honours) degree from the former Nanyang University, Singapore.

BOARD OF DIRECTORS



MR. GIANG SOVANN
Independent Director

Mr. Giang is the Founder and CEO of Corporate Governance Academy and a Member of the Complaints & Disciplinary Panel, the Public Accountants Oversight Committee, Accounting & Corporate Regulatory Authority (ACRA), and Singapore. He is also a Director of a company listed on the Singapore Exchange.

Mr. Giang was the Executive Director of the Singapore Institute of Directors where he also sat on the Organizing Committee of the Singapore Corporate Awards and co-managed the Best Managed Board Award for Singapore listed companies. He is an instructor on the subjects of Director's Duties & Responsibilities, Singapore Exchange Listing Manual and Code of Corporate Governance. He has written many articles on the subject of independent director, internal control and audit, and had served as lead independent director, chairman of audit committee, chairman of board risk committee, member of nominating committee and remuneration committee of listed company.

Mr. Giang graduated with a Bachelor of Administration degree with Great Distinction from University of Regina, Canada, and qualified as a Chartered Accountant with the Canadian Institute of Chartered Accountants. He is also a Chartered Accountant, Singapore and member of the Singapore Institute of Directors.



MR. TEO MENG POH PHILIP
Non-Executive Director

Mr. Teo is a Senior Vice President for Integrated Risk Management at FFH. In this capacity, he oversees the various Risk aspects of FFH franchise in China and Indo China. In his role, Mr Teo is also responsible for Operational Risk Management, Audit and Compliance of the FFH Franchise, including setting its policies and governance framework. He is also the Risk lead for M&A activities.

Prior to joining FFH, Mr Teo was the Head of Audit, Client Origination and Corporate Finance, at Standard Chartered Bank. Mr.Teo started his career with Oversea-Chinese Banking Corporation where he held various senior roles, responsible for client origination, in the Bank's overseas franchises in Shanghai and Bangkok.



MR. ROS PHIRUN
Non-Executive Director

Since 2008 till present, Mr. Phirun holds the position of Deputy Director of the Financial Industry Department of Ministry of Economy and Finance. He is main responsible for the Public Finance Management Reform Program. Mr. Phirun is also responsible for establishing and developing Government Securities, Commodity Market, Sovereign Funds, Financial Stability Policy and the Financial District of Cambodia under the guideline of Financial Sector Development Strategy.

Prior to his current position, Mr. Phirun was the Vice Chairman of Board of Directors of the National Social Security Funds for Civil Servants (NSSFC) which oversees and adopts all regulations drafted by the management of the NSSFC from 2009 to April 2013.

From 2004 to 2008, he was the Chief of Casino Management Division under Financial Industries Department and also served as Deputy of the WTO Legal Compliance and Assistant to the Senior Economic Official for Cambodia under the ASEAN and International Organizations Department of Ministry of Commerce.

Mr. Ros Phirun graduated with a Master of Science in Strategic Tourism Management from CERAM ESC Sophia Antipolis, France in 2002 and Master of Business Administration in International Business from Asian Institute of Technology, Thailand.



DR. CAROLYNE PUNG
Non-Executive Director

Carolynne was born in Phnom Penh. She grew up and was educated in Montreal, Canada. After studying Pure and Applied Sciences in College, she pursued medical studies and obtained her MD degree in 2000. She specialized in Family Medicine and graduated from the University of Montreal in 2002. For nearly 5 years, she leads a busy and fruitful career as a physician practicing in different hospitals and private clinics in 2 Canadian provinces: Quebec and Ontario.

In 2007, due to family reasons, she decided to dedicate time to her family's business in Cambodia. To keep up with her medical practice, she has been working part-time as a Medical Officer at International SOS Clinic. She has been personal assistant to the Chairman of Canadia Bank PLC, a leading commercial bank in Cambodia. She is also Director of the Hospitality Division of Canadia Group which currently operates Dara Airport Hotel in Phnom Penh, Independence Hotel in Sihanouk Ville, and 2 serviced apartments in the capital. She is also Chairperson of the Board of Directors of the Canadian International School of Phnom Penh, one of the top educational facilities in the country.

Even though her medical studies were demanding and time consuming, she always tried to keep herself educated business-wise, taking classes as accounting and marketing. Carolynne has been appointed as Director of the Board of Directors of Cambodia Post Bank since 2013.

EXECUTIVE MANAGEMENT



Mr. Toch Chaochek
Chief Executive Officer



MR. YI SAKUN
Chief Human Resources Officer



MR. MALAY KUMER PAUL
Chief Risk Officer

Mr. Toch has more than 20 years' working experience in Banking and Financial Sector in Cambodia. He served several senior management levels such as Senior Staff and Manager at Credit Division of ACLEDA Bank Plc. before moving to be Head of Credit Department, Head of Operation Department and EVP & Chief Operation Officer of Hatha Kaksekar Micro Finance in charge of Company Business's Strategies, Loan Operational Processes, Loan Portfolio Management, Credit Underwriting, Deposit Mobilization, Products Development and also Branch Channels Supervision. Beside the Banking and Finance experience, he also had 2 years in his first career started with Manufacturing Industry as Marketing Manager.

He is currently also a Board of Director of Funan Micro Finance Plc. since the date of acquisition. He graduated MBA in Finance and Banking in 2006 from University of Cambodia, BBA in Marketing in 1999 from National University of Management, Bachelor Degree in Public Law in 1999 and also Associated Degree in Professional Law in 1996 from Faculty of Law and Economic Sciences.

Mr. Toch has also attended numerous executive training courses locally and abroad in field of Banking and Finance which are most related to Leadership, Performance Management, Risk Management...etc.

Sakun has more than 16 years' experience in Human Resources management, Training & Development, Performance Management, and HR Strategic Business Partner for Financial sectors included Banking and Micro Finance industries, and hospitality industry. Sakun has extensive experience in the areas of people management and development, establishment of Corporate Culture, HR transformation management, Performance management, and talent management for both new established companies and reformed restructured companies.

He joined Cambodia Post Bank Plc. since the set up stage, February 2013. Prior to join Cambodia Post Bank Plc. he was the Deputy Head of Human Resources at AMRET Microfinance, the Human Resources Manager and Human Resources Business Partner and the Country Project Coordinator for ANZ Royal Bank, and the Head of Human Resources for SOKHA Group Hotels and Resorts (5-Star Hotels and Resorts).

He also had spent few years times serving in Sales & customer service roles for hospitality including local and 5-Star International hotels such as Sofitel, Raffle, etc., Tour Operators, and Telecom industries. He holds a Bachelor degree of Business Administration. He had also attended many training courses locally and internationally which are mostly related to leadership and Human Capital Management.

Malay has over 25 years of working experience, and was most recently the Vice President, Integrated Risk Management of Fullerton Financial Holdings (FFH) where he used to support risk function of FFH's portfolio in Indo China region.

Prior to FFH, he was Chief Risk Officer of Mekong Development Bank(MDB) in Vietnam. Malay had extensive experience in the area of Credit and Collections. He was the Executive Vice President and Head of Credit and Collection for Retail and Small Business of The City Bank Ltd in Bangladesh, and before that, in the same function for BRAC Bank in Bangladesh. Prior to that, he served 13 years in Standard Chartered Bank, and last position was the Cluster Head of Collections covering Bahrain, Qatar, Jordan and Lebanon.

Malay started his banking career in ANZ Grindlays Bank's where he used to be in Branch Banking and impaired Assets management. Malay holds a Master of Science (First Class) degree with the University of Dhaka, Bangladesh. He is a certified Collection Trainer and completed the Microfinance Train the Trainer course organized jointly by Asian Development Bank Institute (ADB), the World Bank Tokyo Development Learning Center (TDL), which is a member of GDLN Asia Pacific and the United Nations Capital Development Fund (UNCDF).

EXECUTIVE MANAGEMENT



MS. SANDY CHUA PHAK JU
Chief Sales and Distribution Officer



MR. KONG CHHAYLONG
Chief Operating Officer



MR. CHEA BUNHEAN
Chief Financial Officer



MR. KROUCH CHANTHOL
Acting Chief Information Technology Officer

Mrs. Sandy Chua Phak Ju joined CPBank, in 2019. She has been in banking industry since 2004. Prior to join CPBank, she has experienced in Cambodia Asia Bank as Secretary to CEO, served several operational and management roles in ANZ Royal Bank in different areas including Human Resources, Customer Services, Branch Compliance, Branch Management and Regional Lending, She also been assigned to a mobile payment company, Wing Cambodia (subsidiary of ANZ in 2008) as Customer Care and Admin Manager looking after Call Center, Retail Store, Admin and Operations Department. Mrs. Sandy Chua Phak Ju also experienced in various senior positions in Maybank (Cambodia)Plc. specialized in Business Development, Consumer Banking and Retail SME Banking.

Mrs. Sandy Chua Phak Ju holds a Master Degree of General Management from Charles Sturt University, Australia. She also accredited by Omega Credit Skills and LEAN Six Sigma.

She is one of the Banking and Finance Industry Representative to Government and Private Sector acknowledged by Priminister. Committee Member under Chamber of Professional and Micro Enterprises of Cambodia ('CPMEC') and Representative in Chemical Products under Ministry of Industry and Handicraft. She also an EXCO member of CSU_ACA and a member of Cambodia Chamber of Commerce ('CCC'), a member of Cambodia Women Entrepreneur Association, a member of Federation of Khmer Chinese in Cambodia.

Mr. Chhay Long had over 23 years of working experiences in Technology and Banking, he joined Cambodia Post Bank Plc., in 2016. He pursued his long careers with two big International Technology Companies for 12 years, later on starting with ANZ Royal Bank as part of Australia & New Zealand Banking group for another 10 years. Involving in banking industry, he diversified the Technology knowledge and experiences to transforms the operational services to be more on digitalize, simplified and automation to actually satisfy the market demand and for a better governance. His career path was gone through a various critical and challenging roles in the ANR Royal Bank, being with Technology then managing operational channels team to provide a support to Retail Banking, Wealth Management and Corporate & Institutional Business to succeed and become a big bank in the market back then.

With that commitments and contributions was brought out a significant outcome therefore he was later appointed to be a Head of Central Operation to manage and lead 5 department functions underneath.

From there and given the Technology passion, beside BAU, he had successfully led many operational projects for the Bank, including system transformation and processes re-engineering.

Mr. Chhay Long holding Master Degree of Information & Technology, and other comprehensive leadership as well as a member of ICA and Certified Candidate.

Mr. Bunhean Chea joined Cambodia Post Bank Plc. as Chief Financial Officer in November 2019. He brings over 10 years of professional working experience in Banking and Auditing. He spent over 2 years with Canadia Group and in charged various roles such as Head of Business Planning & Management Reporting Department and Head of Treasury Department at Canadia Bank Plc., and Chief Executive Officer at Cana Securities Ltd.

Prior to this, Mr. Bunhean worked also with a regional bank as a Deputy Head of Commercial Banking Division for 4 years. In addition, he involved in audit practice for more than 7 years, where his latest position was Audit Manager, with local and big 4 audit firms in Singapore, Vietnam and Cambodia.

Mr. Bunhean is a Certified Public Accountant, CPA Australia and KICPAA. He also have Master of Business Administration from Paris Institute of Business Administration, University Paris 1 – France. He has completed his Bachelor of Economics from Lyon 2 University – France and Bachelor of Business Administration from Royal University of Law and Economics – Cambodia.

He was also an Accredited auditor, securities Exchange Commission of Cambodia. He has direct working experience with regulators i.e. the National Bank of Cambodia, the stock Exchange Commission, Cambodia Stock Exchange, General Tax Department, KICPAA, National Accounting Council, and with business chambers i.e. Association Bank of Cambodia and Malaysian Chambers of Commerce.

Mr. Chanthol Krouch, Head of IT at Cambodia Post Bank Plc, is leading the IT and Digital team of The Bank, driving bank technology & digital strategic imperative to the next technology generation in Cambodia. With his team, Chanthol is committed to take the current technology trend to another level and acquire innovative digital products that will move faster and boost efficiency for business growth.

With over 20 years of professional experience, Chanthol has taken part as a pioneer founding member to setup Life Insurance, CamKo, RHB Bank and successfully launched the business to go live within a 6 months period. In his role, he managed the Technology & Digital Roadmap, ITSC Chairperson, implemented infrastructure platform, Service and Product Support, Card Center Operation, Vendor management, Cyber threats, Audit, Risk, Compliance, Governance & QA, Technical Support, Application Development, Business Continuity, and Disaster Recovery Plan. He was managing 33 staff activities under the IT & Digital Operation Department.

Prior to this role, he held senior positions in the various bank and insurance industries. Among the previous job, he was head of IT and service support in UCB, RHB, CamKo Bank and Prudential Life Insurance. Chanthol graduated with Computer Sciences from the Royal University of Phnom Penh and with a dual degree in Business Administration.



6th General Assembly

CPBnak has organized its 6th General Assembly on 6th January 2020 at Hotel Somadevi Angkor, Siem Reap to celebrate the achievement of the year 2019 and set the business strategies for 2020.

The event was inaugurated by Mr. Toch Chaochek, Chief Executive Officer of CP Bank with the presence of all Senior Managements of the Bank along with all our Branch Managers and outstanding staff. The day long event also included management development session through strengthened relationship and collaboration in order to improve the quality and

effectiveness of the management. All outstanding Credit Officer and Branches are also awarded for their extraordinary performance in 2019 during the event. set business strategies plan for 2020. This event also includes a management mindset development session and to strengthen relationships and collaboration to improve the quality of effective management. In addition, this event has presented awards and appreciation to outstanding staff and Branches for their extraordinary performance in 2019.



Workshop on “Women & Finance”

CPBank has organized a workshop on "Women & Finance" in collaboration with World Savings and Retail Banking Institute (WSBI) on 27th November 2019 at Olympia City Hotel in Phnom Penh. The workshop was focused on Gender equality and the empowerment of women for greater financial inclusion. Women access to financial services is essential to allow them to benefit fully from economic opportunities. Workshop highlighted that industry need to work in order to remove any barriers for Financial Access and for Expanding Women's Businesses.

Participants across the region included the

representative from different Bank and Financial Institution from Indonesia, India, Sri Lanka, Thailand and Bangladesh along with the Finance Ministry included honor guest H.E. Neav Chanthana, Deputy Governor of National Bank of Cambodia; Neak Oukha Dr. Pung Kheav Se, Chairman of the board of CPBank; and Some of the speakers included Mr. Toch Chaochek, Chief Executive, CPBank; and Mr. Chris De Noose, Managing Director, WSBI discussed on the importance of greater participation by women in the economy that will accelerate the attainment of sustainable and inclusive economic development for greater financial inclusion.



