



ANNUAL REPORT

2015

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MESSAGE FROM THE CEO



HIGHLIGHTS

2015 was a remarkable year for ABA Bank, exemplified by continuous growth and the strengthening our position in a highly competitive market. This was a result of our deepening partnership with National Bank of Canada, extensive branch expansion, and a diversified strategy on funding and lending. The equity of ABA Bank increased by 56%, reaching USD 100 million in 2015, compared to USD 64 million in 2014, while our net profit increased by 113%, worth USD 15.98 million for the year.

Strategically, ABA Bank became a prominent name in the Cambodian banking industry with a strong balance sheet and a stable funding position, all of which provides competitive differentiation in the market.

Given the improvements in our financial performance and position, we have a firm foundation to deliver the new strategic priorities that we set out in 2015. There is no doubt, we are now well-placed and ready to continue to support and benefit from the strengthening of the Cambodian economy, and to become the country's number one supplier of dependable, easy-to-use, technologically advanced and easily accessible banking services.

MAIN DEVELOPMENTS IN 2015

2015 began with another agreement with the National Bank of Canada, which resulted in it increasing its share in ABA Bank from 30% to 41.93%. This financial injection provided an additional capital base that was necessary to maintain our further growth. In particular, it helped us to continue our branch expansion and focus more on lending to micro, small and medium enterprises (MSMEs), as part of Cambodia's rapidly developing private sector. This is our priority and we will certainly

strengthen it in the coming years.

As part of our long-term strategy, we opened eight new branches in 2015, maintaining the same growth rate as the previous year.

We entered the district level, going deeper and closer to our customers in the most active provinces. This step was quite logical as having provincial branches alone doesn't resolve the problem of the deeper penetration needed at the village and remote location level. But opening branches within walking distance in remote villages and rural areas helps to bring our products and services to more people and to increase our customer base.

As global financial activities are becoming more sophisticated, demanding more flexibility and efficiency, we must have wide-ranging innovative services and products to enable our customers to take advantage of emerging opportunities. That is why we paid a great deal of attention in 2015 to the further development of our key advantage – remote banking. We truly believe in the huge potential of remote banking in Cambodia through digital solutions, and we are happy to be the predominant bank bringing new experiences to Cambodians. As part of this, we undertook the following initiatives during the reporting period:

- We launched the first full-scale banking app for smartphones in Cambodia. Operating on Android and iOS platforms, it allows our customers to instantaneously perform most of their transactions, including fund transfers, checking balances, paying bills, and accessing many other features for free.
- We extended our cash deposit machines network (Cash-In), making the process of cash deposit and loan repayment easier and more convenient.

- We introduced Corporate Internet Banking due to the growing demand from businesses. Since businesses set different requirements in terms of security of transactions and additional needs in functionality, our IT experts created a separate environment for corporate clients, facilitating their daily financial transactions.
- We also became one of the first banks in the country to offer cardless cash withdrawals from ATMs with our 'ECash' service. This is greatly in demand in Cambodia as many individuals relocate to towns or cities but still have to send money back to their relatives in more remote areas who may not have a bank account.
- We integrated all remote self-banking tools and introduced a multi-channel banking system called 'Smart Banking'.

Our team has also made progress in improving ABA Bank's card products. After signing an agreement with China-based UnionPay International Company (UPI) in December 2014, we became the largest issuer of UnionPay cards in Cambodia. With strong cultural, economic and tourism ties between Cambodia and China, we have high hopes for cooperation with UPI, the second-largest payment network in the world.

Furthermore, ABA joined Easy Cash, the largest ATM network in Cambodia. This initiative provides our VISA cardholders with easy access to their ABA Bank accounts through the larger number of ATMs shared by partnering banks in Cambodia.

In order to make customers' card usage experiences more pleasant, we also partnered with the world's largest hotel online reservation service, Booking.com. Our customers can access exclusive discounts on travel accommodation when booking with an ABA Bank card.

ABA Bank continued to operate a prudent approach to risk with stringent management controls to ensure the stability of the institution. In 2015, we finalized the implementation of the branch level IBSC system by introducing tailor-made KPIs to each category of branch's staff. In order for ABA Bank to better communicate our strategy via quantitative and qualitative KPIs, related targets were set and the monitoring and measuring of performance is now performed on a quarterly basis. What's more, the whole process is fully automated and does not require human intervention.

2015 was also a very good year for ABA Bank in terms of international recognition. Showcasing our commitment to customers and excellence in the market, we received the 'Best Bank in Cambodia' award from *Global Finance Magazine*, and a similar award from *Euromoney Magazine* for the second consecutive year. These awards reflect ABA Bank's consistent delivery of state-of-the-art products and exceptional client service.

I believe this to be a fitting tribute of our team efforts, and I thank each and every employee of the bank for their contribution to the growth of ABA Bank.

FINANCIAL PERFORMANCE IN 2015

For our shareholders, we delivered significant improvements in financial performance at both interest and non-interest levels:

- Total assets increased by 60% to USD 805.6 million, rising from USD 505 million at the end of 2014

- Deposit portfolio reached USD 654.4 million, compared to USD 433.4 million in 2013, an increase of 51%.
- We managed to increase the loan portfolio to USD 483.7 million, from USD 271.6 million one year ago, an increase of 78%.

In terms of non-performing loans (NPL), we continued to use our rigorous approach to lending, which involves an exhaustive case-by-case analysis and an avoidance of risky lending to the sectors that contribute to the economy's overheating. This resulted in a decrease of our NPL ratio from 0.27% in 2014 to 0.1% in 2015.

As a consequence, we experienced 113% growth in our net profit to USD 15.98 million for the year, representing a 19.2% return on equity – higher than the average in our sector in Cambodia.

OUTLOOK

Thanks to the hard work and commitment of our colleagues, we are entering the new stage of our strategy from a position of strength.

The coming year promises to be a turning point in our bank's history. First of all, we will mark its twentieth anniversary in 2016. Being one of the oldest banks in Cambodia, this should be a moment to commemorate and one that will motivate us to do more for our clients and the country as a whole.

Furthermore, the National Bank of Canada shows a strong commitment to increasing its share in ABA Bank, providing more capital for growth and expansion.

We will certainly continue to implement our strategy of different customer segmentation for lending and funding. That means that we will focus on micro, small and medium enterprises (MSMEs) for lending. And, for funding, we must work harder on catering to the needs of corporate clients, NGOs and the retail sector. These can only be achieved by improving service quality, innovative approaches, and continuous introduction of value-added services and new products.

Looking ahead, our fundamental strengths, core values and professional determination will allow ABA Bank to capture the opportunities generated by the launch of the ASEAN Economic Community (AEC). We are optimistic that ABA Bank can contribute to the socio-economic development of Cambodia and the AEC. Not least, we attach great importance to our corporate social responsibility, compliance and governance, which we have unceasingly upheld in the past and will continue to increasingly do so in the future.

I express my gratitude to all our valued stakeholders, shareholders, customers, management and employees for their continuous support in 2015.



Askhat Azhikhanov,
Chief Executive Officer

WHO WE ARE



ABA Bank is one of Cambodia's premier banking institutions founded in 1996 as the Advanced Bank of Asia Limited.

ABA Bank has an effective and well-synchronized professional team that is committed to maintaining and improving our performance. Our international management team brings invaluable expertise and allows ABA Bank to comply with international standards of service and security.

ABA Bank holds an assertive and leading position in the financial market thanks to a strategy based on service differentiation, while catering to the needs of a diverse population living in regions with varying characteristics.

With assets of USD 805.6 million as of 31 December 2015, ABA Bank provides a wide range of financial services to individuals, micro, small and medium enterprises (MSMEs), and corporate entities. In July 2014, the "A+" rated National Bank of Canada entered ABA Bank's shareholders structure, holding 42% of ABA Bank's shares as of December 31, 2015.

At the end of 2015, ABA Bank's branch network extended to 33 branches covering Phnom Penh and 13 provinces of the country.

According to our updated strategy, 65 outlets are expected to be operational across Cambodia by 2020.

In 2014 and 2015, three leading international financial publications recognized ABA Bank's efforts to bring the very best to its clients:

- *The Banker Magazine* named ABA Bank as 'Cambodia's Bank of the Year' in 2014. The award recognizes the financial strength of ABA Bank, its robust management, prudent risk approach and sound business model.
- *Euromoney Magazine* praised ABA Bank as the 'Best Bank in Cambodia' for two consecutive years, in 2014 and 2015, for its service quality, innovation-driven business model, and efforts to bring banking in Cambodia to the next level.
- *Global Finance Magazine* bestowed the 'Best Emerging Markets Bank in Cambodia 2015' award upon ABA Bank. This award recognizes our team's commitment to providing our clients with the tailor-made products and innovative financial solutions.

VISION, MISSION, AND VALUES

OUR VISION

The vision of our Bank is to be the country's number one supplier of dependable, easy-to-use, technologically advanced and easily accessible banking services. We want to be the bank that Cambodians trust to take care of all their personal and business banking needs.

OUR MISSION

Our mission is to help Cambodia, Cambodian businesses and people to build a bigger and brighter future for themselves and their country by providing highly professional, technologically-advanced banking services for all.

We see ourselves working in partnership with the Cambodian community as well as with private businesses and individuals. We are here to serve Cambodia.

OUR VALUES

HONESTY & RESPECT

At ABA we make it our responsibility to treat each and every customer with honesty and respect.

TRUST & PARTNERSHIP

At ABA we are there to offer help and assistance. We see ourselves as partners that our customers can always trust.

SERVICE QUALITY

At ABA we strive to find solutions to all banking needs. Our aim is to provide the most technologically advanced, reliable banking services to all of our Cambodian customers – be they personal or business account holders.

CONTRIBUTING

At ABA we aim to make a positive contribution to Cambodia. We want to play a beneficial role in the lives of our customers as well as for the future of the country as a whole.

SUSTAINABILITY & GROWTH

At ABA we are always thinking about the future of our Bank, the Cambodian people and the country. We show the same level of commitment to our staff as we do to our customers. It is with this approach that we ensure the sustainable growth of the Bank.