Official Partnership Signing Ceremony on Offering Loan Repayment

CPBank, Funan MFI and DaraPay celebrates Official Partnership Signing Ceremony on Offering Loan Repayment Service. This event as an additional distribution channel to make loan repayment for our customers. This signing ceremony took place at Dara Airport Hotel witnessed by more than 100 national and international guest from the three respective institutions, key management and members

of Press Release. Through this partnership, customers will be able to conveniently and securely make loan repayment in either KHR or USD via more than 2,700 DaraPay agents nationwide. Without spending time visiting CPBank or Funan MFI branches, customers can repay their loan at any DaraPay Agents located at the nearest to their home or workplace.



National Career and Productivity Fair 2019

CPBank joins this Career Fair with National Employment Agency of the Ministry of Labor and Vocational Training in collaboration with the Union of Youth Federations Cambodia and the Garment Manufacturers Association in Cambodia (GMAC) for two days, Saturday-Sunday, November 02nd-03rd, 2019 from 8 am to 8 pm at Koh Pich Exhibition.



The show contest on Khmer traditional clothes

CPBank celebrated the event to promote Khmer tradition through a traditional Khmer costume clothes show contest which received strong support in 2018. Once again this year of 2019, CPBank will also celebrate the big event to continue promoting our Khmer traditional costume during the Khmer New Year's holiday season on April 6th, 2019 at the exhibition hall, Koh Pich (Building I).

SOCIAL ACTIVITIES



Donating Benches to Ta Khmau City Hall

CPBank donated benches to the Ta Khmau City hall in order to take part with the public sector for social involvement and community development.

This initiatives are part of our commitment towards the society we are operating in. We believe in inclusive growth where we also want to be part of the community for long term sustainability.



Donating Benches to Samlout District Hall, Battambang Province

On November 07th, 2019, CPBank has donated benches to Samlout district hall to serve the public in the commune around Samlout district, Battambang province.



Donating Blood to National Blood Transfusion Center Cambodia

On the afternoon of July 24, 2019, All CPBank's Management and colleague has demonstrated the courage to donate blood voluntarily to contribute to saving lives for Cambodian people who need blood for lifesaving. Blood donation does not affect health. Blood donors are the life saver.



Sponsorship for Oddar Meanchey Province's boat team

On this occasion to celebrate Water Festival, on October 17th, 2019, CPBank Oddar Meanchey provincial Branch is honored to collaborate with Oddar Meanchey City hall directed by Mr. Un Sopheak to celebrate Water Festival . CPBank sponsored 100 T shirts and 100 environment friendly bags to Oddar Meanchey City Hall for supporting the team participated in the boat race.

SUCCESSFULL STORIES OF OUR CUSTOMERS



Successful Story of an Orange Plantation and Gas Station Owner in Pursat Province

Mr. Van Vorn and his wife, Mrs. Kong Ri have an orange plantation and gas station located in Ro Veang Village, Samrong Commune, Phnom Kravanh District, Pursat Province. The couple has three daughters. Farmers can harvest orange twice in a year due to favorable nature in Phnom Kravanh district for that plantation, hence this become a viable source of income for their livelihood.

Initially couple borrowed US\$ 30,000 during December 2015 to set up water system for their orange plantation. During July 2017, they borrowed

US\$ 11,000 for buying fertilizer for their plantation. Due to their success in their plantation and increased demand, they decided to increase their orange plantation and borrowed US\$ 50,000 during August 2019.

The couple also able to manage their gas station effectively along with the increased orange plantation which eventually improved their livelihood to a great extent and they are very grateful for CP Bank's financing for their growth aspiration.



Souvenir Shop of Mrs. Chan Sok Heng and Mr. Pon Peanreak in Siem Reap

Mrs. Chan Sok Heng, 28 years old Cambodian running a business of souvenir shop while her 38 years old husband Mr. Pon Peanreak work as a bus tourist guide for last 15 years in Siem Reap. The couple has two sons and currently studying.

Her souvenir shop is located in Siem Reap Night Market, Art Center at Siem Reap, a tourist City in Cambodia.

Initially they were running their shop on rental and decided to buy 2 nearby shop. Based on our Credit Officer's approach they borrowed during

December 2016 for an amount of USD 25,000 to buy 02 souvenir stalls. After that, their business has been expanded and borrowed again on February 2019 to buy another stall to expand. After receiving loan from CPBank, their business has grown 3 times and currently they have 3 souvenir shops in the night market which also improved their life significantly.

CPBank's loan actually enabled them to realise their dream business and they are thankful to get CPBank as a supporting Bank in their business success.

**CAMBODIA POST BANK PLC.
AND ITS SUBSIDIARY**

**CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
AND
REPORT OF THE INDEPENDENT AUDITORS**

Bank	Cambodia Post Bank Plc.	
Registration No.	Co. 1794 M/2013	
Registered office	No. 265-269, Ang Duong Street Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh Kingdom of Cambodia	
Shareholders	Canadia Investment Holding Plc. (“CIHP”) Fullerton Financial Capital Pte. Ltd. (“Fullerton”) Cambodia Post (“CP”)	
Board of Directors	Neak Oknha Dr. Pung Kheav Se Mr. Yeo Hong Ping Mr. Gan Chee Yen Mr. Ros Phirun Ms. Pung Carolyne Mr. Neo Poh Kiat Mr. Giang Sovann Mr. Teo Meng Poh Philip	Chairman Vice-Chairman (Appointed on 23 December 2019) Vice-Chairman (Resigned on 30 September 2019) Director Director Independent, Non-Executive Independent, Non-Executive Non-Executive (Appointed on 14 January 2019)
Auditors	KPMG Cambodia Ltd	

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REPORT OF THE BOARD DIRECTORS

The Board of Directors (“The Board” or “The Directors”) have pleasure in submitting their report together with the consolidated financial statements of Cambodia Post Bank Plc. (“the Bank”) and its subsidiary (collectively referred to as “the Group”) and the separate financial statements of the Bank for the year ended 31 December 2019.

The Bank

The principal activities of the Bank consist of the operation of core banking business and the provision of related financial services through the Bank’s head office and various branches in Phnom Penh and in the provinces.

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

FINANCIAL RESULTS

The financial results of the Group and the Bank were as follows:

Group	2019 US\$	2018 US\$	2019 KHR’000 (Note 5)	2018 KHR’000 (Note 5)
Profit before income tax	25,888,517	20,735,757	104,900,271	83,876,138
Income tax expense	(5,528,199)	(4,182,719)	(22,400,262)	(16,919,098)
Net profit for the year	20,360,318	16,553,038	82,500,009	66,957,040
Bank				
Profit before income tax	22,174,365	17,542,272	89,850,528	70,958,491
Income tax expense	(4,551,838)	(3,536,069)	(18,444,048)	(14,303,399)
Net profit for the year	17,622,527	14,006,203	71,406,480	56,655,092

DIVIDENDS

No dividend was declared or paid, and the Directors does not recommend any dividend to be paid for the year under review.

SHARE CAPITAL

The share capital of the Group and of the Bank as at 31 December 2019 is US\$76 million or KHR304 billion (31 December 2018: US\$76 million or KHR304 billion).

RESERVES AND PROVISIONS

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

The subsidiary

Funan Microfinance Plc., 100% owned by the Bank from 11 April 2017, is a microfinance institution providing loan to improve living standards in term of rural development through its head office in Phnom Penh and its various offices in the Kingdom of Cambodia.

LOANS AND ADVANCES

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(a) any 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, or

(b) any contingent liability in respect of the Group and the Bank that has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liability of the Group and the Bank has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and the Bank to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF UNUSUAL NATURE

The results of the operations of the Group and the Bank for the financial year were not, in the opinion of the Management, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and the Bank for the current period in which this report is made.

EVENTS SINCE THE REPORTING DATE

The Expected Credit Loss (“ECL”) at 31 December 2019 was estimated based on a range of forecast economic conditions as at that date. Subsequently, the coronavirus outbreak has spread across mainland China, and beyond, causing disruption to business and economic activity. The impact on GDP and other key indicators will be considered when determining the severity and likelihood of downside economic scenarios that will be used to estimate ECL under CIFRS 9 in 2020.

THE BOARD OF DIRECTORS

The Directors who served during the year and at the date of this report are:

Neak Oknha Pung Kheav Se	Chairman
Mr. Yeo Hong Ping (Appointed on 23 December 2019)	Vice-Chairman
Mr. Gan Chee Yen (Resigned on 30 September 2019)	Vice-Chairman
Mr. Ros Phirun	Director
Ms. Pung Carolyne	Director
Mr. Neo Poh Kiat Non-Executive	Independent,
Mr. Giang Sovann Non-Executive	Independent,
Mr. Teo Meng Poh Philip (appointed on 14 January 2019)	Non-Executive

DIRECTOR’S INTEREST

Neak Oknha Dr. Pung Kheav Se, Chairman of the Board, holds shares in CIHP, a shareholder of the Group and of the Bank.

DIRECTORS’ BENEFITS

During and at the end of the financial year, no arrangements existed to which the Group and the Bank is a party with the object of enabling Directors of the Group and the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Group and the Bank or any other body corporate.

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

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2019, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors 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 Cambodian International Financial Reporting Standards ("CIFRSs") or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) oversee the Group's and the Bank's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- (iv) assess the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so; and

On behalf of the Board of Directors and in accordance with the resolution of the Board



MR. PUNG KHEAV SE
Chairman of the Board of Directors

Phnom Penh, Kingdom of Cambodia

(v) effectively control and direct effectively the Group and the Bank in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

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

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements together with the notes thereto which, in our opinion, present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2019, and their financial performance and their cash flows for the year then ended, in accordance with CIFRSs.

MR. TOCH CHAOCHER
Chief Executive Officer

REPORT OF INDEPENDENT AUDITOR TO: THE SHAREHOLDERS OF CAMBODIA POST BANK PLC

Opinion

We have audited the consolidated financial statements of Cambodia Post Bank Plc. ("the Bank") and its subsidiary (collectively referred to as "the Group") and the separate financial statements of the Bank, which comprise the consolidated and the separate statement of financial position as at 31 December 2019, the consolidated and the separate statements of profit or loss and other comprehensive income, consolidated and the separate statements of changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 49 to 71 (hereafter referred to as "the financial statements").

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and unconsolidated financial position of the Group and the Bank as at 31 December 2019, and their consolidated and unconsolidated financial performance and their cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Matter

As stated in Note 36 to the financial statements, the Group and the Bank adopted CIFRSs on 1 January 2019 with a transition date of 1 January 2018. These standards were applied retrospectively to the comparative information in these financial statements, including the consolidated and separate statements of financial position as at 31 December 2018 and 1 January 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows of the Group and the Bank for the year ended 31 December 2018 and related explanatory notes. We were not engaged to audit on the restated comparative information and it is unaudited. Our responsibilities in respect of this comparative information is to determine whether the financial statements include the comparative information required by CIFRSs and whether such information is appropriately classified.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditors' report is the report of the Management on pages 44 to 46, and the annual report, which is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those Charge with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance CIFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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

For KPMG Cambodia Ltd



Nge Huy
Partner

Phnom Penh, Kingdom of Cambodia

CAMBODIA POST BANK PLC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	31 December		31 December		1 January 2018	
		2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
ASSETS							
Cash on hand	6	25,158,725	19,223,992	102,521,804	77,242,000	17,613,161	71,104,331
Placements with other banks	7	52,179,640	169,270,270	212,632,033	680,127,945	128,667,834	519,432,046
Statutory deposits	8	69,247,853	71,251,369	282,185,001	286,288,001	52,617,717	212,417,724
Loans and advances to customers – net	9	661,928,721	510,413,845	2,697,359,538	2,050,842,829	365,106,621	1,473,935,429
Other assets	10	1,525,391	1,220,802	6,215,968	4,905,182	705,710	2,848,951
Intangible assets	11	960,421	927,010	3,913,716	3,724,726	920,419	3,715,732
Property and equipment	12	4,230,499	3,044,922	17,239,283	12,234,497	2,898,731	11,702,177
Right-of-use assets	13	6,007,571	5,156,269	24,480,852	20,717,889	5,699,211	23,007,715
Goodwill	14	754,215	754,215	3,073,426	3,030,436	754,215	3,044,766
Deferred tax assets – net	22	1,926,961	1,731,187	7,852,366	6,955,909	1,560,087	6,298,071
Total assets		823,919,997	782,993,881	3,357,473,987	3,146,069,414	576,543,706	2,327,506,942
LIABILITIES AND SHAREHOLDER'S EQUIT							
Liabilities							
Deposits from customers	15	471,060,211	510,710,185	1,919,570,360	2,052,033,523	359,822,419	1,452,603,106
Deposits from other banks	16	81,168,815	72,667,791	330,762,921	291,979,184	72,070,152	290,947,204
Borrowings	17	89,819,019	67,731,583	366,012,502	272,145,500	41,915,222	169,211,751
Subordinated debts	18	34,000,000	6,300,000	138,550,000	25,313,400	-	-
Lease liabilities	19	5,931,948	5,013,684	24,172,688	20,144,982	5,280,482	21,317,306
Other liabilities	20	19,820,196	19,634,474	80,767,298	78,891,318	15,044,261	60,733,682
Provision for employee benefits	21	410,049	666,900	1,670,950	2,679,604	111,874	451,635
Current income tax liabilities	22	4,784,108	3,703,931	19,495,240	14,882,395	2,287,001	9,232,623
Total liabilities		706,994,346	686,428,548	2,881,001,959	2,758,069,906	496,531,411	2,004,497,307
Shareholder's equity							
Share capital	23	76,000,000	76,000,000	304,093,780	304,093,780	70,790,000	283,160,000
Regulatory reserves	24	5,734,785	3,955,873	23,164,489	15,915,423	1,090,822	4,403,648
Retained earnings		35,190,866	16,609,460	142,313,066	67,062,123	8,131,473	32,550,638
Currency translation reserves		-	-	6,900,693	928,182	-	2,895,349
Total shareholder's equity		116,925,651	96,565,333	476,472,028	387,999,508	80,012,295	323,009,635
Total liabilities and shareholder's equity		823,919,997	782,993,881	3,357,473,987	3,146,069,414	576,543,706	2,327,506,942

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

CAMBODIA POST BANK PLC. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)
Operating income					
Interest income	25	84,417,468	68,983,551	342,059,580	279,038,464
Interest expense	26	(37,111,532)	(30,600,228)	(150,375,928)	(123,777,922)
Net interest income		47,305,936	38,383,323	191,683,652	155,260,542
Net fee and commission income	27	409,400	100,465	1,658,889	406,381
Other income	28	3,276,763	2,960,371	13,277,444	11,974,701
Total operating profit		50,992,099	41,444,159	206,619,985	167,641,624
Personnel expenses	29	(13,145,838)	(11,618,646)	(53,266,936)	(46,997,423)
Other operating expenses	30	(9,005,217)	(7,842,800)	(36,489,139)	(31,724,126)
		(22,151,055)	(19,461,446)	(89,756,075)	(78,721,549)
Total operating expenses		28,841,044	21,982,713	116,863,910	88,920,075
Operating profit before impairment		22,151,055	19,461,446	116,863,910	88,920,075
Impairment losses on financial instruments	9	(2,952,527)	(1,246,956)	(11,963,639)	(5,043,937)
Profit before income tax		19,198,528	18,214,490	104,900,271	83,876,138
Income tax expense	22	(5,528,199)	(4,182,719)	(22,400,262)	(16,919,098)
Net profit for the year		13,670,329	14,031,771	82,500,009	66,957,040
Other comprehensive income					
Currency translation reserves		-	-	5,972,511	(1,967,167)
Total comprehensive income for the year		13,670,329	14,031,771	88,472,520	64,989,873

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital		Regulatory reserves		Retained earnings		Currency translation reserves		Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January 2018	70,790,000	283,160,000	1,090,822	4,403,648	8,131,473	32,550,638	-	2,895,349	80,012,295	323,009,635
Transactions recognised directly in equity										
Transfers to share capital	5,210,000	20,933,780	-	-	(5,210,000)	(20,933,780)	-	-	-	-
Transfers from retained earnings to regulatory reserves	-	-	2,865,051	11,511,775	(2,865,051)	(11,511,775)	-	-	-	-
Comprehensive income										
Net profit for the year	-	-	-	-	16,553,038	66,957,040	-	-	16,553,038	66,957,040
Currency translation reserves	-	-	-	-	-	-	-	(1,967,167)	-	(1,967,167)
At 31 December 2018	76,000,000	304,093,780	3,955,873	15,915,423	16,609,460	67,062,123	-	928,182	96,565,333	387,999,508
At 1 January 2019	76,000,000	304,093,780	3,955,873	15,915,423	16,609,460	67,062,123	-	928,182	96,565,333	387,999,508
Transactions recognised directly in equity										
Transfers from retained earnings to regulatory reserves	-	-	1,778,912	7,249,066	(1,778,912)	(7,249,066)	-	-	-	-
Comprehensive income										
Net profit for the year	-	-	-	-	20,360,318	82,500,009	-	-	20,360,318	82,500,009
Currency translation reserves	-	-	-	-	-	-	-	5,972,511	-	5,972,511
At 31 December 2019	76,000,000	304,093,780	5,734,785	23,164,489	35,190,866	142,313,066	-	6,900,693	116,925,651	476,472,028

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

CAMBODIA POST BANK PLC. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)
Cash flows from operating activities					
Net profit for the year		20,360,318	16,553,038	82,500,009	66,957,040
Adjustments for:					
Depreciation and amortisation		3,641,925	3,189,813	14,757,080	12,902,794
(Gain) on disposal of property and equipment		(12,769)	(60,957)	(51,740)	(246,572)
Income tax expense		5,528,199	4,182,719	22,400,262	16,919,098
Net impairment loss on loans		2,927,294	1,329,245	11,861,395	5,376,796
Provision for employee benefits		(256,851)	555,026	(1,040,760)	2,245,080
		32,188,116	25,748,884	130,426,246	104,154,236
Changes in:					
Placements with other banks		(260,886)	(133,836)	(1,063,110)	(545,382)
Loans and advances		(154,442,170)	(146,636,469)	(629,351,843)	(589,185,332)
Statutory deposits		2,003,516	(18,633,652)	8,164,328	(74,870,014)
Other assets		(304,589)	(515,092)	(1,241,200)	(2,069,640)
Deposits from customers		(39,649,974)	150,887,766	(161,573,644)	606,267,044
Deposits from other banks		8,501,024	597,639	34,641,673	2,401,314
Other liabilities		1,103,986	4,323,415	4,498,743	17,371,481
Cash used in operations		(150,860,977)	15,638,655	(615,498,807)	63,523,707
Income tax paid		(4,643,796)	(2,936,889)	(18,816,661)	(11,879,716)
Net cash used in operating activities		(155,504,773)	12,701,766	(634,315,468)	51,643,991
Cash flows from investing activities					
Purchase of property and equipment and intangible assets	10	(3,126,744)	(1,839,912)	(12,669,567)	(7,442,444)
Proceeds from disposal of property and equipment		29,882	95,231	121,082	385,209
Net cash used in investing activities		(3,096,862)	(1,744,681)	(12,548,485)	(7,057,235)
Cash flows from financing activities					
Proceeds from borrowings		37,064,551	26,811,881	150,185,561	108,454,059
Repayments of borrowings		(14,977,115)	(995,520)	(60,687,270)	(4,026,878)
Proceeds from subordinated debts		27,700,000	6,300,000	112,240,400	25,483,500
Payments of lease liabilities		(2,602,584)	(994,015)	(10,545,670)	(4,020,791)
		47,184,852	31,122,346	191,193,021	125,889,890
Net cash generated from financing activities		47,184,852	31,122,346	191,193,021	125,889,890
Net decrease in cash and cash equivalents		(111,416,783)	42,079,431	(455,670,932)	170,476,646
Cash and cash equivalents at beginning of the year					
Currency translation difference		-	-	12,392,635	(4,183,681)
Cash and cash equivalents at end of the year	6	77,093,627	188,510,410	314,156,530	757,434,827

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

CAMBODIA POST BANK PLC.
SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	31 December		31 December		1 January 2018	
		2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
ASSETS							
Cash on hand	6	24,813,127	18,934,494	101,113,493	76,078,797	17,445,018	70,425,538
Placements with other banks	7	51,442,981	169,028,908	209,630,148	679,158,152	126,840,708	512,055,938
Statutory deposits	8	68,847,853	70,851,369	280,555,001	284,680,801	52,217,717	210,802,924
Loans and advances to customers – net	9	606,971,782	464,005,091	2,473,410,012	1,864,372,456	337,318,052	1,361,752,976
Other assets	10	1,279,231	1,018,778	5,212,866	4,093,449	619,838	2,502,285
Investment in subsidiary	14	8,685,818	8,685,818	35,394,708	34,899,617	8,685,818	35,064,647
Intangible assets	11	854,876	784,756	3,483,620	3,153,150	748,863	3,023,160
Property and equipment	12	3,631,392	2,815,384	14,797,922	11,312,213	2,708,293	10,933,379
Rights-of-use assets	13	4,614,191	4,476,878	18,802,828	17,988,096	5,023,823	20,281,173
Deferred tax assets – net	22	1,803,309	1,466,811	7,348,484	5,893,647	1,300,726	5,251,031
Total assets		772,944,560	742,068,287	3,149,749,082	2,981,630,378	552,908,856	2,232,093,051
LIABILITIES AND SHAREHOLDER'S EQUITY							
Liabilities							
Deposits from customers	15	471,597,891	510,710,185	1,921,761,406	2,052,033,523	359,822,419	1,452,603,106
Deposits from other banks	16	81,168,815	72,752,693	330,762,921	292,320,320	72,103,410	291,081,466
Borrowings	17	49,220,859	31,039,821	200,575,000	124,718,001	19,000,000	76,703,000
Subordinated debts	18	31,000,000	6,300,000	126,325,000	25,313,400	-	-
Lease liabilities	19	4,633,170	4,429,827	18,880,168	17,799,045	4,701,390	18,979,511
Other liabilities	20	18,941,161	18,854,628	77,185,232	75,757,897	14,726,070	59,449,145
Provision for employee benefits	21	356,525	500,171	1,452,839	2,009,687	-	-
Current income tax liabilities	22	4,067,233	3,144,583	16,573,974	12,634,934	2,225,391	8,983,903
Total liabilities		660,985,654	647,731,908	2,693,516,540	2,602,586,807	472,578,680	1,907,800,131
Shareholder's equity							
Share capital	23	76,000,000	76,000,000	304,093,780	304,093,780	70,790,000	283,160,000
Regulatory reserves	24	5,384,020	3,598,243	21,755,507	14,478,466	1,090,822	4,403,647
Retained earnings		30,574,886	14,738,136	123,885,975	59,756,536	8,449,354	34,110,042
Currency translation differences		-	-	6,497,280	714,789	-	2,619,231
Total shareholder's equity		111,958,906	94,336,379	456,232,542	379,043,571	80,330,176	324,292,920
Total liabilities and shareholder's equity		772,944,560	742,068,287	3,149,749,082	2,981,630,378	552,908,856	2,232,093,051

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

CAMBODIA POST BANK PLC.
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)
Operating income					
Interest income	25	72,304,870	58,801,878	292,979,333	237,853,597
Interest expense	26	(34,003,111)	(28,051,516)	(137,780,606)	(113,468,382)
Net interest income		38,301,759	30,750,362	155,198,727	124,385,215
Net fee and commission income	27	409,400	100,465	1,658,889	406,381
Other income	28	2,901,438	2,568,143	11,756,627	10,388,138
Total operating profit		41,612,597	33,418,970	168,614,243	135,179,734
Personnel expenses	29	(10,014,641)	(8,267,665)	(40,579,325)	(33,442,705)
Other operating expenses	30	(6,816,725)	(6,121,944)	(27,621,369)	(24,763,263)
Total operating expenses		(16,831,366)	(14,389,609)	(68,200,694)	(58,205,968)
Operating profit before impairment		24,781,231	19,029,361	100,413,549	76,973,766
Impairment losses on financial instruments	9	(2,606,866)	(1,487,089)	(10,563,021)	(6,015,275)
Profit before income tax		22,174,365	17,542,272	89,850,528	70,958,491
Income tax expense	22	(4,551,838)	(3,536,069)	(18,444,048)	(14,303,399)
Net profit for the year		17,622,527	14,006,203	71,406,480	56,655,092
Other comprehensive income					
Currency translation reserves		-	-	5,782,491	(1,904,442)
Total comprehensive income for the year		17,622,527	14,006,203	77,188,971	54,750,650

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

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital		Regulatory reserves		Retained earnings		Currency translation reserves		Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January 2018	70,790,000	283,160,000	1,090,822	4,403,647	8,449,354	34,110,042	-	2,619,231	80,330,176	324,292,920
Transactions recognised directly in equity										
Transfers to share capital	5,210,000	20,933,780	-	-	(5,210,000)	(20,933,780)	-	-	-	-
Transfers from retained earnings to regulatory reserves	-	-	2,507,421	10,074,818	(2,507,421)	(10,074,818)	-	-	-	-
Comprehensive income										
Net profit for the year	-	-	-	-	14,006,203	56,655,092	-	-	14,006,203	56,655,092
Currency translation reserves	-	-	-	-	-	-	(1,904,442)	-	(1,904,442)	-
At 31 December 2018	76,000,000	304,093,780	3,598,243	14,478,466	14,738,136	59,756,536	-	714,789	94,336,379	379,043,571
At 1 January 2019	76,000,000	304,093,780	3,598,243	14,478,466	14,738,136	59,756,536	-	714,789	94,336,379	379,043,571
Transactions recognised directly in equity										
Transfers from retained earnings to regulatory reserves	-	-	1,785,777	7,277,041	(1,785,777)	(7,277,041)	-	-	-	-
Comprehensive income										
Net profit for the year	-	-	-	-	17,622,527	71,406,480	-	-	17,622,527	71,406,480
Currency translation reserves	-	-	-	-	-	-	5,782,491	-	5,782,491	-
At 31 December 2019	76,000,000	304,093,780	5,384,020	21,755,507	30,574,886	123,885,975	-	6,497,280	111,958,906	456,232,542

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

CAMBODIA POST BANK PLC.

SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

Note	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)
Cash flows from operating activities				
Net profit for the year	17,622,527	14,006,203	71,406,480	56,655,092
<i>Adjustments for:</i>				
Depreciation and amortisation	2,928,182	2,564,581	11,864,993	10,373,730
Gain on disposals of property, plant and equipment	(12,768)	(50,251)	(51,736)	(203,265)
Income tax expense	4,551,838	3,536,069	18,444,048	14,303,399
Allowances for losses on loans	2,581,633	1,569,378	10,460,777	6,348,134
Provision for employee benefits	(143,646)	500,171	(582,054)	2,023,192
	<u>27,527,766</u>	<u>22,126,151</u>	<u>111,542,508</u>	<u>89,500,282</u>
<i>Changes in:</i>				
Placements with other banks	(272,007)	(82,289)	(1,108,429)	(335,328)
Loans and advances	(145,548,324)	(128,256,417)	(593,109,420)	(515,334,284)
Statutory deposits	2,003,516	(18,633,652)	8,164,328	(74,870,014)
Other assets	(260,453)	(398,940)	(1,061,346)	(1,602,941)
Deposits from customers	(39,112,294)	150,887,766	(159,382,598)	606,267,044
Deposits from other banks	8,416,122	649,283	34,295,697	2,608,819
Other liabilities	289,876	3,856,995	1,181,245	15,497,406
Cash used in operations	(146,955,798)	30,148,897	(599,478,015)	121,730,984
Income tax paid	(3,965,686)	(2,782,962)	(16,068,960)	(11,257,081)
Net cash used in operating activities	(150,921,484)	27,365,935	(615,546,975)	110,473,903
Cash flows from investing activities				
Purchase of property and equipment and intangible assets	(2,590,766)	(1,634,633)	(10,497,784)	(6,612,090)
Proceeds from disposal of property, plant and equipment	29,882	80,588	121,082	325,978
Net cash used in investing activities	(2,560,884)	(1,554,045)	(10,376,702)	(6,286,112)
Cash flows from financing activities				
Proceeds from borrowings	31,181,038	12,039,821	126,345,566	48,701,076
Repayments of borrowings	(13,000,000)	-	(52,676,000)	-
Proceeds from subordinated debts	24,700,000	6,300,000	100,084,400	25,483,500
Payments of lease liabilities	(1,377,971)	(556,324)	(5,583,538)	(2,250,331)
Net cash generated from financing activities	<u>41,503,067</u>	<u>17,783,497</u>	<u>168,170,428</u>	<u>71,934,245</u>
Net decrease in cash and cash equivalents	(111,979,301)	43,595,387	(457,753,249)	176,122,036
Cash and cash equivalents at beginning of the year	187,975,711	144,380,324	755,286,407	582,863,368
Currency translation difference	-	-	12,152,213	(3,698,997)
Cash and cash equivalents at end of the year	6	75,996,410	309,685,371	755,286,407

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

CAMBODIA POST BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. REPORTING ENTITY

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

The Bank

The Bank is a commercial bank operating in accordance with the Cambodian Law on Commercial Enterprises and under 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. 38 dated 20 September 2013 issued by the NBC.