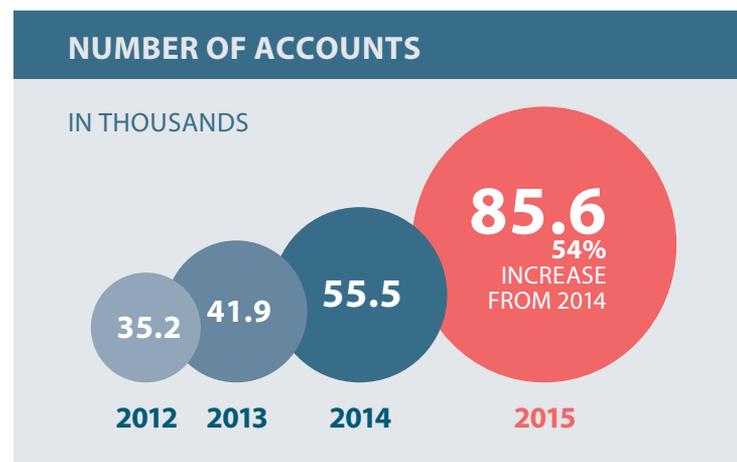
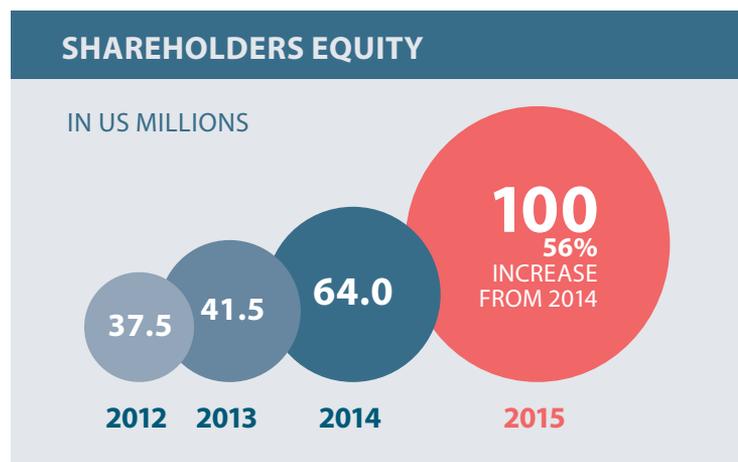
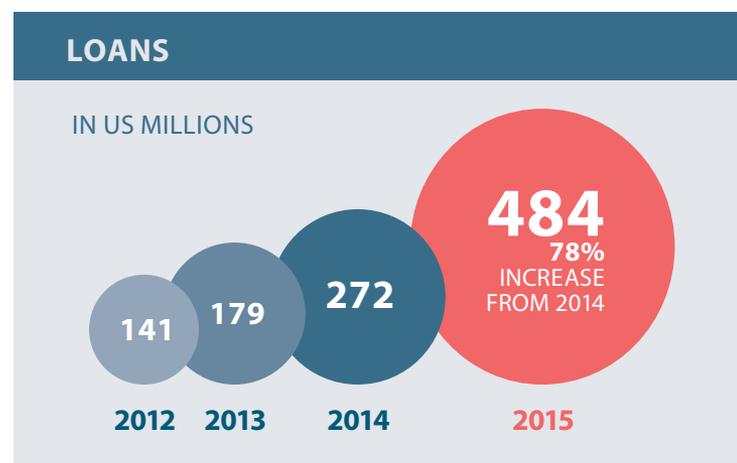
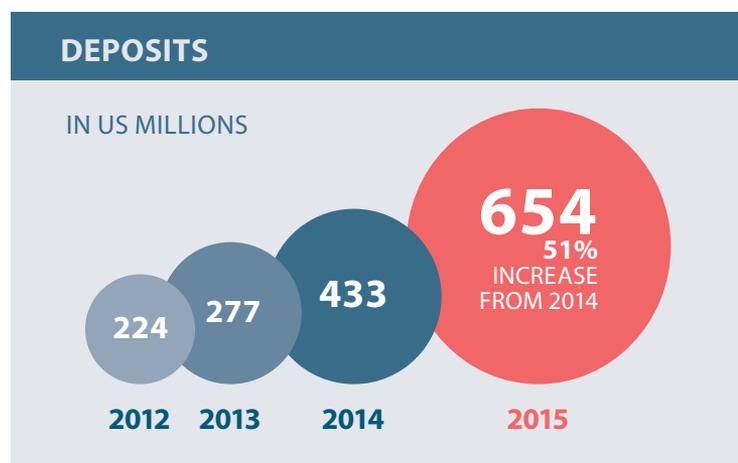
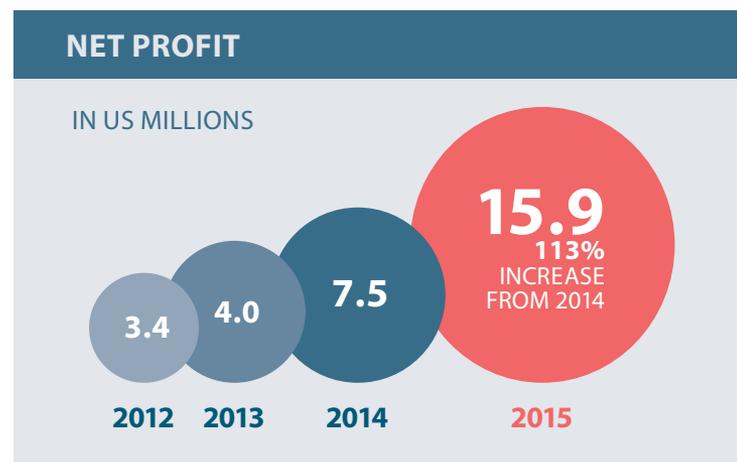
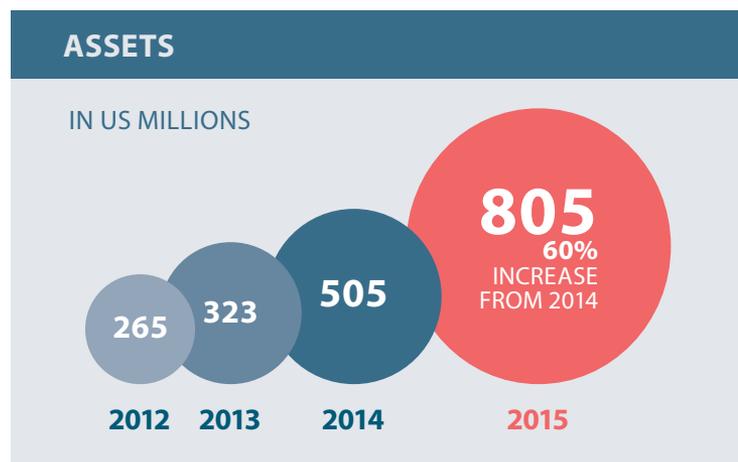
ETHICS & MORALS

At ABA we take our social responsibility seriously. We apply the highest ethical and moral standards to each and every thing that we do, inside and outside the Bank. It is these home grown principles that form the basis of every relationship, with the customers and communities we serve as well as with our staff.

FINANCIAL HIGHLIGHTS

Year ended 31 December	F.Y. 2012	F.Y. 2013	F.Y. 2014	F.Y. 2015	Incre / Decre % (2015 vs 2014)
P & L Account (US\$ million)					
Net Interest Income	8.5	11.4	17.8	32	80%
Net Fee & Commission Income	2.9	4.5	6.8	8.3	22%
Net Profit	3.4	4.0	7.5	15.9	113%
Balance Sheet (US\$ million)					
Total Deposits	224.2	276.9	433.4	654.4	51%
Total Gross Loan	141.3	179.3	271.5	483.7	78%
Share Capital	36.0	36.0	44.7	52.6	18%
Retained Earning & Other Reserves	1.48	5.53	19.3	47.4	145%
Total Assets	265	323	505	805.6	60%
Key Performance Indicators (%)					
Profitability					
ROAE, %	9.5	10.2	14.2	19.5	37%
ROAA, %	1.5	1.4	1.8	2.4	36%
Net Interest Margin, %	4.8	4.9	5.7	6.3	11%
Cost / Income, %	60.8	59.0	59.9	46.4	-23%
Funding and Liquidity					
Liquidity, %	56.3	50.6	55	54.1	-2%
Credit Deposit Ratio, %	63	64.7	62.6	73.9	18%
Liquid Assets/Total Assets, %	22.4	20.6	22.2	20.9	-6%
Capitalization					
Solvency Ratio, %	17.1	16.2	16.7	15.8	-5%
Equity / Total Asset, %	14.1	12.8	12.7	12.4	-2%
Asset Quality					
NPL / Total Loan, %	2.5	3.66	0.3	0.1	-67%
Provision / Total Loan, %	1.6	2.0	1.2	1.1	-11%
General Information					
No. of Branches	11	17	25	33	32%
No. of Staff	313	444	702	1017	45%
No. of ATM Machines	41	57	88	128	45%
No. of POS Terminals	146	163	237	338	43%
No. of Depositors	35,208	41,885	55,531	85,607	54%
No. of Borrowers	2,959	4,650	7,966	14,700	85%

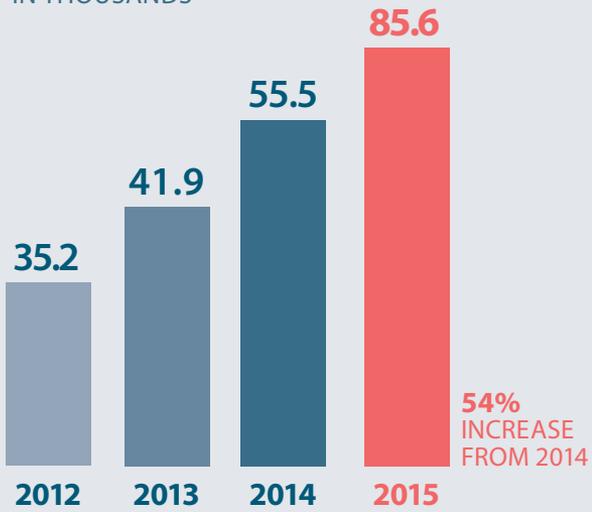
SIMPLIFIED FINANCIAL RESULTS



GENERAL INFORMATION

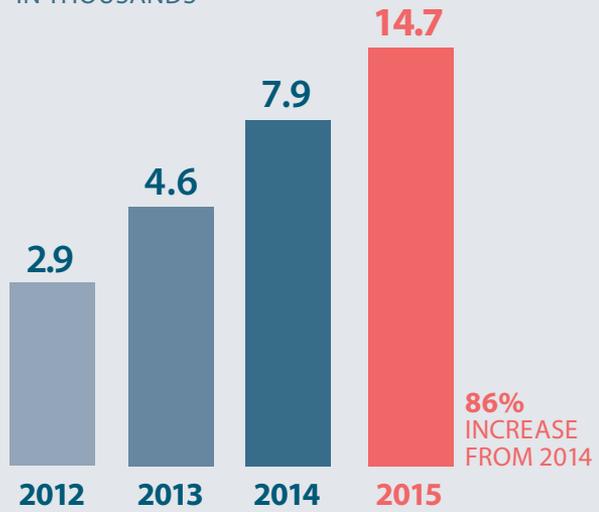
NUMBER OF DEPOSITORS

IN THOUSANDS

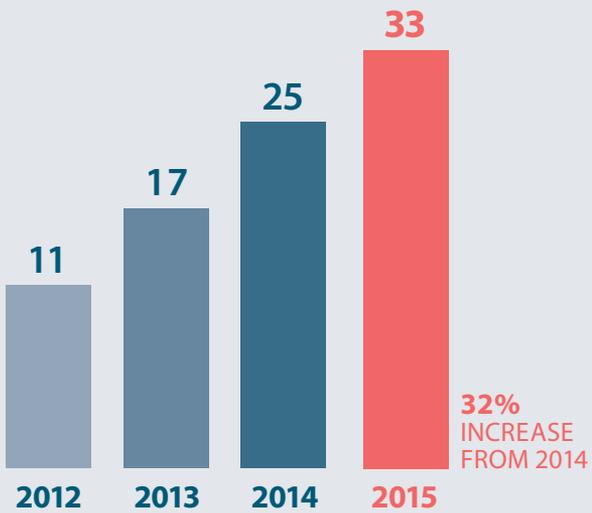


NUMBER OF BORROWERS

IN THOUSANDS

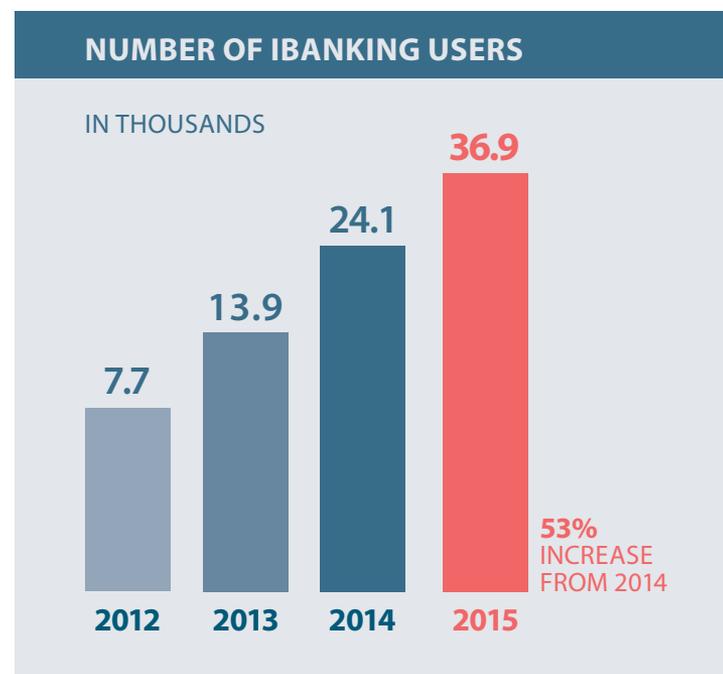
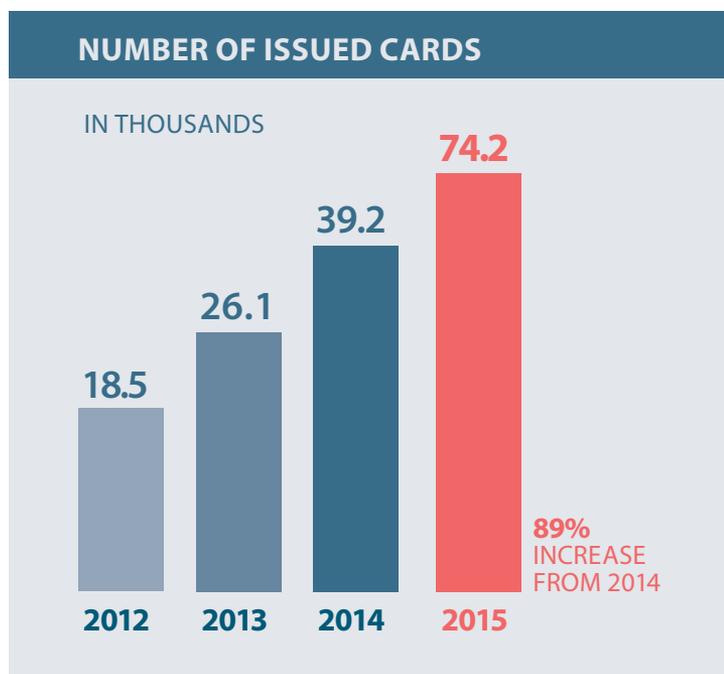
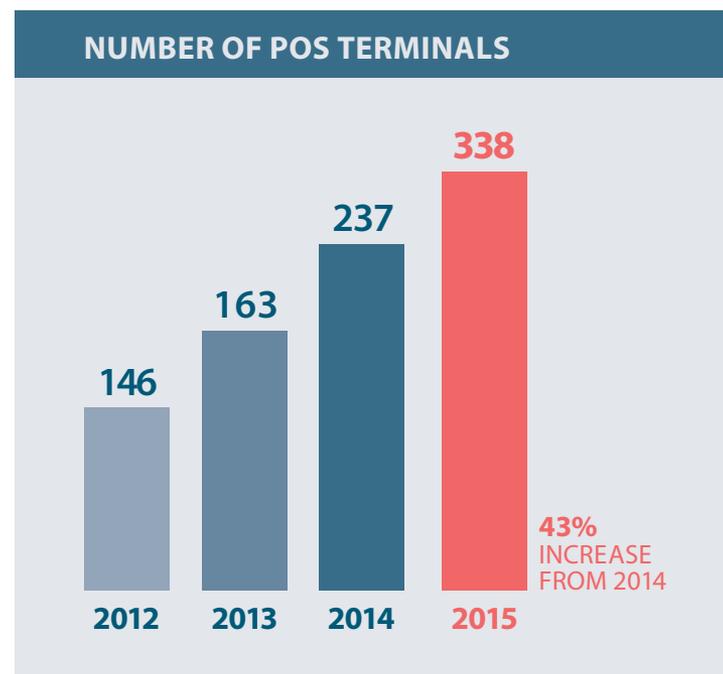
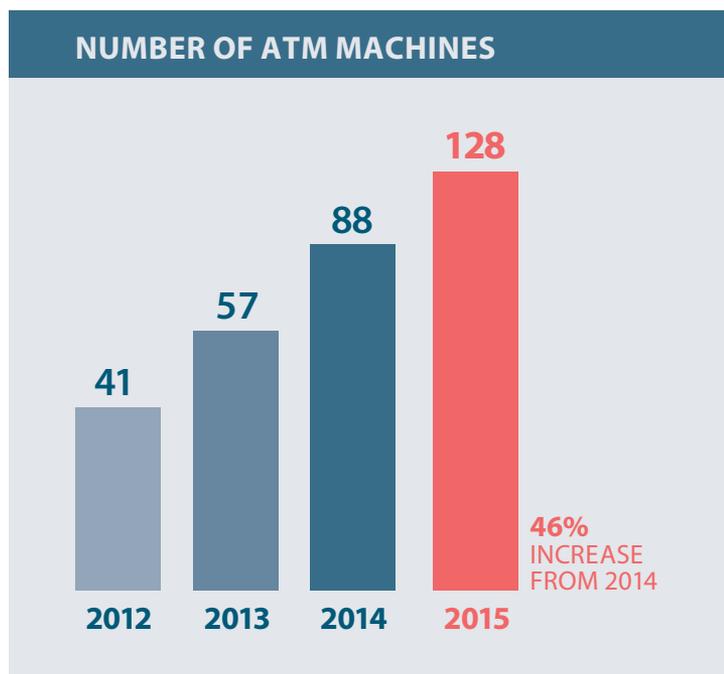


NUMBER OF BRANCHES



NUMBER OF EMPLOYEES





ACHIEVEMENTS IN 2015

NEW INVESTMENT FROM SHAREHOLDER



ABA Bank secured additional 20-million dollar investment from National Bank of Canada. Upon the agreement,

National Bank of Canada increased its shareholding in ABA Bank from 30% to 42%. The latest infusion aims to provide additional capital base necessary to maintain further growth of ABA Bank, to support its branch expansion and to increase lending to a rapidly developing private sector in Cambodia.

BEST BANK AWARD FROM EUROMONEY



ABA Bank has been named the "Best Bank in Cambodia 2015" by the respected financial publication Euromoney. The top honour – the second award given to the bank

by the magazine since 2014 – was bestowed on ABA due to the bank's consistent delivery of state-of-the-art products and exceptional client service. The award shows the strong position of ABA Bank in the market and its desire to be the best bank possible for its customers.

COOPERATION WITH BOOKING.COM



ABA cooperated with Booking.com to offer an exclusive 6% discount to the card holders on their

travel accommodation with ABA Visa or MasterCard. Now cardholders experience is even more advantageous. Truly international, Booking.com is available in more than 40 languages, and offers properties in 224 countries and territories. Booking.com is the world leader in booking accommodation online.

AWARD FROM GLOBAL FINANCE



Global Finance magazine awarded ABA as the 'Best Emerging Markets Bank in Cambodia 2015'. The editorial judges at Global Finance chose ABA as the country's winner based on such criteria

as significant growth in assets, profitability, strategic relationships, customer service, and launch of innovative products. In addition, a poll of Global Finance's corporate readership was conducted in order to increase the accuracy and reliability of the results.

START OF UNIONPAY CARDS ISSUANCE



UnionPay International cards became available at ABA Bank. The customers of ABA Bank can apply for free of charge UnionPay International cards and join the second largest payment platform in the world. Widely accepted at more than 6.4 million merchants and 1.4 million ATMs around the world, ABA UnionPay Card provides more choices of payment tools for ABA cardholders.