The shareholders of the Bank are Canadia Investment Holding Plc. (“CIHP”), a public limited company incorporated in the Kingdom of Cambodia and Fullerton Financial Capital Pte. Ltd. (“Fullerton”), incorporated in Singapore (Note 23).

The principal activities of the Bank consist of the operation of core banking business and the provision of related financial services through the Bank’s head office and various branches in Phnom Penh and in the provinces.

The Bank’s registered office is currently located at No. 265-269, Ang Duong Street, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia. The Bank has a total of 51 branches located in Phnom Penh and major provinces in Cambodia.

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

The paid-up capital of the Bank as at 31 December 2019 is US\$76,000,000 (2018: US\$76,000,000).

As at 31 December 2019, the Bank has a total of 1,585 employees (2018: 1,441 employees).

The subsidiary

Funan Microfinance Plc., the subsidiary, is a microfinance institution with 51 branches located across Cambodia providing small and medium-sized loans.

The subsidiary was incorporated in the Kingdom of Cambodia and registered with the MoC as a public limited liability company under registration number Co. 2133 KH2015 dated 17 June 2015.

2. BASIS OF ACCOUNTING

The financial statements of the Group and the Bank have been prepared in accordance with the Cambodian International Financial Reporting Standards (“CIFRSs”). These are the Group’s and the Bank’s first financial statements prepared in accordance with CIFRSs and CIFRS 1 First-time Adoption of Cambodian International Financial Reporting Standards has been applied.

In the previous financial years, the financial statements were prepared in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia (“NBC”) relating to the preparation and presentation of financial statements. An explanation of how the transition to CIFRS have affected the reported financial position, financial performance and cash flows is provided in Note 36.

The accounting policies and methods of computation have been applied consistently to all periods presented in these financial statements.

Details of the Group’s and the Bank’s accounting policies are included in Note 35.

The financial statements were authorised for issue by the Board of Directors on 31 March 2020.

3. FUNCTIONAL AND PRESENTATION CURRENCY

The Group and the Bank transacts its business and maintains its accounting records in United States Dollars (“US\$”). Management has determined the US\$ to be the Bank’s functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Bank.

These financial statements are presented in US\$, which is the Bank’s functional currency. All amounts have been rounded to the nearest dollar or thousands riels, except when otherwise indicated.

4. USE OF JUDGMENTS AND ESTIMATES

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s and the Bank’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes.

- Note 35D(ii): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding.

- Note 35D(vii): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 35D(vii): impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.

- Note 35D(vi): determination of the fair value of financial instruments with significant unobservable inputs.

- Note 35D(vii): impairment of financial instruments: key assumptions used in estimating recoverable cash flows.

6. CASH AND CASH EQUIVALENTS

	31 December		31 December		1 January 2018	
	2019	2018	2019	2018	US\$	KHR'000
	US\$	US\$	KHR'000	KHR'000	US\$	KHR'000
The Group			(Note 5)	(Note 5)		(Note 5)
Cash on hand	25,158,725	19,223,992	102,521,804	77,242,000	17,613,161	71,104,331
Cash equivalents with other banks	51,934,902	69,286,418	211,634,726	680,192,827	128,817,818	520,037,531
	77,093,627	188,510,410	314,156,530	757,434,827	146,430,979	591,141,862

The Bank

Cash on hand	24,813,127	18,934,494	101,113,493	76,078,797	17,445,018	70,425,538
Cash equivalents with other banks	51,183,283	169,041,217	208,571,878	679,207,610	126,935,306	512,437,830
	75,996,410	187,975,711	309,685,371	755,286,407	144,380,324	582,863,368

5. TRANSLATION OF UNITED STATES DOLLARS INTO KHMER RIEL

The financial statements are expressed in United States Dollars. The translations of United States Dollars amounts into Khmer Riel are included solely for compliance with the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

Assets and liabilities are translated at the closing rate as at the reporting date. The statements of profit or loss and other comprehensive income and cash flows are translated into KHR using the average rate for the year. Exchange differences arising from the translation are recognised as "Currency translation reserves" in the other comprehensive income.

The Group and the Bank uses the following exchange rates:

		Closing rate	Average rate
31 December 2019	US\$1	=KHR 4,075	KHR 4,052
31 December 2018	US\$1	=KHR 4,018	KHR 4,045
1 January 2018	US\$1	=KHR 4,037	N/A

These convenience translations should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into Khmer Riels at this or any other rate of exchange.

7. PLACEMENTS WITH OTHER BANKS

	31 December		31 December		1 January 2018	
	2019	2018	2019	2018	US\$	KHR'000
	US\$	US\$	KHR'000	KHR'000	US\$	KHR'000
The Group			(Note 5)	(Note 5)		(Note 5)
Current accounts	44,321,788	25,036,431	180,611,286	100,596,380	37,707,601	152,225,585
Savings accounts	2,152,114	3,249,987	8,769,865	13,058,448	3,076,959	12,421,683
Term deposits	5,758,239	141,000,000	23,464,824	566,538,000	88,000,000	355,256,001
	52,232,141	169,286,418	212,845,975	680,192,828	128,784,560	519,903,269
Less: Allowance for expected credit losses	(52,501)	(16,148)	(213,942)	(64,883)	(116,726)	(471,223)
	52,179,640	169,270,270	212,632,033	680,127,945	128,667,834	519,432,046

The Bank

Current accounts	44,180,827	24,967,220	180,036,870	100,318,290	36,656,645	147,982,876
Savings accounts	1,541,456	3,073,997	6,281,433	12,351,320	2,278,661	9,198,954
Term deposits	5,758,239	141,000,000	23,464,825	566,538,000	88,000,000	355,256,000
	51,480,522	169,041,217	209,783,128	679,207,610	126,935,306	512,437,830
Less: Allowance for expected credit losses	(37,541)	(12,309)	(152,980)	(49,458)	(94,598)	(381,892)
	51,442,981	169,028,908	209,630,148	679,158,152	126,840,708	512,055,938

Placements with other banks are maturing from 2 to 9 months and earned interest ranging from 0.65% to 2.25% per annum.

8. STATUTORY DEPOSITS

	31 December		31 December		1 January 2018	
	2019	2018	2019	2018	US\$	KHR'000
	US\$	US\$	KHR'000	KHR'000	US\$	KHR'000
The Group			(Note 5)	(Note 5)		(Note 5)
Capital guarantee deposits	8,000,000	8,000,000	32,600,000	32,144,000	7,479,000	30,192,723
Reserve requirements on customers' deposits	61,247,853	63,251,369	249,585,001	254,144,001	45,138,717	182,225,001
	69,247,853	71,251,369	282,185,001	286,288,001	52,617,717	212,417,724
The Bank						
Capital guarantee deposit	7,600,000	7,600,000	30,970,000	30,536,800	7,079,000	28,577,923
Reserve requirements on customers' deposits	61,247,853	63,251,369	249,585,001	254,144,001	45,138,717	182,225,001
	68,847,853	70,851,369	280,555,001	284,680,801	52,217,717	210,802,924

A. Capital guarantee deposits

Under the NBC's regulation, the Bank is required to maintain a statutory deposit 10% (the subsidiary: 5%) of its capital. This deposit is not available for use in the Group's and the Bank's day-to-day operations and is refundable should the Group and the Bank voluntarily cease its operations in Cambodia. These deposits earn interest at rate of 0.48% per annum (2018: 0.62% per annum).

B. Reserve requirements on customers' deposits

The reserve requirement represents the minimum reserve which is calculated at 8% for KHR and 12.50% for other currencies of the total amount of deposits from customers, non-residential banks and financial institution deposits, and non-residential borrowings. Pursuant to the National Bank of Cambodia's Prakas No. B7-018-282 on the maintenance of reserve requirement against commercial banks' deposits and borrowings, reserve requirements both in KHR and in other currencies bear no interest effective from 29 August 2018.

9. LOANS AND ADVANCES TO CUSTOMERS

(a). ANALYSIS BY TYPE OF LOANS

	31 December		31 December		1 January 2018	
	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
The Group						
Commercial loans:						
Overdrafts	566,007	26,628	2,306,479	106,991	12,460	50,301
Short term loans	1,141,056	1,946,650	4,649,803	7,821,640	3,270,407	13,202,633
Long term loans	665,375,337	513,084,569	2,711,404,498	2,061,573,798	366,392,674	1,479,127,225
Consumer loans	54,987	78,846	224,072	316,803	3,680	14,856
Gross loans and advances	667,137,387	515,136,693	2,718,584,852	2,069,819,232	369,679,221	1,492,395,015
Accrued interest receivables	5,669,320	4,569,452	23,102,479	18,360,058	3,398,386	13,719,284
Unearned loan commitment fees	(6,576,832)	(5,237,527)	(26,800,590)	(21,044,383)	(3,627,067)	(14,642,469)
	666,229,875	514,468,618	2,714,886,741	2,067,134,907	369,450,540	1,491,471,830
Allowance for expected credit losses	(4,301,154)	(4,054,773)	(17,527,203)	(16,292,078)	(4,343,919)	(17,536,401)
Loans and advances – net	661,928,721	510,413,845	2,697,359,538	2,050,842,829	365,106,621	1,473,935,429

The Bank

	2019		2018		1-Jan-18	
	US\$	US\$	KHR'000	KHR'000	US\$	KHR'000
Commercial loans:						
Overdrafts	566,007	26,628	2,306,479	106,991	12,460	50,301
Short term loans	520,850	746,963	2,122,464	3,001,297	864,016	3,488,033
Long term loans	610,435,907	467,315,113	2,487,526,321	1,877,672,124	340,070,890	1,372,866,183
Consumer loans	54,987	78,846	224,072	316,803	3,680	14,856
Gross loans and advances	611,577,751	468,167,550	2,492,179,336	1,881,097,215	340,951,046	1,376,419,373
Accrued interest receivables	5,069,984	4,043,568	20,660,185	16,247,058	3,051,097	12,317,279
Unearned loan commitment fees	(5,789,488)	(4,522,659)	(23,592,164)	(18,172,044)	(3,164,100)	(12,773,472)
	610,858,247	467,688,459	2,489,247,357	1,879,172,229	340,838,043	1,375,963,180
Allowance for expected credit losses	(3,886,465)	(3,683,368)	(15,837,345)	(14,799,773)	(3,519,991)	(14,210,204)
Loans and advances – net	606,971,782	464,005,091	2,473,410,012	1,864,372,456	337,318,052	1,361,752,976

Allowance for impairment losses

(i) Allowance for impairment losses recognised in profit or loss are summarised is as follows:

	2019		2018	
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
The Group				
Net impairment loss on loans	2,927,294	1,329,245	11,861,395	5,376,796
Net impairment loss on placements with other banks	25,233	(82,289)	102,244	(332,859)
	2,952,527	1,246,956	11,963,639	5,043,937

The Bank

Net impairment loss on loans	2,581,633	1,569,378	10,460,777	6,348,134
Net impairment loss on placements with other banks	25,233	(82,289)	102,244	(332,859)
	2,606,866	1,487,089	10,563,021	6,015,275

(ii) The movement of allowance for losses on loans and advances is as follows:

	2019		2018	
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
The Group				
At 1 January	4,054,773	4,343,919	16,292,078	17,536,401
Allowance for the year	2,927,294	1,329,245	11,861,395	5,376,796
Written off for the year	(2,680,913)	(1,618,391)	(10,863,059)	(6,546,392)
Currency translation difference	-	-	236,789	(74,727)
At 31 December	4,301,154	4,054,773	17,527,203	16,292,078

The Bank

At 1 January	3,683,368	3,519,991	14,799,773	14,210,204
Allowance for the year	2,581,633	1,569,378	10,460,777	6,348,134
Written off for the year	(2,378,536)	(1,406,001)	(9,637,828)	(5,687,274)
Currency translation difference	-	-	214,623	(71,291)
At 31 December	3,886,465	3,683,368	15,837,345	14,799,773

Gross amounts of loans and advances to customers by maturity are as follows:

	2019		2018		1-Jan-18	
	US\$	US\$	KHR'000	KHR'000	US\$	KHR'000
Group						
Within 1 month	331,865	390,710	1,352,350	1,569,873	270,293	1,091,173
> 1 to 3 months	493,864	475,493	2,012,496	1,910,531	673,111	2,717,349
> 3 to 6 months	1,477,958	1,297,298	6,022,679	5,212,543	1,483,466	5,988,752
> 6 to 12 months	5,700,981	6,125,140	23,231,498	24,610,813	5,655,639	22,831,815
> 1 to 2 years	27,251,653	29,430,223	111,050,486	118,250,636	29,377,807	118,598,207
> 2 to 5 years	341,660,314	299,930,742	1,392,265,779	1,205,121,721	251,858,314	1,016,752,014
Over 5 years	290,220,752	177,487,087	1,182,649,564	713,143,115	80,360,591	324,415,705
	667,137,387	515,136,693	2,718,584,852	2,069,819,232	369,679,221	1,492,395,015

	2019		2018		1-Jan-18	
	US\$	US\$	KHR'000	KHR'000	US\$	KHR'000
Bank						
Within 1 month	211,177	217,026	860,546	872,009	136,977	552,976
> 1 to 3 months	282,944	244,980	1,152,997	984,330	283,474	1,144,385
> 3 to 6 months	869,674	700,256	3,543,922	2,813,629	630,150	2,543,916
> 6 to 12 months	3,776,948	3,230,794	15,391,063	12,981,330	3,601,557	14,539,486
> 1 to 2 years	18,757,742	19,208,644	76,437,799	77,180,332	18,807,304	75,925,086
> 2 to 5 years	297,617,167	267,088,762	1,212,789,956	1,073,162,646	237,168,612	957,449,687
Over 5 years	290,062,099	177,477,088	1,182,003,053	713,102,939	80,322,972	324,263,837
	611,577,751	468,167,550	2,492,179,336	1,881,097,215	340,951,046	1,376,419,373

For additional analysis of gross amount of loans and advances to customers, refer to Note 33B.

12. PROPERTY AND EQUIPMENT (CONTINUED)

The Bank	Leasehold	Office	Furniture, fixtures	Computer and	Construction		Total	
	improvements	equipment	and fittings	IT equipment	Vehicles	in progress	US\$	KHR '000
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	(Note 5)
2019								
Cost								
At 1 January 2019	986,673	1,685,684	370,408	1,854,025	1,379,929	211,435	6,488,154	26,069,403
Additions	355,902	309,443	78,306	339,165	379,699	776,586	2,239,101	9,072,837
Transfers	172,548	306,586	9,611	278,016	-	(766,761)	-	-
Disposals	(71,073)	(760)	-	-	(76,300)	-	(148,133)	(600,235)
Currency translation difference	-	-	-	-	-	-	-	417,917
As at 31 December 2019	1,444,050	2,300,953	458,325	2,471,206	1,683,328	221,260	8,579,122	34,959,922
Less: Accumulated depreciation								
At 1 January 2019	653,830	708,498	295,820	1,108,268	906,354	-	3,672,770	14,757,190
Depreciation for the year	210,523	387,973	43,431	435,467	328,585	-	1,405,979	5,697,027
Disposals	(61,248)	(450)	-	-	(69,321)	-	(131,019)	(530,889)
Currency translation difference	-	-	-	-	-	-	-	238,672
As at 31 December 2019	803,105	1,096,021	339,251	1,543,735	1,165,618	-	4,947,730	20,162,000
Carrying amounts								
At 31 December 2019	640,945	1,204,932	119,074	927,471	517,710	221,260	3,631,392	14,797,922
Cost								
At 1 January 2018	849,829	1,238,556	328,797	1,447,916	1,327,173	121,192	5,313,463	21,450,450
Additions	178,426	459,335	41,932	407,098	119,996	90,243	1,297,030	5,246,486
Disposals	(41,582)	(12,207)	(321)	(989)	(67,240)	-	(122,339)	(494,861)
Currency translation difference	-	-	-	-	-	-	-	(132,672)
At 31 December 2018	986,673	1,685,684	370,408	1,854,025	1,379,929	211,435	6,488,154	26,069,403
Less: accumulated depreciation								
As at 1 January 2018	530,666	380,832	241,653	785,485	666,534	-	2,605,170	10,517,071
Depreciation	146,379	336,445	54,488	323,772	298,518	-	1,159,602	4,690,590
Disposals	(23,215)	(8,779)	(321)	(989)	(58,698)	-	(92,002)	(372,148)
Currency translation difference	-	-	-	-	-	-	-	(78,323)
At 31 December 2018	653,830	708,498	295,820	1,108,268	906,354	-	3,672,770	14,757,190
Carrying amounts								
At 31 December 2018	332,843	977,186	74,588	745,757	473,575	211,435	2,815,384	11,312,213
At 1 January 2018	319,163	857,724	87,144	662,431	660,639	121,192	2,708,293	10,933,379

13. RIGHT-OF-USE ASSETS

The Group and the Bank leases many assets including office spaces. Information about leases for which the Group and the Bank is a lessee is presented below.

	The Group		The Bank	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Right-of-use assets				
At 1 January 2018	5,699,211	23,007,715	5,023,823	20,281,173
Additions	994,015	4,020,791	556,975	2,252,964
Depreciation for the year	(1,536,957)	(6,216,991)	(1,103,920)	(4,465,356)
Currency translation difference	-	(93,626)	-	(80,685)
At 31 December 2018	5,156,269	20,717,889	4,476,878	17,988,096
Additions	2,602,584	10,545,670	1,377,971	5,583,538
Depreciation for the year	(1,751,282)	(7,096,195)	(1,240,658)	(5,027,146)
Currency translation difference	-	313,488	-	258,340
At 31 December 2019	6,007,571	24,480,852	4,614,191	18,802,828

14. GOODWILL/INVESTMENT IN SUBSIDIARY

Investment in subsidiary in the separate financial statements represents the net consideration paid for the acquisition of the unquoted shares of the subsidiary.

Goodwill represents the surplus of the consideration paid over their fair value of the net assets.

15. DEPOSITS FROM CUSTOMERS

The Group	31 December		31 December		1 January 2018	
	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Demand deposits	12,063,655	21,077,797	49,159,394	84,690,588	20,122,192	81,233,289
Saving accounts	37,754,106	43,461,546	153,847,982	174,628,492	39,601,572	159,871,546
Fixed deposits	421,242,450	446,170,842	1,716,562,984	1,792,714,443	300,098,655	1,211,498,271
	471,060,211	510,710,185	1,919,570,360	2,052,033,523	359,822,419	1,452,603,106
The Bank						
Demand deposits	12,111,732	21,077,797	49,355,308	84,690,588	20,122,192	81,233,289
Saving accounts	38,243,709	43,461,546	155,843,114	174,628,492	39,601,572	159,871,546
Fixed deposits	421,242,450	446,170,842	1,716,562,984	1,792,714,443	300,098,655	1,211,498,271
	471,597,891	510,710,185	1,921,761,406	2,052,033,523	359,822,419	1,452,603,106

Deposits from customers are analysed as follows:

A. By maturity:	Group					
	2019 US\$	2018 US\$	2019 KHR'000	2018 KHR'000	US\$	1-Jan-18 KHR'000
Within 1 month	67,357,659	135,855,018	274,482,460	545,865,462	80,597,221	325,370,981
> 1 to 3 months	58,529,603	78,846,363	238,508,132	316,804,687	53,899,421	217,591,963
> 3 to 6 months	97,863,341	88,187,729	398,793,115	354,338,295	74,416,683	300,420,149
> 6 to 12 months	188,940,601	151,492,307	769,932,949	608,696,090	104,871,965	423,368,123
>12 months	58,369,007	56,328,768	237,853,704	226,328,989	46,037,129	185,851,890
	471,060,211	510,710,185	1,919,570,360	2,052,033,523	359,822,419	1,452,603,106
B. By customer type:	Bank					
	2019 US\$	2018 US\$	2019 KHR	2018 KHR	US\$	1-Jan-18 KHR
Within 1 month	67,895,339	111,058,132	276,673,506	446,231,574	80,597,221	325,370,981
> 1 to 3 months	58,529,603	20,621,092	238,508,132	82,855,548	53,899,421	217,591,963
> 3 to 6 months	97,863,341	168,514,304	398,793,115	677,090,472	74,416,683	300,420,149
> 6 to 12 months	188,940,601	151,492,307	769,932,949	608,696,091	104,871,965	423,368,123
>12 months	58,369,007	59,024,350	237,853,704	237,159,838	46,037,129	185,851,890
	471,597,891	510,710,185	1,921,761,406	2,052,033,523	359,822,419	1,452,603,106

The Group	2019	2018	2019	2018	1 January 2018	
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Individuals	466,738,705	493,635,529	1,901,960,223	1,983,427,556	356,125,473	1,437,678,535
Business enterprises	4,321,506	17,074,656	17,610,137	68,605,967	3,696,946	14,924,571
	471,060,211	510,710,185	1,919,570,360	2,052,033,523	359,822,419	1,452,603,106
The Bank						
Individuals	466,738,705	493,635,529	1,901,960,223	1,983,427,556	356,125,473	1,437,678,535
Business enterprises	4,859,186	17,074,656	19,801,183	68,605,967	3,696,946	14,924,571
	471,597,891	510,710,185	1,921,761,406	2,052,033,523	359,822,419	1,452,603,106

C. By residency status:	31 December		31 December		1 January 2018	
	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
The Group						
Residents	375,323,546	446,044,735	1,529,443,450	1,792,207,745	327,885,479	1,323,673,679
Non-residents	95,736,665	64,665,450	390,126,910	259,825,778	31,936,940	128,929,427
	471,060,211	510,710,185	1,919,570,360	2,052,033,523	359,822,419	1,452,603,106
The Bank						
Residents	375,861,226	446,044,735	1,531,634,496	1,792,207,745	327,885,479	1,323,673,679
Non-residents	95,736,665	64,665,450	390,126,910	259,825,778	31,936,940	128,929,427
	471,597,891	510,710,185	1,921,761,406	2,052,033,523	359,822,419	1,452,603,106

D. By interest rate (per annum):

The Group	2019	2018
Saving accounts	0.25% - 1.50%	0.25% - 2.50%
Fixed deposits	2.50% - 7.00%	2.50% - 6.25%
The Bank		
Saving accounts	0.25% - 1.50%	0.25% - 2.50%
Fixed deposits	2.50% - 7.00%	2.50% - 5.00%

The margin deposits are interest free and are encumbered for trade line and guarantee granted to customers.

16. DEPOSITS FROM OTHER BANKS

The Group	31 December		31 December		1 January 2018	
	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Demand deposits	5,373,171	336,941	21,895,672	1,353,829	6,149,622	24,826,024
Saving accounts	6,461,703	2,164,387	26,331,440	8,696,507	57,765	233,197
Fixed deposits	69,333,941	70,166,463	282,535,809	281,928,848	65,862,765	265,887,983
	81,168,815	72,667,791	330,762,921	291,979,184	72,070,152	290,947,204
The Bank						
Demand deposits	5,373,171	336,941	21,895,672	1,353,829	6,182,880	24,960,287
Saving accounts	6,461,703	2,249,289	26,331,440	9,037,643	57,765	233,197
Fixed deposits	69,333,941	70,166,463	282,535,809	281,928,848	65,862,765	265,887,982
	81,168,815	72,752,693	330,762,921	292,320,320	72,103,410	291,081,466

Deposits from other banks are analysed as follows:

A. By maturity:	2019		2018		1-Jan-18	
	US\$	US\$	KHR'000	KHR'000	US\$	KHR'000
Within 1 month	16,207,926	2,586,230	66,047,298	10,391,472	11,324,240	45,715,957
> 1 to 3 months	20,514,428	-	83,596,294	-	16,842,675	67,993,879
> 3 to 6 months	14,333,653	43,653,656	58,409,636	175,400,390	18,571,441	74,972,907
> 6 to 12 months	25,492,705	26,427,905	103,882,773	106,187,322	23,331,796	94,190,461
>12 months	4,620,103	-	18,826,920	-	2,000,000	8,074,000
	81,168,815	72,667,791	330,762,921	291,979,184	72,070,152	290,947,204
Bank						
Within 1 month	16,207,926	2,586,230	66,047,298	10,391,472	11,357,498	45,850,220
> 1 to 3 months	20,514,428	-	83,596,294	-	16,842,675	67,993,877
> 3 to 6 months	14,333,653	43,738,558	58,409,636	175,741,526	18,571,441	74,972,907
> 6 to 12 months	25,492,705	26,427,905	103,882,773	106,187,322	23,331,796	94,190,462
>12 months	4,620,103	-	18,826,920	-	2,000,000	8,074,000
	81,168,815	72,752,693	330,762,921	292,320,320	72,103,410	291,081,466

16. DEPOSITS FROM OTHER BANKS (CONTINUED)

B. By relationship:	31 December		31 December		1 January 2018	
	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
The Group						
Related parties	33,432,070	19,984,837	136,235,685	80,299,075	17,999,275	72,663,073
Non-related parties	47,736,745	52,682,954	194,527,236	211,680,109	54,070,877	218,284,131
	81,168,815	72,667,791	330,762,921	291,979,184	72,070,152	290,947,204
The Bank						
Related parties	33,432,070	19,984,837	136,235,685	80,299,075	18,032,533	72,797,336
Non-related parties	47,736,745	52,767,856	194,527,236	212,021,245	54,070,877	218,284,130
	81,168,815	72,752,693	330,762,921	292,320,320	72,103,410	291,081,466

C. By residency status:	31 December		31 December		1 January 2018	
	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
The Group						
Residents	81,168,815	72,667,791	330,762,921	291,979,184	72,070,152	290,947,204
The Bank						
Residents	81,168,815	72,752,693	330,762,921	292,320,320	72,103,410	291,081,466

D. By interest rate (per annum):

The Group	2019	2018
	Saving accounts	0.25% - 1.50%
Fixed deposits	2.50% - 4.75%	2.50% - 5.00%
The Bank		
Saving accounts	0.25% - 1.50%	0.25% - 2.50%
Fixed deposits	2.50% - 4.75%	2.50% - 5.00%

17. BORROWINGS

The Group	31 December		31 December		1 January 2018	
	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Related parties	29,792,946	29,949,602	121,406,255	120,337,501	22,915,222	92,508,751
Non-related parties	60,026,073	37,781,981	244,606,247	151,807,999	19,000,000	76,703,000
	89,819,019	67,731,583	366,012,502	272,145,500	41,915,222	169,211,751
The Bank						
Non-related parties	49,220,859	31,039,821	200,575,000	124,718,001	19,000,000	76,703,000

Borrowings from related and non-related parties have a range between 3.06% to 8.00% per annum.

18. SUBORDINATED DEBTS

The Bank entered into three subordinated debts agreements with CIHP, Fullerton and CP, shareholders of the Bank in 2018 and 2019, respectively. These facilities were then approved by the NBC as Tier II capital. The principal amount will be repaid in five equal instalments starting from third anniversary until maturity.

The subsidiary also entered into a subordinated debt agreement with Overseas Cambodia Investment Corporation (“OCIC”) in 2019. The facility was then approved by the NBC as Tier II capital. The principal amount will be repaid in five equal instalments starting from third anniversary until maturity.