BRANCH NETWORK EXPANSION

8

Eight new branches opened in 2015 with three of them in big cities and five – on smaller district level. Opening branches within walking distance in remote villages and rural areas help people gain access to high quality financial services and full range of banking products including deposit, loans, remittance, payment cards and others. This also helps us to cater to the needs of growing business activities in those areas and increase our customer base

LAUNCH OF ABA MOBILE APP



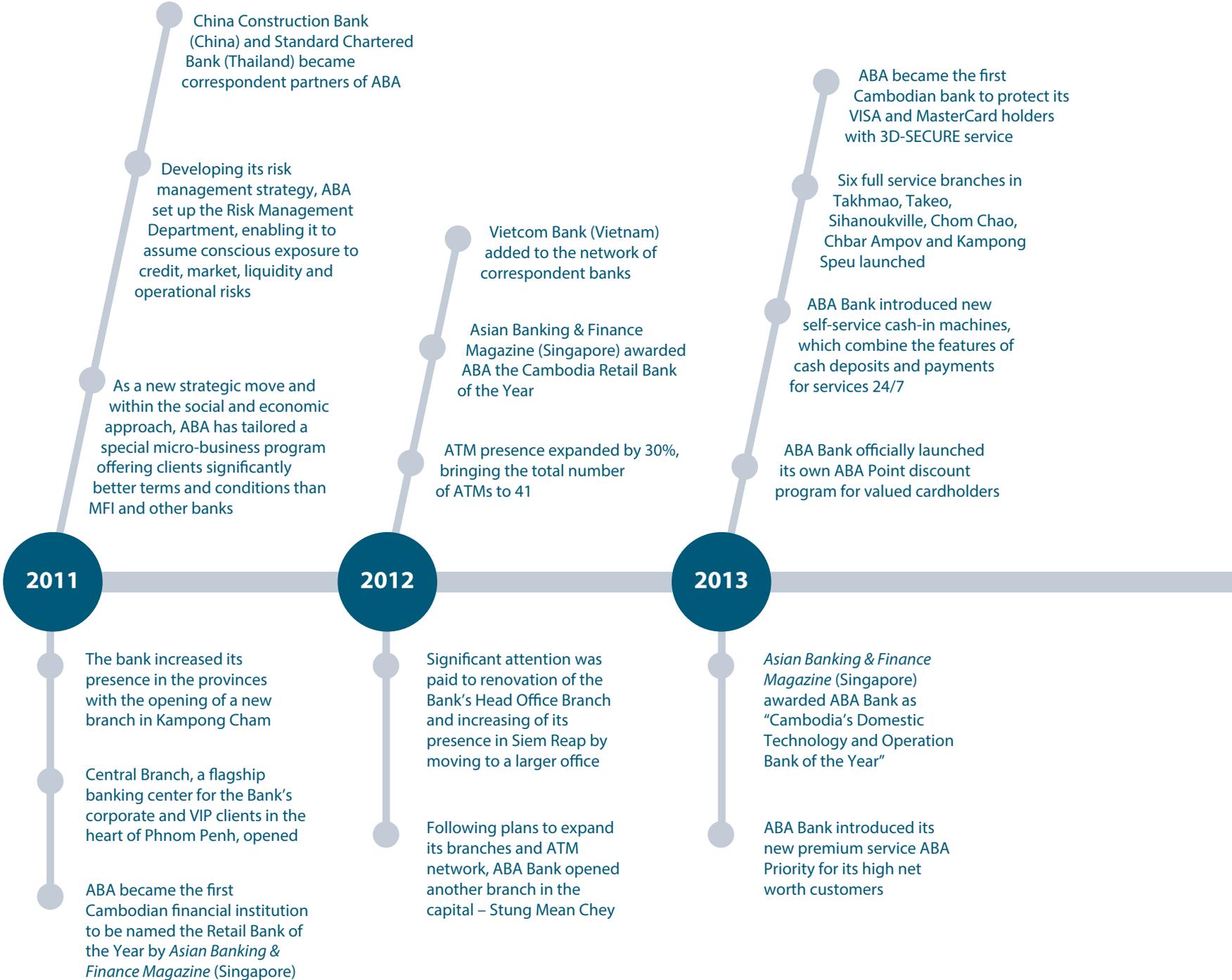
ABA Bank officially launched ABA Mobile, the first full-scale mobile banking application in Cambodia. The application is available completely free of charge. After installing the app, any ABA Bank client can check their account data on the go, perform routine banking easily, and stay informed on all on-going transactions. The application is available for downloading at Apple's App Store and Google's Play Store.

JOINING EASY CASH ATM NETWORK



ABA joined Easy Cash, the largest ATM network in Cambodia, to bring more convenience to its cardholders. This initiative provides ABA VISA cardholders with easy access to their ABA accounts through the larger number of ATMs shared by partnering banks in Cambodia. From now on, all ABA VISA cardholders can withdraw cash or check their account balance at any Easy Cash member ATM at affordable low commissions.

MILESTONES



2014

ABA Bank cooperated with IME, international money transfer provider from Malaysia, to offer an additional channel of sending and receiving money outside the country

ABA Bank signed an agreement with China's UnionPay International. The cooperation authorizes ABA to issue and accept China UnionPay cards under the licence of UnionPay International

ABA Bank has been awarded the Bank of the Year in Cambodia by *The Banker* magazine

The financial magazine *Euromoney* named ABA Bank as the Best Bank in Cambodia 2014

ABA witnessed a 56% growth in assets level, reaching remarkable threshold of a half billion USD

National Bank of Canada became ABA Bank's shareholder in July 2014. This engagement brings ABA a new range of advantages and opportunities

Eight new branches opened. This is the biggest expansion of ABA's branch network within a year

2015

ABA successfully launched ABA Mobile, the first full-scale mobile banking app in Cambodia

ABA joined Easy Cash, the largest ATM network in Cambodia. This initiative gives ABA VISA cardholders access to their ABA accounts through ATMs shared by partnering banks

ABA started issuing UnionPay International (UPI) cards and became the largest issuer of UPI cards in Cambodia

Euromoney Magazine awarded ABA as "The Best Bank in Cambodia 2015"

Global Finance Magazine named ABA "Best Emerging Markets Bank in Cambodia 2015"

Cooperation with Booking.com offered an exclusive 6% discount to the ABA card holders

Eight new branches launched with five of them on the district level in rural areas

National Bank of Canada increased its share in ABA up to 42%

CONTINUOUS IMPROVEMENT

HUMAN RESOURCES MANAGEMENT



Due to extensive branch network growth, we continued to increase our human capital. In December 2015, we crossed the threshold of 1,000 employees and, at the end of the year, we had a total of 1,017 staff members.

In order to recruit more Cambodian professionals, our HR department conducted career talks in three provinces (Banteay Meanchey, Battambang, and Takeo), as well as in Phnom Penh. Our experts targeted universities and local communities in order to promote awareness of ABA Bank and to seek the most experienced and ambitious candidates. Job announcements spread beyond the target group, helping to promote good relations and creating useful

connections with the public in those areas.

At the same time, 31% of all the vacancies in the Bank were taken by internal candidates (198 posts).

In another significant improvement in HR management, we enhanced our training and development programs. We boosted our Induction Program to best fit the induction transition of new staff members, and introduced the First Book as a guidance tool for new staff to learn more about ABA Bank's history and internal regulations. We also launched a General Induction Program and Technical Training, conducted by our specialists.

Always open to new ideas and techniques, we continued to send our staff members on training sessions with external trainers to exchange expertise and gain new knowledge from industry professionals. On average, each employee undergoes two training sessions per year.

All these activities helped to make better a working environment, so that all of ABA Bank's employees are the skilled bankers that our stakeholders and customers can truly rely on.

INDIVIDUAL BALANCED SCORECARD SYSTEM

In 2015, ABA Bank finalized the implementation of the branch level IBSC system by introducing tailor-made KPIs to every staff category across our branches.

This means we are able to communicate ABA Bank's strategy via quantitative and qualitative KPIs by setting related targets at the beginning of the year and monitoring and measuring their performance on a quarterly basis.

What's more, the whole process is fully automated and does not require human intervention.



ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT



In April, ABA Bank launched a project related to implementing an Environmental and Social Risk Management (ESRM) system, in cooperation with DEG (Germany) and FI Konsult s.r.o. (USA).

The ultimate objective of implementing the system is to ensure that our lending activities comply with our ESRM Policy, focusing on the environmental and social issues associated with client financing, in order to maximize the opportunities for environmentally and socially responsible economic development.

Furthermore, ESRM enables us to minimize ABA Bank's exposure to environmentally or socially-derived financial, reputational and legal risks and liabilities associated with its financial transactions. The implementation of the ESRM system demonstrates our strong commitment to sustainable finance as an integral component of responsible corporate governance.

TRADE FINANCE



In 2015, ABA Bank strengthened its trade finance facilities after observing high demand for secure and low-cost funds from businesses.

In order to do so, we expanded our team of professionals experienced in trade finance and documentary operations. As a result, our clients can enjoy individual solutions at every stage of their export-import activities, from contract negotiation to money receipt.

Through the reported period, the volume of trade finance transactions increased significantly. We received credit lines from reputed international financial institutions and expanded our customer base. Cooperation with top European and Asian banks allowed our customers to diversify the markets and channels of operations, find more partners across the world and minimize risks.

CORPORATE SOCIAL RESPONSIBILITY

Based on our core values, we continued to implement the Bank's Corporate Social Responsibility (CSR) policy in order to make positive contributions to Cambodian society, especially to the young generation.

For the second year in a row, ABA Bank contributed to the development of the judo movement in Cambodia. In particular, we became the sponsor of the National Judo Championship 2015. The event was held under the auspices of the Cambodian Judo Federation in Phnom Penh and was attended by judokas from different cities and provinces. ABA Bank's representatives took part in the tournament's award ceremony at the Olympic Stadium and bestowed prizes on the winners. We strongly believe that supporting the young generation in athletics brings positive effects on their education and physical lifestyle, as well as to the health of the nation.

In June, together with other local businesses, we cooperated to support the 'Our Safety' program, officiated by Zaman Junior Group, to help raise awareness of road safety for the students of Takhmao Primary School.

This social activity educated children on the traffic law and demonstrated how to care about other children.

The project was initiated by the junior students of Zaman University, in Phnom Penh, and was attended by other university students. The organizers prepared a short presentation on road safety, traffic basic rules and regulations, and conducted a role play activity on how accidents on the road may happen and how to prevent them.

In August, we sponsored the 'We are one' cultural event in Phnom Penh. One of the main objectives of the event was to commemorate the 7th anniversary of Preah Vihear Temple, in Preah Vihear province, becoming a UNESCO World Heritage Site. The event also promoted the value of knowledge and understanding of the national culture, and the role of the youth in the preservation and maintenance of Cambodia's rich cultural heritage. In addition to the sponsorship, ABA Bank organized two of major activities – an on-the-spot drawing competition and photography competition – with the assistance of the student committee. On the conclusion of the event, ABA Bank presented prizes to the winners alongside the event's organizers.