19. LEASE LIABILITIES

The Group	31 December		31 December		1 January 2018	
	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Maturity analysis – contractual undiscounted cash flows						
Less than one year	1,859,901	1,812,384	7,579,097	7,282,159	1,480,777	5,977,897
One to five years	4,446,031	4,956,192	18,117,576	19,913,979	5,659,444	22,847,175
More than five years	855,645	1,247,152	3,486,753	5,011,057	1,633,665	6,595,106
Total undiscounted lease liabilities	7,161,577	8,015,728	29,183,426	32,207,195	8,773,886	35,420,178
Present value of lease liabilities						
Current	1,510,706	680,746	6,156,127	2,735,237	627,541	2,533,383
Non-current	4,421,242	4,332,938	18,016,561	17,409,745	4,652,941	18,783,923
	5,931,948	5,013,684	24,172,688	20,144,982	5,280,482	21,317,306

The Bank	31 December		31 December		1 January 2018	
	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Maturity analysis – contractual undiscounted cash flows						
Less than one year	1,245,616	1,400,407	5,075,885	5,626,835	1,096,888	4,428,137
One to five years	3,523,466	4,397,915	14,358,124	17,670,822	5,415,136	21,860,904
More than five years	855,645	1,226,811	3,486,753	4,929,327	1,633,665	6,595,106
Total undiscounted lease liabilities	5,624,727	7,025,133	22,920,762	28,226,984	8,145,689	32,884,147
Present value of lease liabilities						
Current	974,185	203,342	3,969,804	817,028	271,562	1,096,295
Non-current	3,658,985	4,226,485	14,910,364	16,982,017	4,429,828	17,883,216
	4,633,170	4,429,827	18,880,168	17,799,045	4,701,390	18,979,511

Amounts recognised in profit and loss

The Group	2019	2018	2019	2018
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Interest on lease liabilities	401,441	355,920	1,626,639	1,439,696
Expenses relating to short-term lease assets	481,112	416,423	1,949,466	1,684,431
	882,553	772,343	3,576,105	3,124,127
The Bank				
Interest on lease liabilities	326,556	305,442	1,323,205	1,235,513
Expenses relating to short-term lease assets	394,240	329,313	1,597,460	1,332,071
	720,796	634,755	2,920,665	2,567,584

Amounts recognised in the statement of cash flows

The Group	2019	2018	2019	2018
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Cash flows from financing activities				
Total cash outflow for leases	(2,602,584)	(993,364)	(10,545,670)	(4,018,157)
The Bank				
Cash flows from financing activities				
Total cash outflow for leases	(1,377,971)	(556,324)	(5,583,538)	(2,250,331)

20. OTHER LIABILITIES

The Group	31 December		31 December		1 January 2018	
	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Accrued interest payable	16,104,941	14,431,169	65,627,635	57,984,437	10,985,176	44,347,156
Accounts payable	1,070,223	2,976,003	4,361,159	11,957,580	2,403,936	9,704,690
Accrued staff bonuses and unused leaves	1,755,347	1,358,059	7,153,039	5,456,681	667,346	2,694,076
Accrued expenses	433,264	527,167	1,765,551	2,118,157	461,883	1,864,622
Other taxes payable	223,442	183,308	910,526	736,532	178,360	720,039
Others	232,979	158,768	949,388	637,931	347,560	1,403,099
	19,820,196	19,634,474	80,767,298	78,891,318	15,044,261	60,733,682
The Bank						
Accrued interest payable	15,918,120	14,302,166	64,866,339	57,466,103	10,900,648	44,005,916
Accounts payable	1,030,047	2,976,003	4,197,442	11,957,580	2,498,634	10,086,985
Accrued staff bonuses and unused leaves	1,462,168	1,021,418	5,958,335	4,104,058	667,346	2,694,076
Accrued expenses	280,652	365,884	1,143,657	1,470,122	220,980	892,096
Other taxes payable	205,117	174,282	835,852	700,265	169,048	682,447
Others	45,057	14,875	183,607	59,769	269,414	1,087,625
	18,941,161	18,854,628	77,185,232	75,757,897	14,726,070	59,449,145

21. PROVISION FOR EMPLOYEE BENEFITS

The Group	31 December		31 December		2018	
	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2019 US\$	US\$	KHR'000 (Note 5)
Provision for seniority indemnity	410,049	666,900	1,670,950	2,679,604	111,874	451,635
The Bank						
Provision for seniority indemnity	356,525	500,171	1,452,839	2,009,687	-	-

This represents provision for seniority indemnity payments required by Prakas No. 443 issued by the Ministry of Labour and Vocational Training (“MoLVT”) on 21 September 2018, and subsequently amended by the Instruction No. 042/19 dated 22 March 2019. It requires all employers to settle the seniority indemnity to their employee as follows:

- Current pay: starting from 2019 onwards at the amounts equal to 15 days of wages and other benefits per year.
- Retrospective (back-pay): starting from 2021 onwards at the amounts equal to 6 days of net wages per year. The provision of back-pay seniority indemnity is calculated at a maximum amount of 6 months net wages (depends on the length of the service employee served) to the employee who has seniority before 2019.

Payments will be made twice a year, in June and December respectively. Employee does not entitle to the remaining back-pay seniority indemnity which is not yet due, if he/she resigns from the Group and the Bank.

22. INCOME TAX

A. DEFERRED TAX ASSETS – NET

The Group	31 December		31 December		1 January 2018	
	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Deferred tax assets	3,171,254	2,768,984	12,922,860	11,125,778	2,699,930	10,899,617
Deferred tax liabilities	(1,244,293)	(1,037,797)	(5,070,494)	(4,169,869)	(1,139,843)	(4,601,546)
Deferred tax assets – net	1,926,961	1,731,187	7,852,366	6,955,909	1,560,087	6,298,071
The Bank						
Deferred tax assets	2,726,147	2,362,186	11,109,049	9,491,263	2,305,491	9,307,267
Deferred tax liabilities	(922,838)	(895,375)	(3,760,565)	(3,597,616)	(1,004,765)	(4,056,236)
Deferred tax assets – net	1,803,309	1,466,811	7,348,484	5,893,647	1,300,726	5,251,031

Deferred tax are attributable to the following:

The Group	31 December 2019		31 December 2018		1 January 2018	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Allowance for loan losses	242,972	240,593	990,111	966,703	630,176	2,544,021
Allowance for off financial guarantee contracts	-	-	-	-	2,876	11,610
Provision for employee benefits	351,070	304,958	1,430,610	1,225,321	144,656	583,976
Depreciation and amortisation	133,524	157,960	544,110	634,683	108,220	436,884
Unearned loan commitment fees	1,172,393	1,047,506	4,777,501	4,208,879	725,413	2,928,492
Lease liabilities	1,186,389	1,002,736	4,834,535	4,028,993	1,056,097	4,263,464
Right-of-use assets	(1,201,514)	(1,031,253)	(4,896,170)	(4,143,575)	(1,139,842)	(4,601,542)
Unrealised exchange loss - net	42,127	8,687	171,669	34,905	32,491	131,166
	1,926,961	1,731,187	7,852,366	6,955,909	1,560,087	6,298,071
The Bank						
Allowance for loan losses	139,800	212,464	569,685	853,680	479,791	1,936,916
Provision for employee benefits	292,434	204,284	1,191,669	820,813	133,469	538,814
Depreciation and amortisation	176,303	139,711	718,435	561,360	86,642	349,775
Unearned loan commitment fees	1,157,898	904,532	4,718,434	3,634,410	632,820	2,554,694
Lease liabilities	926,633	885,965	3,776,029	3,559,807	940,278	3,795,902
Right-of-use assets	(922,838)	(895,375)	(3,760,565)	(3,597,617)	(1,004,765)	(4,056,236)
Unrealised exchange loss - net	33,079	15,230	134,797	61,194	32,491	131,166
	1,803,309	1,466,811	7,348,484	5,893,647	1,300,726	5,251,031

A. DEFERRED TAX ASSETS – NET (CONTINUED)

The Group	2019	2018	2019	2018
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
At 1 January	1,731,187	1,560,087	6,955,909	6,298,071
Recognised in profit or loss	195,774	171,100	793,277	692,100
Currency translation difference	-	-	103,180	(34,262)
At 31 December	1,926,961	1,731,187	7,852,366	6,955,909
The Bank				
At 1 January	1,466,811	1,300,726	5,893,647	5,251,031
Recognised in profit or loss	336,498	166,085	1,363,489	671,814
Currency translation difference	-	-	91,348	(29,198)
At 31 December	1,803,309	1,466,811	7,348,484	5,893,647

B. CURRENT INCOME TAX LIABILITY

The Group	2019	2018	2019	2018
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
At 1 January	3,703,931	2,287,001	14,882,395	9,232,623
Income tax expense	5,723,973	4,353,819	23,193,539	17,611,198
Income tax paid	(4,643,796)	(2,936,889)	(18,816,661)	(11,879,716)
Currency translation difference	-	-	235,967	(81,710)
At 31 December	4,784,108	3,703,931	19,495,240	14,882,395
The Bank				
At 1 January	3,144,583	2,225,391	12,634,934	8,983,903
Income tax expense	4,888,336	3,702,154	19,807,537	14,975,213
Income tax paid	(3,965,686)	(2,782,962)	(16,068,960)	(11,257,081)
Currency translation difference	-	-	200,463	(67,101)
At 31 December	4,067,233	3,144,583	16,573,974	12,634,934

In accordance with Cambodian Law on Taxation, the Company has an obligation to pay corporate income tax of either the profit tax at the rate of 20% of taxable profits or the minimum tax at 1% of gross revenues, whichever is higher.

C. INCOME TAX EXPENSE

The Group	2019	2018	2019	2018
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Current income tax	5,723,973	4,353,819	23,193,539	17,611,198
Deferred tax income	(195,774)	(171,100)	(793,277)	(692,100)
	5,528,199	4,182,719	22,400,262	16,919,098
The Bank				
Current income tax	4,888,336	3,702,154	19,807,537	14,975,213
Deferred tax income	(336,498)	(166,085)	(1,363,489)	(671,814)
	4,551,838	3,536,069	18,444,048	14,303,399

The reconciliation of income tax computed at the statutory tax rate of 20% to the income tax expense shown in profit or loss is as follows:

The Group	2019			2018		
	US\$	KHR'000 (Note 5)	%	US\$	KHR'000 (Note 5)	%
Profit before income tax	25,888,517	104,900,271		20,735,757	83,876,138	
Income tax using statutory rate at 20%	5,177,703	20,980,054	20%	4,147,151	16,775,228	20%
Non-deductible expenses	350,496	1,420,208	1%	35,568	143,870	-
Income tax expense	5,528,199	22,400,262	21%	4,182,719	16,919,098	20%
The Bank						
Profit before income tax	22,174,365	89,850,528		17,542,272	70,958,491	
Income tax using statutory rate at 20%	4,434,873	17,970,105	20%	3,508,454	14,191,698	20%
Non-deductible expenses	116,965	473,943	1%	27,615	111,701	-
Income tax expense	4,551,838	18,444,048	21%	3,536,069	14,303,399	20%

The calculation of taxable income is subject to the final review and approval of the tax authorities.

23. SHARE CAPITAL

A. Ownership is as follows:

	31 December		31 December		
	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)	1 January 2018 US\$ KHR'000 (Note 5)
Share capital – paid-up	76,000,000	76,000,000	304,093,780	304,093,780	70,790,000

Number of shares at par value at US\$1 each

	2019		2018	
	Ownership %	Amount US\$	Ownership %	Amount US\$
Canada Investment Holding Plc. ("CIHP")	50%	38,000,000	50%	38,000,000
Fullerton Financial Capital Pte. Ltd. ("Fullerton")	45%	34,200,000	45%	34,200,000
Cambodia Post ("CP")	5%	3,800,000	5%	3,800,000
	100%	76,000,000	100%	76,000,000

The 76 million ordinary shares are issued and fully paid with a par value of US\$1 per share.

B. CAPITAL GUARANTEE

The Bank's capital guarantee of 10% of registered capital amounting to US\$7.60 million (2018: US\$7.60 million) is maintained with the NBC, as disclosed in Note 8.

24. REGULATORY RESERVES

Regulatory reserves represented the variance of provision between loan impairment in accordance with CIFRSs and regulatory provision in accordance with the National Bank of Cambodia.

25. INTEREST INCOME

The Group	2019	2018	2019	2018
	US\$	US\$	KHR'000 (Note 5)	KHR'000 (Note 5)
Loans and advances	84,015,783	68,426,838	340,431,953	276,786,560
Placements with the NBC	261,585	389,508	1,059,942	1,575,560
Placements with other banks	140,100	167,205	567,685	676,344
	84,417,468	68,983,551	342,059,580	279,038,464
The Bank				
Loans and advances	71,916,004	58,258,254	291,403,648	235,654,638
Placements with the NBC	261,585	389,508	1,059,942	1,575,560
Placements with other banks	127,281	154,116	515,743	623,399
	72,304,870	58,801,878	292,979,333	237,853,597

26. INTEREST EXPENSE

	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)
The Group				
Deposits	29,675,859	26,262,000	120,246,581	106,229,790
Borrowings	7,034,232	3,982,308	28,502,708	16,108,436
Interest on lease liabilities	401,441	355,920	1,626,639	1,439,696
	37,111,532	30,600,228	150,375,928	123,777,922
The Bank				
Deposits from customers	29,770,073	26,262,000	120,628,336	106,229,790
Borrowings	3,906,482	1,484,074	15,829,065	6,003,079
Interest on lease liabilities	326,556	305,442	1,323,205	1,235,513
	34,003,111	28,051,516	137,780,606	113,468,382

27. FEE AND COMMISSION INCOME - NET

	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)
The Group				
Loan commitment fees	5,100	500	20,665	2,023
Other fees and commission	423,460	108,450	1,715,860	438,680
Fee and commission expense	(19,160)	(8,485)	(77,636)	(34,322)
	409,400	100,465	1,658,889	406,381
The Bank				
Loan commitment fees	5,100	500	20,665	2,023
Other fees and commission	423,460	108,450	1,715,860	438,680
Fee and commission expense	(19,160)	(8,485)	(77,636)	(34,322)
	409,400	100,465	1,658,889	406,381

28. OTHER INCOME

	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)
The Group				
Foreign exchange (loss)/gain	(48,816)	127,141	(197,802)	514,285
Other income	3,325,579	2,833,230	13,475,246	11,460,416
	3,276,763	2,960,371	13,277,444	11,974,701
The Bank				
Foreign exchange (loss)/gain	(49,152)	127,141	(199,164)	514,285
Other income	2,950,590	2,441,002	11,955,791	9,873,853
	2,901,438	2,568,143	11,756,627	10,388,138

29. PERSONNEL EXPENSES

	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)
The Group				
Salaries and wages	12,496,233	10,905,730	50,634,736	44,113,678
Other costs	649,605	712,916	2,632,200	2,883,745
	13,145,838	11,618,646	53,266,936	46,997,423
The Bank				
Salaries and wages	9,556,422	7,677,962	38,722,622	31,057,356
Other costs	458,219	589,703	1,856,703	2,385,349
	10,014,641	8,267,665	40,579,325	33,442,705

30. OTHER OPERATING EXPENSES

	2019 US\$	2018 US\$	2019 KHR'000 (Note 5)	2018 KHR'000 (Note 5)
The Group				
Depreciation and amortisation	3,641,346	3,189,162	14,754,734	12,900,160
Rental	481,112	416,423	1,949,466	1,684,431
Motor vehicles	696,326	713,973	2,821,513	2,888,021
License fees	499,348	465,396	2,023,358	1,882,527
Communication	465,014	403,330	1,884,237	1,631,470
Utilities	415,345	321,951	1,682,978	1,302,292
Stationery and supplies	306,182	261,793	1,240,649	1,058,953
Repairs and maintenance	453,885	395,660	1,839,142	1,600,445
Legal and professional fees	253,986	335,780	1,029,151	1,358,230
Travel, accommodation and food	196,211	222,945	795,047	901,813
Advertising and public relations	216,249	212,690	876,241	860,331
Non-capitalised equipment and fixtures	81,340	69,059	329,590	279,344
Taxes and duties	153,968	125,134	623,878	506,167
Printing and forms	54,045	32,992	218,990	133,453
Others	1,090,860	676,512	4,420,165	2,736,489
	9,005,217	7,842,800	36,489,139	31,724,126
The Bank				
Depreciation and amortisation	2,927,604	2,564,581	11,862,651	10,373,730
Rental	394,240	329,313	1,597,460	1,332,071
Motor vehicles	513,881	510,719	2,082,246	2,065,858
License fees	499,348	465,396	2,023,358	1,882,527
Communication	373,223	321,534	1,512,300	1,300,605
Utilities	331,528	252,525	1,343,351	1,021,464
Stationery and supplies	209,945	181,642	850,697	734,742
Repairs and maintenance	292,156	249,746	1,183,816	1,010,223
Legal and professional fees	136,412	241,932	552,741	978,615
Travel, accommodation and food	110,905	143,415	449,387	580,114
Advertising and public relations	208,033	198,895	842,950	804,530
Non-capitalised equipment and fixtures	81,340	69,059	329,590	279,344
Taxes and duties	81,439	66,561	329,991	269,239
Printing and forms	42,230	22,326	171,116	90,309
Others	614,441	504,300	2,489,715	2,039,892
	6,816,725	6,121,944	27,621,369	24,763,263

36. EXPLANATION OF TRANSITION TO CIFRSS

Adoption of CIFRS Framework

The Group and the Bank has adopted the Cambodian International Financial Reporting Standards (“CIFRSs”) which is consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”) as at 1 January 2019. These financial statements of the Group and the Bank for the year ended 31 December 2019 are the first set of financial statements prepared in accordance with CIFRSs including the application of CIFRS 1 First-time Adoption of Cambodian International Financial Reporting Standards.

Accordingly, the Group and the Bank have prepared financial statements which comply with CIFRSs applicable for periods ending on or after 31 December 2019, together with the comparative period information as at and for the period ended 31 December 2018, as described in the significant accounting policies in Note 35.

In preparing these financial statements, the Group’s and the Bank’s opening statements of financial position were prepared as at 1 January 2018, being the Group’s and the Bank’s date of transition to CIFRSs. Principal adjustments made by the Group and the Bank in restating its statements of financial position as at 1 January 2018 and its previously published financial statements for the year ended 31 December 2018, both of which was prepared in accordance with the Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia (“NBC”) relating to the preparation and presentation of financial statements (“Cambodia GAAP”) are presented in below.

Optional exemptions applied

CIFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under CIFRSs. The Group and the Bank have applied the following exemptions:

Fair value or revaluation as deemed cost - property and equipment

The Group and the Bank has elected to measure individual items of property and equipment using previous GAAP that are broadly comparable to depreciated cost in accordance with CIFRSs as at the date of transition to CIFRSs.

Leases

CIFRS 16 introduces consequential amendments to CIFRS 1, which include an option for a first-time adopter to apply the new lease definition to contracts existing at the date of transition based on facts and circumstances at that date.

The Group and the Bank applied the abovementioned exemption and maintained the conclusions achieved arising from assessments previously made under Cambodia Accounting Standards for existing lease arrangements.

Other optional exemptions available under CIFRS 1, which are not discussed here, are not material to the Group and the Bank.

Mandatory exemptions

Estimates

The estimates at 1 January 2018 and at 31 December 2018 are consistent with those made for the same dates in accordance with Cambodian Accounting Standards. The estimates used by the Group and the Bank to present these amounts in accordance with CIFRS reflect conditions at 1 January 2018, the date of transition to CIFRS, and as at 31 December 2018.

Derecognition of financial assets and financial liabilities

A first-time adopter shall apply the derecognition requirements of CIFRSs prospectively for transactions occurring on or after 1 January 2018, the date of transition to CIFRSs. However, an entity may apply the derecognition requirements of CIFRSs from a retrospective date of the entity’s choosing provided that the information required to do this was obtained at the time of initially accounting for those transactions.

The Group and the Bank have applied the derecognition requirements of CIFRSs prospectively for transactions occurring on or after 1 January 2018.

Reconciliations

The reconciliations contain two columns for each period as well as the Cambodia GAAP and CIFRSs results. The “reclassification” column includes reclassification and reanalysis of amounts from their Cambodia GAAP statement of financial position lines to the appropriate CIFRS statement of financial position lines. The “effect of transition to CIFRSs” column sets out the effects of the recognition and measurement changes required by the transition to CIFRSs. The “effect of transition to CIFRSs” columns are further analysed into the type of adjustment.

An explanation of how the transition from previous Cambodia GAAP to CIFRSs and the adoption of CIFRS 9 and CIFRS 15 have affected the Group’s and the Bank’s financial position, financial performance and cash flows, is set out under the summary of quantitative impact and the accompanying notes.

Reconciliation of equity

The following reconciliations summarise the impacts on initial application of CIFRSs on the Group’s and the Bank’s financial position as at 31 December 2017 and 1 January 2018 and the Group’s and the Bank’s profit or loss and other comprehensive income for the year ended 31 December 2018.

Group	Note	31 December 2017				31 December 2018			
		Cambodia GAAP US\$	Effect of transition to CIFRSs		1 January 2018 CIFRSs US\$	Cambodia GAAP US\$	Effect of transition to CIFRSs		CIFRSs US\$
			Reclassification US\$	Remeasurement US\$			Reclassification US\$	Remeasurement US\$	
ASSETS									
Cash on hand	A(i)	17,613,161	-	-	17,613,161	19,223,992	-	-	19,223,992
Placements with other banks	A(i)	128,784,560	-	(116,726)	128,667,834	169,266,950	-	3,320	169,270,270
Statutory deposits	A(i)	52,617,717	-	-	52,617,717	71,251,369	-	-	71,251,369
Loans and advances to customers – net	A	361,034,450	3,504,308	567,863	365,106,621	501,888,521	-	8,525,324	510,413,845
Other assets	A(i)	4,253,820	(3,504,308)	(43,802)	705,710	5,758,133	-	(4,537,331)	1,220,802
Investment – equity instrument		-	-	-	-	-	-	-	-
Goodwill		754,215	-	-	754,215	754,215	-	-	754,215
Intangible assets		920,419	-	-	920,419	927,010	-	-	927,010
Property and equipment		2,898,731	-	-	2,898,731	3,044,923	-	(1)	3,044,922
Right-of-use assets	B	-	-	5,699,211	5,699,211	-	-	5,156,269	5,156,269
Deferred tax assets – net	C	1,708,557	-	(148,470)	1,560,087	2,626,087	-	(894,900)	1,731,187
Total assets (US\$)		570,585,630	-	5,958,076	576,543,706	774,741,200	-	8,252,681	782,993,881
Total assets (KHR’000 – Note 5)		2,303,454,189	-	24,052,753	2,327,506,942	3,112,910,142	-	33,159,272	3,146,069,414

Group	Note	31 December 2017				31 December 2018			
		Cambodia GAAP US\$	Effect of transition to CIFRSs		1 January 2018 CIFRSs US\$	Cambodia GAAP US\$	Effect of transition to CIFRSs		CIFRSs US\$
			Reclassification US\$	Remeasurement US\$			Reclassification US\$	Remeasurement US\$	
LIABILITIES AND EQUITY									
Deposits from customers	A(i)	359,822,419	-	-	359,822,419	510,710,185	-	-	510,710,185
Deposits from other banks	A(i)	72,070,152	-	-	72,070,152	72,667,791	-	-	72,667,791
Short-term borrowings	A(i)	41,915,222	-	-	41,915,222	67,731,583	-	-	67,731,583
Subordinated debts	A(i)	-	-	-	-	6,300,000	-	-	6,300,000
Lease liabilities	B	-	-	5,280,482	5,280,482	-	-	5,013,684	5,013,684
Other liabilities	A(i)	15,156,135	(111,874)	-	15,044,261	19,634,475	-	(1)	19,634,474
Provision for employee benefits		-	111,874	-	111,874	666,900	-	-	666,900
Current income tax liability		2,286,437	-	564	2,287,001	3,703,931	-	-	3,703,931
Total liabilities		491,250,365	-	5,281,046	496,531,411	681,414,865	-	5,013,683	686,428,548
EQUITY									
Share capital		70,790,000	-	-	70,790,000	76,000,000	-	-	76,000,000
Regulatory reserves		-	-	1,090,822	1,090,822	-	-	3,955,873	3,955,873
Retained earnings		8,545,265	-	(413,792)	8,131,473	17,326,335	-	(716,875)	16,609,460
Total equity		79,335,265	-	677,030	80,012,295	93,326,335	-	3,238,998	96,565,333
Total liabilities and equity (US\$)		570,585,630	-	5,958,076	576,543,706	774,741,200	-	8,252,681	782,993,881
Total liabilities and equity (KHR’000 – Note 5)		2,303,454,188	-	24,052,754	2,327,506,942	3,112,910,142	-	33,159,272	3,146,069,414

The Bank	Note	31 December 2017				31 December 2018			
		Cambodia GAAP US\$	Effect of transition to CIFRSs		1 January 2018 CIFRSs US\$	Cambodia GAAP US\$	Effect of transition to CIFRSs		CIFRSs US\$
			Reclassification US\$	Remeasurement US\$			Reclassification US\$	Remeasurement US\$	
ASSETS									
Cash on hand	A(i)	17,445,018	-	-	17,445,018	18,934,494	-	-	18,934,494
Placements with other banks	A(i)	126,935,306	-	(94,598)	126,840,708	169,025,038	-	3,870	169,028,908
Statutory deposits	A(i)	52,217,717	-	-	52,217,717	70,851,369	-	-	70,851,369
Loans and advances to customers – net	A	333,176,132	3,157,019	984,901	337,318,052	456,363,280	-	7,641,811	464,005,091
Other assets	A(i)	3,776,857	(3,157,019)	-	619,838	4,977,685	-	(3,958,907)	1,018,778
Investment – in subsidiary		8,685,818	-	-	8,685,818	8,685,818	-	-	8,685,818
Intangible assets		748,863	-	-	748,863	784,756	-	-	784,756
Property and equipment		2,708,293	-	-	2,708,293	2,815,384	-	-	2,815,384
Right-of-use assets	B	-	-	5,023,823	5,023,823	-	-	4,476,878	4,476,878
Deferred tax assets – net	C	1,504,614	-	(203,888)	1,300,726	2,271,077	-	(804,266)	1,466,811
Total assets (US\$)		547,198,618	-	5,710,238	552,908,856	734,708,901	-	7,359,386	742,068,287
Total assets (KHR’000 – Note 5)		2,209,040,821	-	23,052,231	2,232,093,051	2,952,060,364	-	29,570,014	2,981,630,378

	Note	31 December 2017				31 December 2018			
		Cambodia	Effect of transition to CIFRSs		1 January 2018	Cambodia	Effect of transition to CIFRSs		CIFRSs
		GAAP	Reclassification	Remeasurement	CIFRSs	GAAP	Reclassification	Remeasurement	CIFRSs
		US\$	US\$	US\$	US\$	US\$	US\$	US\$	
The Bank									
LIABILITIES AND EQUITY									
Deposits from customers	A(i)	359,822,419	-	-	359,822,419	510,710,185	-	-	510,710,185
Deposits from other banks	A(i)	72,103,410	-	-	72,103,410	72,752,693	-	-	72,752,693
Short-term borrowings	A(i)	19,000,000	-	-	19,000,000	31,039,821	-	-	31,039,821
Subordinated debts	A(i)	-	-	-	-	6,300,000	-	-	6,300,000
Lease liabilities	B	-	-	4,701,390	4,701,390	-	-	4,429,827	4,429,827
Other liabilities	A(i)	14,726,070	-	-	14,726,070	18,854,628	-	-	18,854,628
Provision for employee benefits		-	-	-	-	500,171	-	-	500,171
Current income tax liability		2,225,391	-	-	2,225,391	3,144,583	-	-	3,144,583
Total liabilities		467,877,290	-	4,701,390	472,578,680	643,302,081	-	4,429,827	647,731,908
EQUITY									
Share capital	A(i)	70,790,000	-	-	70,790,000	76,000,000	-	-	76,000,000
Regulatory reserves		-	1,090,822	1,090,822	1,090,822	-	3,598,243	3,598,243	3,598,243
Retained earnings		8,531,328	(81,973)	(81,973)	8,449,354	15,406,820	(668,684)	(668,684)	14,738,136
Total equity		79,321,328	-	1,008,849	80,330,176	91,406,820	-	2,929,559	94,336,379
Total liabilities and equity (US\$)		547,198,618	-	5,710,239	552,908,856	734,708,901	-	7,359,386	742,068,287
Total liabilities and equity (KHR'000 Note 5)		2,209,040,821	-	23,052,230	2,232,093,051	2,952,060,364	-	29,570,014	2,981,630,378

Reconciliation of statement of profit or loss for the year ended 31 December 2018