SERVICE QUALITY



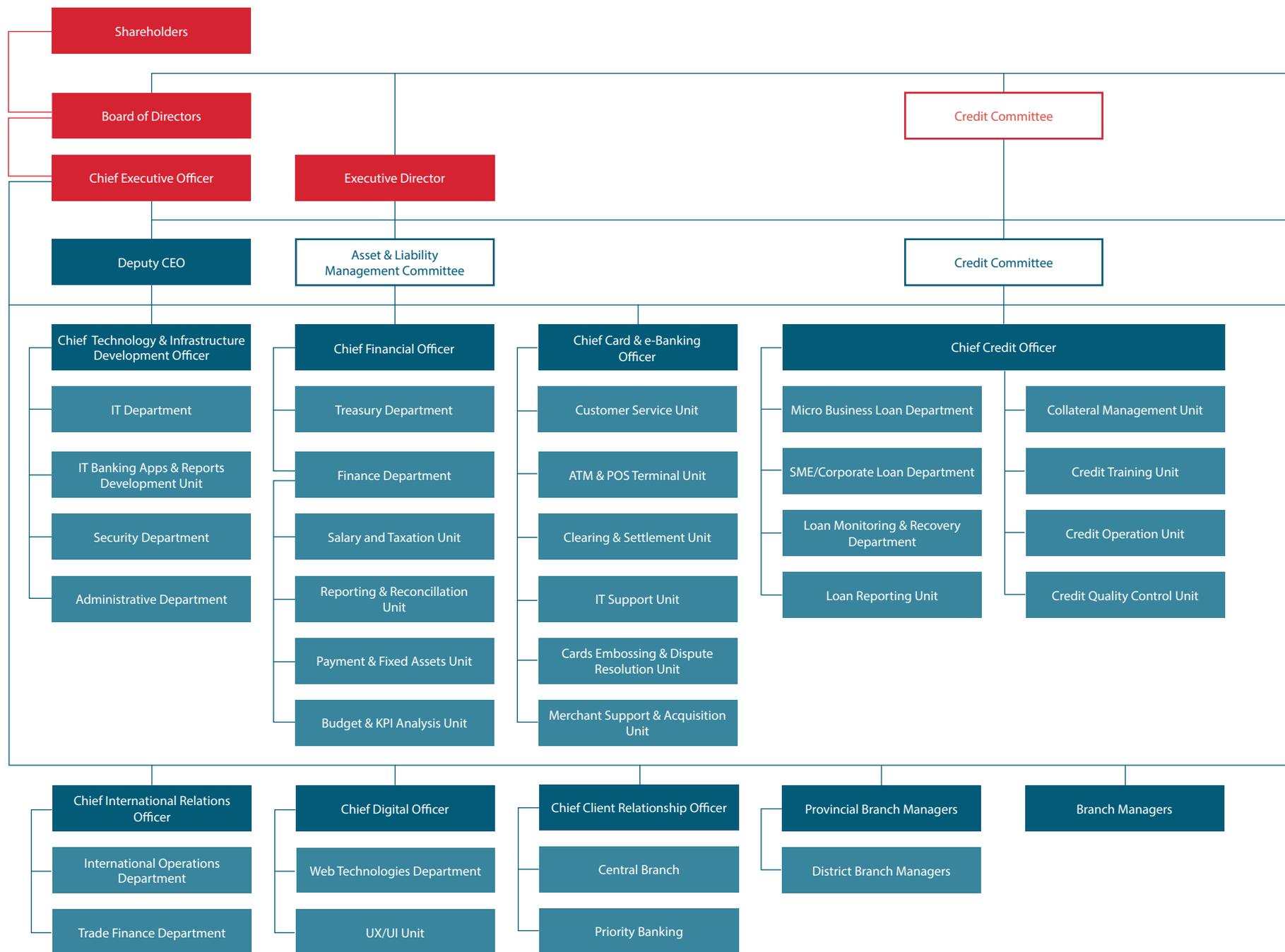
As the Cambodian economy has expanded rapidly, so too has the quantity of business transactions. This means that flexible financial solutions and reliable access to bank accounts for customers are essential. That is why ABA Bank made significant efforts to improve and simplify customer access to bank accounts and services last year.

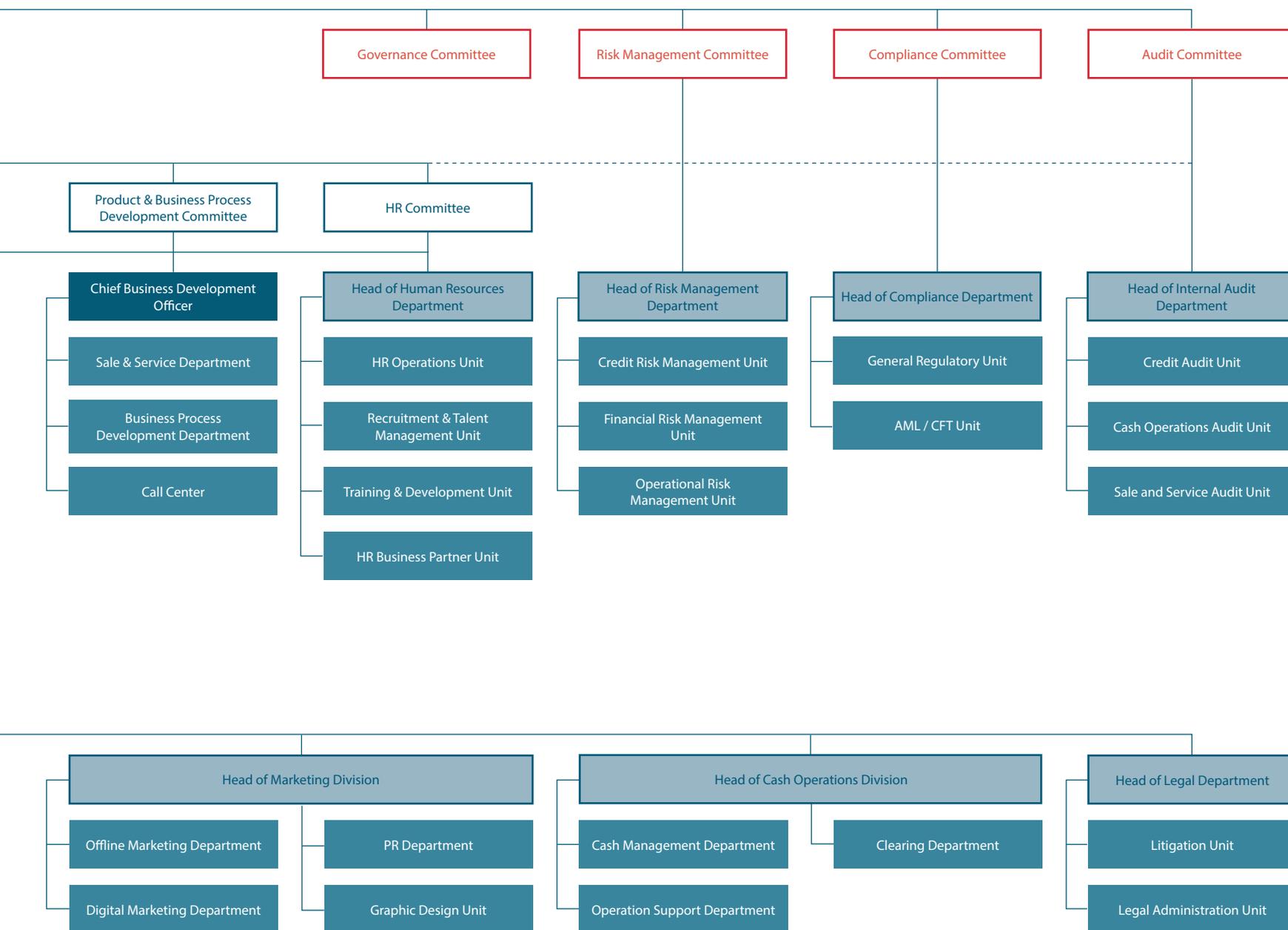
We introduced a multi-channel customer interaction system called SMART Banking. It offers our clients convenient and numerous ways of banking with us, from channel to channel with seamless experience – ATMs, cash-in machines, an Internet Banking service, a mobile banking application, a 24/7 telephone hotline and round-the-clock online web-chat on our website www.ababank.com.

At the same time, in order to track the service quality and our clients' behavior in real time, we developed our corporate Dashboard. This tool helps the management to monitor the essential indicators of ABA Bank's performance, such as clients' queue time, service time, operation of our call center, opening of new accounts, and other key indicators. The Dashboard tool facilitates the monitoring of sales performances and helps us make necessary improvements immediately, when and where needed.

ORGANISATIONAL CHART

(SINCE APRIL 2016)





BOARD OF DIRECTORS

(SINCE APRIL 2016)



YVES JACQUOT
CHAIRMAN

Yves Jacquot graduated from ESSEC in France. Between 1980 and 1993, he occupied different positions, including the position of CEO in different banks and financial institutions in France, as well as in retail banking sector, investment and financial markets sectors and asset management sector.

He entered BRED Banque Populaire in 1993 and then became the deputy CEO of the Bank and CEO of COFIBRED, the holding company owning the subsidiaries of the group.

Mr. Jacquot also promoted and managed the external growth of the Group in both France and French overseas territories in European, Asian Pacific, and African areas.

Yves joined the Board of Directors of ABA Bank on May 20, 2014.



ANDRÉ BÉRARD
NON-EXECUTIVE DIRECTOR

André Bérard is a corporate director and a career banker. Mr. Bérard dedicated his entire professional life to National Bank of Canada, rising through the ranks to serve as President and CEO of the Bank from 1989 to 2002, and Chairman of the Board of Directors from 1990 to 2003. Leading up to his years at the Bank's helm, he held several senior management positions, including Senior Vice-President and General Manager – International; Executive Vice-President – National Accounts; and Senior Executive Vice-President – Banking.

Mr. Bérard has received numerous awards and distinctions. In 2015, he was inducted as a Companion of the Order of the Canadian Business Hall of Fame for his enduring contributions to the country's economy and society.

In April 2016, he was appointed to the Board of Directors of ABA Bank.



DAMIR
KARASSAYEV
NON-EXECUTIVE DIRECTOR

Damir Karassayev came to ABA Bank with a wealth of commercial and financial experience. With his career beginning at Kazakhstan Stock Exchange (KASE) while still a student at the Kazakh State Academy of Management, Damir progressed from being a part-time assistant to becoming the KASE's CEO. He has also held senior positions with one of Kazakhstan's largest telecom companies, Kar-Tel, as well as with the state gas transportation company, KazTransGas. Damir's overseas experience includes a position as CEO of Nepal's leading mobile phone operator, Spice Nepal.

Damir has managed businesses in Southeast Asia since 2005. In 2007, he led the team responsible for executing the acquisition of ABA Bank.



DOMINIC JACQUES
NON-EXECUTIVE DIRECTOR

Dominic Jacques is a graduate of HEC in Canada, a Chartered Accountant (CPA, CA) and a CFA Charterholder.