Group	Note	Effect of transition to CIFRSs			
		Cambodia	Re-	Re-	CIFRSs
		GAAP	classification	measurement	CIFRSs
		US\$	US\$	US\$	US\$
Operating income					
Interest income	A(iii)	63,130,825	-	5,852,726	68,983,551
Interest expense	B	(30,213,475)	-	(386,753)	(30,600,228)
Net interest income		32,917,350	-	5,465,973	38,383,323
Net fee and commission income	A(iii)	2,534,888	-	(2,434,423)	100,465
Other income		6,053,424	-	(3,093,053)	2,960,371
Total operating profit		41,505,662	-	(61,503)	41,444,159
Personnel expenses		(11,618,646)	-	-	(11,618,646)
Other operating expenses	B	(7,828,294)	-	(14,506)	(7,842,800)
Total operating expenses		(19,446,940)	-	(14,506)	(19,461,446)
Operating profit before impairment		22,058,722	-	(76,009)	21,982,713
Impairment losses on financial instruments	A(ii)	(4,630,799)	-	3,383,843	(1,246,956)
Profit before income tax		17,427,923	-	3,307,834	20,735,757
Income tax expense	C	(3,436,853)	-	(745,866)	(4,182,719)
Net profit for the year		13,991,070	-	2,561,968	16,553,038
Other comprehensive income		-	-	-	-
Currency translation difference		-	-	-	-
Total comprehensive income for the year		13,991,070	-	2,561,968	16,553,038

The Bank	Note	Effect of transition to CIFRSs			
		Cambodia	Re-	Re-	CIFRSs
		GAAP	classification	measurement	CIFRSs
		US\$	US\$	US\$	US\$
Operating income					
Interest income	A(iii)	56,051,914	-	2,749,964	58,801,878
Interest expense	B	(27,715,241)	-	(336,275)	(28,051,516)
Net interest income		28,336,673	-	2,413,689	30,750,362
Net fee and commission income	A(iii)	2,593,009	-	(2,492,544)	100,465
Other income		2,568,143	-	-	2,568,143
Total operating profit		33,497,825	-	(78,855)	33,418,970
Personnel expenses		(8,267,665)	-	-	(8,267,665)
Other operating expenses	B	(6,116,002)	-	(5,942)	(6,121,944)
Total operating expenses		(14,383,667)	-	(5,942)	(14,389,609)
Operating profit before impairment		19,114,158	-	(84,797)	19,029,361
Impairment losses on financial instruments	A(ii)	(4,092,975)	-	2,605,886	(1,487,089)
Profit before income tax		15,021,183	-	2,521,089	17,542,272
Income tax expense	C	(2,935,691)	-	(600,378)	(3,536,069)
Net profit for the year		12,085,492	-	1,920,711	14,006,203
Other comprehensive income		-	-	-	-
Currency translation difference		-	-	-	-
Total comprehensive income for the year		12,085,492	-	1,920,711	14,006,203

A. Financial assets and liabilities

CIFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group and the Bank adopted CIFRS 9 from 1 January 2018.

Changes in accounting policies resulting from the adoption of CIFRS 9 have been generally applied by the Group and the Bank retrospectively, except as described below.

The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.

- The determination of the business model within which a financial asset is held;
- The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;
- The designation of an equity investment that is not held-for-trading as at FVOCI; and
- If a debt investment has low credit risk at 1 January 2018, the Group and the Bank had assumed that the credit risk on the asset has not increased significantly since its initial recognition.

The impact upon adoption of CIFRS 9, including the corresponding tax effects, are described below.

(i) Classification of financial assets and financial liabilities

Under CIFRS 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under CIFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

For an explanation of how the Group and the Bank classifies and measures financial assets and related gains and losses under CIFRS 9, see Note 35D(ii).

The following table and the accompanying notes below explain the original measurement categories under Cambodia GAAP and the new measurement categories under CIFRS 9 for each class of the Group's and the Bank's financial assets as at 1 January 2018.

	Note	1 January 2018		31 December 2018			
		Original classification under Cambodia GAAP	New classification under CIFRS 9	Original carrying amount under Cambodia GAAP US\$	New carrying amount under CIFRS 9 US\$	Original carrying amount under Cambodia GAAP US\$	New carrying amount under CIFRS 9 US\$
The Group							
Financial assets							
Cash on hand	(a)	Cost	Amortised cost	17,613,161	17,613,161	19,223,992	19,223,992
Placements with other banks	(a)	Cost	Amortised cost	128,784,560	128,667,834	169,266,950	169,270,270
Loans and advances to customers	(b)	Carrying amount	Amortised cost	361,034,450	365,106,621	501,888,521	510,413,845
Other assets	(a)	Cost	Amortised cost	4,253,820	705,710	5,758,133	1,220,802
Total financial assets (US\$)				511,685,991	512,093,326	696,137,596	700,128,909
Total financial assets (KHR'000)				2,065,676,346	2,067,320,757	2,810,307,475	2,826,420,406

	Note	1 January 2018		31 December 2018			
		Original classification under Cambodia GAAP	New classification under CIFRS 9	Original carrying amount under Cambodia GAAP US\$	New carrying amount under CIFRS 9 US\$	Original carrying amount under Cambodia GAAP US\$	New carrying amount under CIFRS 9 US\$
The Group							
Financial liabilities							
Deposits from customers	(c)	Cost	Amortised cost	359,822,419	359,822,419	510,710,185	510,710,185
Deposits from other banks	(c)	Cost	Amortised cost	72,070,152	72,070,152	72,667,791	72,667,791
Short-term borrowings	(c)	Cost	Amortised cost	41,915,222	41,915,222	67,731,583	67,731,583
Subordinated debts	(c)	Cost	Amortised cost	-	-	6,300,000	6,300,000
Other liabilities	(c)	Cost	Amortised cost	15,156,135	15,044,261	19,634,475	19,634,474
Total financial liability (US\$)				488,963,928	488,852,054	677,044,034	677,044,033
Total financial liability (KHR'000)				1,973,947,377	1,973,495,742	2,733,226,765	2,733,226,761

	Note	1 January 2018		31 December 2018			
		Original classification under Cambodia GAAP	New classification under CIFRS 9	Original carrying amount under Cambodia GAAP US\$	New carrying amount under CIFRS 9 US\$	Original carrying amount under Cambodia GAAP US\$	New carrying amount under CIFRS 9 US\$
The Bank							
Financial assets							
Cash on hand	(a)	Cost	Amortised cost	17,445,018	17,445,018	18,934,494	18,934,494
Placements with other banks	(a)	Cost	Amortised cost	126,935,306	126,840,708	169,025,038	169,028,908
Loans and advances to customers	(b)	Carrying amount	Amortised cost	333,176,132	337,318,052	456,363,280	464,005,091
Other assets	(a)	Cost	Amortised cost	3,776,857	619,838	4,977,685	1,018,778
Total financial assets (US\$)				481,333,313	482,223,616	649,300,497	652,987,271
Total financial assets (KHR'000)				1,943,142,585	1,946,736,738	2,608,889,397	2,623,702,855

	Note	1 January 2018		31 December 2018			
		Original classification under Cambodia GAAP	New classification under CIFRS 9	Original carrying amount under Cambodia GAAP US\$	New carrying amount under CIFRS 9 US\$	Original carrying amount under Cambodia GAAP US\$	New carrying amount under CIFRS 9 US\$
The Bank							
Financial liabilities							
Deposits from customers	(c)	Cost	Amortised cost	359,822,419	359,822,419	510,710,185	510,710,185
Deposits from other banks	(c)	Cost	Amortised cost	72,103,410	72,103,410	72,752,693	72,752,693
Short-term borrowings	(c)	Cost	Amortised cost	19,000,000	19,000,000	31,039,821	31,039,821
Subordinated debts	(c)	Cost	Amortised cost	-	-	6,300,000	6,300,000
Other liabilities	(c)	Cost	Amortised cost	14,726,070	14,726,070	18,854,628	18,854,628
Total financial liability (US\$)				465,651,899	465,651,899	639,657,327	639,657,327
Total financial liability (KHR'000)				1,879,836,716	1,879,836,716	2,570,143,140	2,570,143,140

(a) Cash on hand, balances with the NBC and placements with other banks which were previously measured at cost are now measured at amortised cost.

(b) Loans and advances to customers that were classified as loans and receivables under Cambodia GAAP are now classified at amortised cost. Refer to adjustments in A(ii) and A(iii) below.

(c) Under Cambodia GAAP, these financial assets liabilities that were classified at cost are now classified at amortised cost. Refer to adjustments in A(iii) below.

(ii) Impairment of financial assets

CIFRS 9 replaces the 'incurred loss' model in Cambodia GAAP with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost.

The application of CIFRS 9 impairment requirements at 1 January 2018 results in additional allowances for impairment as follows:

	1 January 2018 US\$	31 December 2018 US\$
The Group		
Loss allowance under Cambodia GAAP	5,017,702	8,010,646
Reversal of impairment recognised on:		
Loan and advances	(673,783)	(3,955,873)

Loss allowance under CIFRS 9	4,343,919	4,054,773
Loss allowance under CIFRS – KHR'000 – Note 5	17,536,401	16,292,078

	1 January 2018 US\$	31 December 2018 US\$
The Bank		
Loss allowance Cambodia GAAP	7,281,611	4,610,812
Reversal of impairment recognised on:		
Loan and advances	(3,761,620)	(927,444)
Loss allowance under CIFRS 9	3,519,991	3,683,368
Loss allowance under CIFRS – KHR'000 – Note 5	14,210,204	14,799,773

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

To comply with NBC regulations, the Bank transferred from retained earnings to regulatory reserves amounting to US\$1,090,822 and US\$3,598,243 at 1 January 2018 and 31 December 2018. See Note 35G.

Additional information about how the Group and the Bank measure the allowance for impairment is described in Note 33B.

(iii) Interest

Under Cambodia GAAP, fees integral to the financial assets and liabilities were not considered as effective interest and recognised on occurrence of transactions. In addition, recognition of interest income was suspended when loan become non-performing.

Under CIFRS, a financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Interest is still recognised on the non-performing loan.

The impact arising from the change is summarised as follows:

	1 January 2018 US\$	31 December 2018 US\$
The Group		
Statement of financial position		
Loans and advances to customers	(228,681)	(668,075)
Other assets	3,398,386	4,569,452
Adjustment to retained earnings	3,169,705	3,901,377
Adjustment to retained earnings (KHR000 – Note 5)	12,796,099	15,675,733
Statement of profit or loss		
Increase in interest income		5,852,726
Interest expense		(386,753)
Decrease in fees and commission income		(2,434,423)
Adjustment before income tax – US\$		3,031,550
Adjustment to retained earnings (KHR000 – Note 5)		12,262,620

	1 January 2018	31 December 2018
	US\$	US\$
The Bank		
Statement of financial position		
Loans and advances to customers	(113,003)	(479,091)
Other assets	3,051,097	4,043,568
Adjustment to retained earnings	2,938,094	3,564,477
Adjustment to retained earnings (KHR000 – Note 5)	11,861,085	14,322,069
Statement of profit or loss		
Increase in interest income		2,749,964
Interest expense		(336,275)
Decrease in fees and commission income		(2,492,544)
Adjustment before income tax – US\$		(78,855)
Adjustment to retained earnings (KHR000 – Note 5)		(316,839)

(iv) Transition impact on equity

The following table summarises the impact, net of tax, of transition to CIFRS 9 on reserves, retained earnings at 1 January 2018.

	Impact of adopting CIFRS 9 at 1 January 2018	
	US\$	KHR'000
The Group		
Retained earnings		
Closing balance under Cambodia GAAP (31 December 2017)	8,545,265	34,497,235
Remeasurement of amortised costs under CIFRS 9	567,863	2,292,463
Recognition of expected credit losses under CIFRS 9	(1,090,822)	(4,403,648)
Opening balance under CIFRS 9 (1 January 2018)	8,022,306	32,386,050
The Bank		
Retained earnings		
Closing balance under Cambodia GAAP (31 December 2017)	8,531,328	34,440,971
Remeasurement of amortised costs under CIFRS 9	984,901	3,976,045
Recognition of expected credit losses under CIFRS 9	(1,090,822)	(4,403,648)
Opening balance under CIFRS 9 (1 January 2018)	8,425,407	34,013,368

B. Leases

The Group and the Bank previously classified leases as operating leases under CAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Bank. Under CIFRS 16, The Group and the Bank recognises right-of-use assets and lease liabilities for leases of branch and office premises – i.e. these leases are on-balance sheet.

The impact arising from the change is summarised as follows:

	1 January 2018	31 December 2018
	US\$	US\$
Group		
Statement of financial position		
Right-of-used assets	5,699,211	5,156,269
Deferred tax liabilities	(83,746)	(28,517)
Lease liabilities	(5,280,482)	(5,013,684)
Adjustment to retained earnings	334,983	114,068
(KHR000- Note 5)	22,669,632	458,325

Statement of profit and loss		
Depreciation of right-of-used assets		1,536,957
Interest expense on lease liability		355,920
Rental expenses		(1,561,638)
Adjustment before income tax – US\$		331,239
(KHR000- Note 5)		1,337,212

Bank		
Statement of financial position		
Right-of-used assets	5,023,823	4,476,878
Deferred tax liabilities	(64,487)	(9,410)
Lease liabilities	(4,701,390)	(4,429,827)
Adjustment to retained earnings	257,946	37,641
(KHR000- Note 5)	1,041,328	151,242

Bank		31 December 2018
Statement of profit and loss		
Depreciation of right-of-used assets		1,103,920
Interest expense on lease liability		305,442
Rental expenses		(1,010,223)
Adjustment before income tax – US\$		399,139
(KHR000- Note 5)		(4,078,270)

C. Income tax

The above changes (decreased)/increased the deferred tax assets/liabilities as follows:

	1 January 2018	31 December 2018
	US\$	US\$
The Group		
Impairment allowance	(106,719)	(791,949)
Right-of-use assets	(1,031,253)	(1,139,842)
Lease liabilities	1,056,097	1,002,736
Others	230,345	34,155
Decrease in deferred tax assets US\$	148,470	(894,900)
Decrease in deferred tax assets – KHR'000 – Note 5	(599,373)	(3,595,708)
The Bank		
Impairment allowance	479,791	212,464
Right-of-use assets	(1,004,765)	(895,376)
Lease liabilities	940,278	885,965
Others	(211,416)	601,213
Decrease in deferred tax assets - US\$	203,888	804,266
Decrease in deferred tax assets – KHR'000 – Note 5	(823,096)	(3,231,541)



ការិយាល័យកណ្តាល

#២៦៥-២៦៩, វិថីព្រះបាទអង្គរខ្ពង់ សង្កាត់វត្តភ្នំ ខណ្ឌដូនពេញ, រាជធានីភ្នំពេញ

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