Mr. Jacques holds the position of Deputy Vice-President, International Development at National Bank of Canada. He is responsible for managing the Bank's portfolio of international investments as well as developing ancillary business opportunities.

Dominic started his career at PriceWaterhouseCoopers. He joined National Bank of Canada in 2010 in the Strategy and Corporate Development team. He was advising the Bank's senior management on strategic initiatives, partnerships and M&A activities.

Mr. Jacques has a sound knowledge of the banking industry and has been based in Montreal, London, Paris and USA.

In April 2016, he was appointed to the Board of Directors of ABA Bank.



DAVID FURLONG

NON-EXECUTIVE DIRECTOR

David Furlong holds an MBA from the Queen's School of Business and a Bachelor of CS from Memorial University of Newfoundland (Canada).

Mr. Furlong joined National Bank of Canada in 2012 and held a number of senior-level positions including Senior Vice-President – Marketing Experience Delivery and Transformation. He also implemented projects to support the Bank's overall multichannel strategy.

As Senior Vice-President – International Development, Mergers and Acquisitions at National Bank of Canada, he is responsible for M&A activities.

Throughout his various positions, he successfully led several projects to increase the use of e-channels, analytics and process redesign while working with nationally-recognized partners.

In April 2016, David was appointed to the Board of Directors of ABA Bank.



MADI AKMAMBET

EXECUTIVE DIRECTOR

Madi Akmambet holds an MBA with distinction from Cass Business School, City University London in 2013 and a degree in Economics from the Kazakh State Academy of Management in 1996.

He started his career in 1997 in the Treasury Department of the Ministry of Finance of the Republic of Kazakhstan and then the Banking Supervision Department of the National Bank of Kazakhstan. Between 2000 and 2007, Madi Akmambet held top management positions at several national companies, the Financial Institutions' Association of Kazakhstan and JSC "Tsesnabank".

In March 2007, Mr. Madi moved to Uzbekistan working for a private equity business. In March 2009, he was appointed CEO of ABA Bank in Cambodia, where he served until June 2012. Since then he has continued his work for ABA as Executive Director of the Board of Directors.



HENRI CALVET

INDEPENDENT DIRECTOR

Qualifications: Graduate of Ecole Normale Supérieure de Cachan and University degree (Economics, Paris-I Panthéon-Sorbonne).

Henri Calvet is the founder of H2C CONSEIL, a company offering advisory and training services to credit institutions and securities firms, in the main following fields: banking accounting, prudential rules, internal control (including risk management and compliance control).

Prior to setting up his own business, Mr. Calvet had spent 10 years with the French Banking Commission and had later worked for numerous banks, namely, BRED-BANQUE POPULAIRE, Compagnie Financière Edmond de Rothschild Banque and Compagnie Parisienne de Reescompte, inter-alia.



ETIENNE CHENEVIER

INDEPENDENT DIRECTOR

A graduate from Ecole Polytechnique and Ecole des Ponts et Chaussées in France, Etienne started his career at the French Ministry of Industry. He then joined the Air Liquide Group where he created in 1993 the first operations in China before being given responsibility of large supply contracts of industrial gases to the steel sector in Asia. After that, Etienne joined Rio Tinto where he developed and managed a number of operations in Singapore, Australia, China and Japan.

He then partnered with the French private equity firm CityStar to create their Asian Division in 2005, of which he is Partner and Director.

On May 20, 2014 Mr. Etienne was appointed as the member of the Board of Directors in ABA Bank.

OUR BRANCH NETWORK

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SWIFT: ABAKHPP

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Tel: (855) 98 630 226

BATTAMBANG BRANCH

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Village, Svay Por Commune,
Battambang City,
Battambang Province
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CENTRAL MARKET BRANCH

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CHHUK DISTRICT BRANCH

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Prenhcheng Village, Chom Chao,
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Kampong Chnang Town,
Kampong Chnang Province
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Speu Town, Kampong Speu Province
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KAMPONG THOM BRANCH

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KAMPOT BRANCH

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Kandal, Kampot Town,
Kampot Province
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Kratie Town, Kratie Province
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MAO TSE TOUNG BRANCH

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Prey Veng Province
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National Road 4, Prey Kuy Village,
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Village, Roka Knong Commune, Daun
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AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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CORPORATE INFORMATION

BANK	Advanced Bank of Asia Limited	
REGISTRATION NO	Co. 322/97E	
REGISTERED OFFICE	No. 148, Preah Sihanouk Blvd., Sangkat Boeung Keng Kang 1, Khan Chamkamorn, Phnom Penh, Kingdom of Cambodia	
SHAREHOLDERS	Damir Karassayev National Bank of Canada	
DIRECTORS	Damir Karassayev Madi Akmambet Yves Jacquot Nurlan Tokobayev Etienne Chenevier	Chairman Executive Director Director Independent Director Independent Director
KEY MANAGEMENT TEAM	Askhat Azhikhanov Lee Young Ho Babu Ram Gyawali Bibhu Pandey Zokhir Rasulov Galymzhan Temirov Sanzhar Abdullayev Long Phanith Mey Polin Zhiger Atchabarov Bakhadir Ermatov	Chief Executive Officer Deputy Chief Executive Officer Chief Financial Officer Chief Credit Officer Chief Marketing Officer Chief Technology and Infrastructure Development Officer Chief of Card & E-banking Officer Chief Cash Operation Officer Chief Business Development Officer Chief International Relations Officer Chief Compliance Officer
AUDITORS	KPMG Cambodia Ltd.	

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report together with the audited financial statements of Advanced Bank of Asia Limited (“the Bank”) for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

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

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

FINANCIAL RESULTS

The financial results of the Bank for the year ended 31 December 2015 were as follows:

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Profit Before Income Tax	19,671,315	79,668,826	9,347,300
Income Tax Expense	(3,683,264)	(14,917,219)	(1,864,985)
Net Profit for the Year	15,988,051	64,751,607	7,482,315

DIVIDENDS

No dividends were declared or paid during the financial year and the Directors do not recommend any dividend to be paid for the year.

SHARE CAPITAL

On 20 January 2015, National Bank of Canada acquired 700 shares (approximately 1.57% shareholding) from one of the existing shareholders. During the year, the Bank has increased its share capital from US\$44,668,000 to US\$52,643,000 through issuance of additional 7,975 shares with a premium of US\$12,025,000.

These transactions were approved by the National Bank of Cambodia (“NBC”) and the Ministry of Commerce (“MoC”) on 5 March 2015 and 12 March 2015 respectively.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL LOANS AND ADVANCES

Before the financial statements of 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 bad and doubtful loans and advances.

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

ASSETS

Before the financial statements of the Bank were prepared, the Directors took reasonable steps to ensure that any 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 Bank had been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to the assets in the financial statements of the 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 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 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 Bank that has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liability of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may materially affect the ability of 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 Bank, which would render any amount stated in the financial statements misleading.

ITEMS OF UNUSUAL NATURE

The results of the operations of the Bank for the financial year were not, in the opinion of the Directors, materially 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 materially the results of the operations of the Bank for the current period in which this report is made.

DIRECTORS

The Directors who served since the date of the last report are:

Damir Karassayev	Chairman
Madi Akmambet	Executive Director
Nurlan Tokobayev	Independent Director
Yves Jacquot	Director
Etienne Chenevier	Independent Director

DIRECTORS' INTERESTS

The Directors who held office at the end of the financial year and their interests in the share of the Bank are as follows:

	1 January 2015		(Sale)/ purchase	31 December 2015	
	No. of shares	%		No. of shares	%
Mr. Damir Karassayev	31,268	70.00	(700)	30,568	58.07

DIRECTORS' BENEFITS

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

During the financial year, no Director of the Bank has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments receivable by the Directors as disclosed in the financial statements) by reason of a contract made by 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 material 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, as set out on pages 29 to 63, present fairly, in all material respects, the financial position of the Bank as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of the financial statements. In preparing these financial statements, the Board of Directors oversees the preparation of these financial statements by management who is required:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- (ii) comply with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements 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) maintain adequate accounting records and an effective system of internal controls;
- (iv) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and
- (v) control and direct effectively 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.

Signed in accordance with a resolution of the Board of Directors,



Askhat Azhikhanov

Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

Date: 21 March 2016

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS



We have audited the accompanying financial statements of Advanced Bank of Asia Limited (“the Bank”), which comprise the balance sheet as at 31 December 2015, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 29 to 63.

MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Cambodian International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Advanced Bank of Asia Limited as at 31 December 2015 and its financial performance and its cash flows for the year then ended, in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

For KPMG Cambodia Ltd



Nge Huy

Partner

Phnom Penh, Kingdom of Cambodia

21 March 2016

BALANCE SHEET

AS AT 31 DECEMBER 2015

	Note	2015		2014
		US\$	KHR'000 (Note 4)	US\$
Assets				
Current Assets				
Cash on hand	5	29,676,827	120,191,149	25,746,874
Deposits and placements with other banks and financial institutions	6	138,826,949	562,249,144	86,502,567
Loans and advances to customers-net	7	481,628,685	1,950,596,174	269,887,238
Investment securities	8	53,756,371	217,713,303	50,300,121
Foreclosed property	9	4,070,145	16,484,088	4,615,790
Other assets	10	6,479,328	26,241,278	6,429,027
Statutory deposits with National Bank of Cambodia	11	82,292,374	333,284,115	54,322,190
Intangible assets	12	2,009,741	8,139,451	1,887,914
Property and equipment	13	6,897,192	27,933,627	5,267,714
Total Assets		805,637,612	3,262,832,329	504,959,435
Liabilities and shareholders' funds				
Current liabilities				
Deposits from customers and other banks	14	654,411,278	2,650,365,676	433,424,080
Other liabilities	15	8,705,518	35,257,348	5,703,045
Borrowings	16	39,000,000	157,950,000	-
Provision for income tax	17(a)	3,424,617	13,869,699	1,451,084
Deferred tax liabilities	17(b)	93,835	380,032	366,913
Total Liabilities		705,635,248	2,857,822,755	440,945,122
Shareholders' funds				
Share capital	18	52,643,000	213,204,150	44,668,000
Share premium		18,357,000	74,345,850	6,332,000
Retained earnings		29,002,364	117,459,574	13,014,313
Total Shareholders' Funds		100,002,364	405,009,574	64,014,313
Total Liabilities And Shareholders' Funds		805,637,612	3,262,832,329	504,959,435

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

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015		2014
		US\$	KHR'000	US\$
			(Note 4)	
Interest income	19	51,862,586	210,043,473	31,156,150
Interest expense	20	(19,194,049)	(77,735,898)	(13,363,194)
Net Interest Income		32,668,537	132,307,575	17,792,956
Fee and commission income - net	21	7,880,220	31,914,891	5,363,658
Other income - net	22	414,806	1,679,964	59,492
Personnel cost	23	(9,685,881)	(39,227,818)	(5,949,332)
General and administrative expenses	24	(7,114,106)	(28,812,129)	(6,433,146)
Depreciation and amortisation		(1,890,899)	(7,658,141)	(1,232,008)
Operating Profit		22,272,677	90,204,342	9,601,620
Allowance for bad and doubtful loans and advances	7	(1,942,320)	(7,866,396)	(254,320)
Profit Before Income Tax and Finance Cost		20,330,357	82,337,946	9,347,300
Finance cost		(659,042)	(2,669,120)	-
Profit before income tax		19,671,315	79,668,826	9,347,300
Income tax expense	17(c)	(3,683,264)	(14,917,219)	(1,864,985)
Net Profit for the Year		15,988,051	64,751,607	7,482,315

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital	Share Premium	Retained Earnings	Total
	US\$	US\$	US\$	US\$
At 1 January 2014	36,000,000	-	5,531,998	41,531,998
Issued share capital	8,668,000	6,332,000	-	15,000,000
Net profit for the year	-	-	7,482,315	7,482,315
At 31 December 2014	44,668,000	6,332,000	13,014,313	64,014,313
At 1 January 2015	44,668,000	6,332,000	13,014,313	64,014,313
Issued share capital	7,975,000	12,025,000	-	20,000,000
Net profit for the year	-	-	15,988,051	15,988,051
At 31 December 2015	52,643,000	18,357,000	29,002,364	100,002,364
At 31 December 2015 (KHR'000 equivalents – Note 4)	213,204,150	74,345,850	117,459,574	405,009,574

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015		2014
		US\$	KHR'000	US\$
			(Note 4)	
Cash Flows from Operating Activities				
Net cash (used in)/generated from operating activities	25	(24,868,143)	(100,715,979)	21,031,821
Cash Flows from Investing Activities				
Purchase of property and equipment		(3,246,457)	(13,148,151)	(3,870,194)
Purchase of intangible assets		(395,747)	(1,602,775)	(383,181)
Proceeds from disposals of property and equipment	-	-	-	102,182
Proceeds from sale foreclosed property		2,173,277	8,801,771	405,367
Net cash used in investing activities		(1,468,927)	(5,949,155)	(3,745,826)
Cash Flows from Financing Activities				
Proceed from issuance of share capital		20,000,000	81,000,000	15,000,000
Proceed from borrowings		39,000,000	157,950,000	-
Net Cash Generated from Financing Activities		59,000,000	238,950,000	15,000,000
Net increase in cash and cash equivalents		32,662,930	132,284,866	32,285,995
Cash and Cash Equivalents at Beginning of Year		70,163,502	284,162,183	37,877,507
Cash and Cash Equivalents at End of Year	26	102,826,432	416,447,049	70,163,502

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. REPORTING ENTITY

Advanced Bank of Asia Limited (“the Bank”) was incorporated in Cambodia on 25 October 1996 under Registration No. Co. 322/97E dated 25 October 1996 granted by the Ministry of Commerce and commenced operations on 25 October 1996. On 28 November 2006, the Bank was granted a permanent banking licence No. 14 from the National Bank of Cambodia (“NBC”).

The registered office of the Bank is located at No. 148, Preah Sihanouk Blvd., Sangkat Boeung Keng Kang I, Khan Chamkamorn, Phnom Penh, Kingdom of Cambodia.

The Bank is principally engaged in all aspects of banking business and the provision of related financial services in the Kingdom of Cambodia. There have been no significant changes in the nature of these principal activities during the financial year.

As at 31 December 2015, the Bank had 1,017 employees (31 December 2014: 702 employees).

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements have been 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.

The financial statements of the Bank were authorised for issue by the Board of Directors on 21 March 2016.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and Presentation Currency

The national currency of Cambodia is the Khmer Riel (“KHR”). However as the Bank transacts and maintains its accounting records primarily 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.

Transactions in currencies other than US\$ are translated into US\$ at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US\$ at the reporting date are translated into US\$ at the exchange rates ruling at that date. Exchange differences arising on translation are recognised in the income statement.

(d) Use of Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

Key accounting estimates and judgements applied in the preparation of the financial statements include estimates of recoverable amount for loans and advances which have a separate accounting policy stated in Note 3(e).

3. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted by the Bank in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Financial Instruments

The Bank’s financial assets and liabilities include cash and cash equivalents, originated loans and receivables, deposits, borrowings, and other receivables and payables.

(b) Cash and Cash Equivalents

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

(c) Deposits and Placements with Banks

Deposits and placements with banks are carried at cost less allowance for any uncollectable amounts.

(d) Loans and Advances

All loans and advances to customers are stated in the balance sheet at the amount of principal, less any amounts written off, and allowance for bad and doubtful loans and advances.

Loans are written off when there is no realistic prospect of recovery. Recoveries on loans previously written off and reversals of previous allowance are disclosed separately together with the net movement in the allowance for bad and doubtful loans and advances in the income statement.

(e) Allowance for Bad and Doubtful Loans and Advances

In compliance with NBC Guidelines, all loans and advances are classified according to the repayment capacity of the counterparty. This repayment capacity is assessed through past payment experience, financial condition of the borrower, business prospective and cash flow projections, borrowers' ability and willingness to repay, financial environment, and quality of documentation.

In addition to the above qualitative information, number of days past due is taken into account as follows:

Classification	Number of days past due	Allowance
<i>General</i>		
Normal/standard	<30 days	1%
<i>Specific</i>		
Special mention	≥ 30 days – 89 days	3%
Substandard	≥ 90 days – 179 days	20%
Doubtful	≥ 180 days – 360 days	50%
Loss	>360 days	100%

The minimum percentage of allowance for doubtful loans and advances are to be maintained according to the assigned classifications. Where reliable information suggests that losses are likely to be more than these minimum requirements, larger allowance is made.

In determining the above allowance, any collateral value other than cash deposits which has been pledged is disregarded except that, in the case of a loan classified as "loss", all collateral may be utilised, at market values approved by the NBC.

Recoveries on loans previously written off and reversals of previous allowances are disclosed separately together with the net movement in the allowance for bad and doubtful loans and advances in the income statement.

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

(f) Interest in Suspense

Interest in suspense represents interest on non-performing loans and advances, that is recorded as an allowance rather than income until it is realised on a cash basis.

Interest in suspense is presented as a deduction from loans and advances.

(g) Investment Securities

Held to maturity investment are carried at amortised cost using the effective interest method less any impairment losses.

(h) Statutory Deposits

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

(i) Other Assets

Other assets are stated at cost. An estimate is made for doubtful receivables based on a review of outstanding amounts at the reporting date.

(j) Foreclosed Properties

Foreclosed properties consist of moveable and immoveable properties which are carried at the lower of the outstanding balance of the related loan or advance and the estimate fair value of the property at the date of the foreclosure.

(k) Intangible Assets

Intangible assets comprise of software including costs incurred in acquiring and building software, which is not integral to the operation of hardware, and is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Software costs are amortised over the expected useful lives of 3 to 20 years.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalised.

(l) Property and Equipment

(i) Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of premises and equipment comprises major components having different useful lives, they are accounted for as separate items of premises and equipment.

(ii) Depreciation of premises and equipment is charged to the income statement on a straight-line basis over the useful lives of the individual assets as follows:

Leasehold improvements	1 - 10 years
Office equipment, furniture and fixture	5 years
Motor vehicles	5 years
Computers and IT equipment	3 – 6 years

(iv) Subsequent expenditure relating to an item of premises and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Bank. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

(v) Gains or losses arising from the retirement or disposal of an item of premises and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognised in the income statement on the date of retirement or disposal.

(vi) Fully depreciated premises and equipment are retained in the financial statements until disposed of or written off.

(m) Impairment of Assets**(i) Financial Assets**

A financial asset, except for loans and advances to customers, is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimate future cash flows of that asset. This does not apply to loans and advances which has a separate accounting policy stated in Note 3(e).

An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial Assets

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

(n) Deposits from Customers and Banks

Deposits from customers and banks are stated at cost.

(o) Borrowings

Borrowings are stated at the amount of the principal outstanding.

(p) Other Liabilities

Payables and other liabilities are stated at their costs.

(q) Provisions

A provision is recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(r) Income Recognition

Interest income is recognised on an accruals basis. Interest income on overdrafts, term loans and other loans is recognised by reference to rest periods, which are either monthly or daily. Interest on non-performing loans is recorded as interest in suspense rather than income until it is realised on a cash basis.

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

- (i)* Loan arrangement fees and commissions on services and facilities are recognised at the time the services and facilities provided
- (ii)* Commitment fees and guarantee fees on services and facilities extended to customers are recognised on the occurrence of such transactions; and
- (iii)* Service charges and processing fees are recognised when the service is provided.

(s) Interest Expense

Interest expense on deposits from customers is recognised on a daily accruals basis.

(t) Operating Leases

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

(u) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or materially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(v) Related Parties

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

Under the Law on Banking and Financial Institutions, related parties include individuals who hold directly or indirectly a minimum of 10% of the capital of the Bank or voting rights therefore, or who participates in the administration, direction, management or the design and implementation of the internal controls of the Bank.

4. TRANSLATION OF UNITED STATES DOLLARS INTO KHMER RIEL

The financial statements are stated in United States Dollars. The translations of United States Dollars amounts into Khmer Riel are included solely for compliance with the guidelines issued by the NBC relating to the preparation and presentation of financial statements and have been made using the prescribed official exchange rate of US\$1 to KHR 4,050 published by the NBC on 31 December 2015. 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 Riel at this or any other rate of exchange.

5. CASH ON HAND

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Cash on hand	28,002,115	113,408,566	21,228,668
Cash items in the process of collection	1,674,712	6,782,583	4,518,206
	29,676,827	120,191,149	25,746,874

6. DEPOSITS AND PLACEMENTS WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Inside Cambodia			
National Bank of Cambodia	30,768,670	124,613,114	32,276,290
Commercial banks	77,331,135	313,191,097	42,241,380
Micro-finance institutions	12,068,860	48,878,883	5,707,611
	120,168,665	486,683,094	80,225,281
Outside Cambodia			
Commercial banks	18,658,284	75,566,050	6,277,286
	138,826,949	562,249,144	86,502,567

Further analysis of the above deposits and placements is as follows:

(a) By Maturity

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Within one month	76,335,649	309,159,379	50,416,627
2 to 3 months	9,978,822	40,414,229	3,913,747
4 to 6 months	22,291,015	90,278,611	9,378,441
7 to 12 months	29,221,463	118,346,925	15,793,752
1 to 5 years	1,000,000	4,050,000	7,000,000
	138,826,949	562,249,144	86,502,567

(b) By Currency:

	2015		2014
	US\$	KHR'000 (Note 4)	US\$
US Dollars	137,807,350	558,119,768	85,796,294
Khmer Riels	662,342	2,682,485	442,949
Euro	192,483	779,556	95,652
Thai Baht	31,939	129,353	38,761
British Pound	38,899	157,541	59,208
Singapore Dollars	93,936	380,441	69,703
	138,826,949	562,249,144	86,502,567

(c) By Interest Rates (per annum)

	2015	2014
Commercial Banks in Cambodia	0.05% - 6.10%	0.05% - 6.10%
Micro-finance Institutions in Cambodia	4.50% - 8.15%	5.00% - 8.15%
Banks outside Cambodia	Nil to 0.90%	Nil to 0.95%

7. LOANS AND ADVANCES TO CUSTOMERS – NET

	2015		2014
	US\$	KHR'000 (Note 4)	US\$
Commercial Loans			
Long term loans	423,149,348	1,713,754,859	223,366,839
Short term loans	11,197,249	45,348,858	10,885,869
Overdrafts	33,662,300	136,332,315	28,664,657
Consumer Loans			
Housing loans	10,610,510	42,972,566	5,779,533
Vehicle loans	353,707	1,432,513	361,102
Staff loans	4,217,430	17,080,592	2,112,776
Credit cards	525,024	2,126,347	366,405
Total Loans – Gross	483,715,568	1,959,048,050	271,537,181

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Net interest receivable			
Accrued interest receivable	3,265,710	13,226,126	1,925,014
Interest-in-suspense	(170,429)	(690,237)	(212,620)
	3,095,281	12,535,889	1,712,394
Total gross loans and net interest receivable	486,810,849	1,971,583,939	273,249,575
Allowance for bad and doubtful loans and advances	(5,182,164)	(20,987,765)	(3,362,337)
	481,628,685	1,950,596,174	269,887,238

Movements of allowance for bad and doubtful loans and advances are as follows:

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
At 1 January	3,362,337	13,617,465	3,663,096
Addition during the year	1,962,657	7,948,761	851,153
Recovery during the year	(20,337)	(82,365)	(596,833)
Net additional allowance	1,942,320	7,866,396	254,320
Written off during the year	(122,493)	(496,096)	(555,079)
At 31 December	5,182,164	20,987,765	3,362,337

(a) By Maturity

Within one month	7,265,011	29,423,295	3,241,776
2 to 3 months	10,024,558	40,599,460	7,975,965
4 to 6 months	11,260,947	45,606,835	11,625,760
7 to 12 months	22,724,817	92,035,509	20,060,012
1 to 3 years	55,887,107	226,342,783	45,844,751
4 to five years	126,942,147	514,115,695	75,332,086
Over five years	249,610,981	1,010,924,473	107,456,831
	483,715,568	1,959,048,050	271,537,181

(b) By Performance

	2015		2014
	US\$	KHR'000 (Note 4)	US\$
Standard Loans			
Secured	460,022,057	1,863,089,331	251,134,442
Unsecured	22,530,172	91,247,196	13,427,700
Special Mention Loans			
Secured	680,271	2,755,098	6,251,781
Sub-standard loans			
Secured	18,718	75,808	171,449
Unsecured	39,228	158,873	-
Doubtful Loans			
Secured	92,809	375,876	26,056
Loss Loans			
Secured	332,313	1,345,868	525,753
	483,715,568	1,959,048,050	271,537,181

(c) By Security

Secured	461,146,168	1,867,641,981	258,109,481
Unsecured	22,569,400	91,406,069	13,427,700
	483,715,568	1,959,048,050	271,537,181

(d) By Currency

US Dollars	483,715,568	1,959,048,050	271,537,181
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(e) By Residency Status

Residents	483,362,225	1,957,617,011	271,505,012
Non-residents	353,343	1,431,039	32,169
	483,715,568	1,959,048,050	271,537,181

(f) By Relationship

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Non-related parties	479,498,138	1,941,967,458	269,424,405
Staff loan	4,217,430	17,080,592	2,112,776
	483,715,568	1,959,048,050	271,537,181

(g) By Industry

Financial institution	17,216,667	69,727,501	10,883,333
Agriculture	20,370,874	82,502,040	14,861,000
Manufacturing	20,744,624	84,015,727	12,543,892
Utilities	6,446,495	26,108,305	1,511,787
Construction	14,891,606	60,311,004	9,248,289
Wholesale and trade	36,763,383	148,891,701	28,110,862
Retail trade	135,294,875	547,944,244	51,204,983
Hotel and restaurants	27,844,121	112,768,690	14,603,106
Transportation and storage	15,915,726	64,458,690	1,577,557
Information media and telecommunication	966,908	3,915,977	798,665
Rental and lease excluding real estate	5,946,863	24,084,795	5,452,156
Real estate operation (residential)	42,825,880	173,444,814	30,271,541
Real estate and public utilities	17,524,897	70,975,833	14,884,219
Other non-financial services	103,755,210	420,208,601	68,308,476
Personal consumption	16,682,415	67,563,781	6,910,910
Credit cards	525,024	2,126,347	366,405
	483,715,568	1,959,048,050	271,537,181

(h) By Exposure

Non-large Exposures	483,715,568	1,959,048,050	271,537,181
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A "large exposure" is defined under NBC Prakas as the overall gross exposure of the aggregate balance of loans and advances with one single beneficiary, which exceeds 10% of the Bank's net worth. The gross exposure is the higher of the outstanding loans or commitments and the authorised loans or commitments.

(i) By Interest Rates (per annum)

	2015	2014
Overdrafts	5.75% - 18.00%	6.00% - 18.00%
Loans	4.00% - 24.00%	4.00% - 24.00%
Trade finance	9.50%	9.50%
Staff loans	5.00% - 15.00%	5.00% - 15.00%

8. INVESTMENT SECURITIES

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Securities held to maturity (*)	53,756,371	217,713,303	50,300,121

(*) Due to the excess of liquidity, the Bank decided to invest the excess portion in other companies' bonds which are designated as held to maturity securities.

9. FORECLOSED PROPERTY

Foreclosed properties relate to properties taken over from customers who are unable to repay their loans. NBC Guidelines require that the foreclosed assets be disposed of within 12 months of foreclosure.

10. OTHER ASSETS

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Interests receivable from deposits and placements with banks and securities	2,612,403	10,580,232	1,568,314
Deposits and prepayment	1,533,263	6,209,715	1,919,805
Advance payments	724,223	2,933,103	467,595
MoneyGram and MasterCard receivable	756,129	3,062,322	562,863
Pay&Go receivable	109,799	444,687	1,373,074
Investment – Credit Bureau	25,588	103,631	25,588
Others	717,923	2,907,588	511,788
	6,479,328	26,241,278	6,429,027

11. STATUTORY DEPOSITS WITH NATIONAL BANK OF CAMBODIA

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Statutory deposits on:			
Capital guarantee	5,264,300	21,320,415	4,466,800
Reserve requirements	77,028,074	311,963,700	49,855,390
	82,292,374	333,284,115	54,322,190

(a) Statutory Deposit Capital Guarantee

Under the NBC's Prakas No. B7-01-136 dated 15 October 2001, the Bank is required to maintain a statutory deposit of 10% of its capital. This deposit is not available for use in the Bank's day-to-day operations and is only refundable should the Bank voluntarily cease its operations in Cambodia. During the year, interest was earned at rates ranging from 0.08% to 0.17% per annum (2014: 0.08% to 0.17% per annum).

(b) Reserve Requirements on Customers' Deposits

This is a reserve requirement which fluctuates depending on the level of the Bank's customers' deposits. It is maintained in compliance with the National Bank of Cambodia's Prakas No. B7-012-140 dated 27 September 2012 at the rates of 8.00% of customers' deposits in KHR and 12.50% in currency other than KHR. The 4.50% of statutory deposit on customers' deposits in currency other than KHR earns interest at 1/2 LIBOR (one month) while the remaining 8.00% and the statutory deposit on customers' deposits in KHR do not earn interest.

12. INTANGIBLE ASSETS

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Software			
Cost			
At 1 January	2,483,105	10,056,575	2,107,435
Additions	395,747	1,602,775	383,181
Written off	-	-	(7,511)
At 31 December	2,878,852	11,659,350	2,483,105
Accumulated amortisation			
At 1 January	595,191	2,410,523	426,065
Amortisation for the year	273,920	1,109,376	176,637
Written off	-	-	(7,511)
At 31 December	869,111	3,519,899	595,191
Carrying amounts			
At 31 December	2,009,741	8,139,451	1,887,914

13. PROPERTY AND EQUIPMENT

Office Equipment

2015	Leasehold Improvements	Furniture and Fixture	Motor Vehicles	Computers and IT Equipment	Construction in Progress	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000
						(Note 4)	
Cost							
At 1 January 2015	2,997,015	1,590,161	811,985	2,427,347	-	7,826,508	31,697,357
Additions	1,055,790	842,447	62,809	1,268,798	16,613	3,246,457	13,148,151
Written off	(27,486)	(91,438)	-	(58,100)	-	(177,024)	(716,947)
At 31 December 2015	4,025,319	2,341,170	874,794	3,638,045	16,613	10,895,941	44,128,561
Less: Accumulated Depreciation							
At 1 January 2015	964,763	625,984	121,315	846,732	-	2,558,794	10,363,116
Depreciation for the year	519,358	316,682	169,603	611,336	-	1,616,979	6,548,765
Written off	(27,486)	(91,438)	-	(58,100)	-	(177,024)	(716,947)
At 31 December 2015	1,456,635	851,228	290,918	1,399,968	-	3,998,749	16,194,934
Carrying Amounts							
At 31 December 2015	2,568,684	1,489,942	583,876	2,238,077	16,613	6,897,192	27,933,627
2014	Leasehold Improvements	Furniture and Fixture	Motor Vehicles	Computers and IT Equipment	Total		
	US\$	US\$	US\$	US\$	US\$	US\$	
Cost							
At 1 January 2014	1,838,376	1,133,317	267,197	1,506,116	4,745,006		
Additions	1,288,771	716,775	706,195	1,158,453	3,870,194		
Disposals	(130,132)	(259,931)	(161,407)	(237,222)	(788,692)		
At 31 December 2014	2,997,015	1,590,161	811,985	2,427,347	7,826,508		
Less: Accumulated Depreciation							
At 1 January 2014	716,882	692,988	108,179	700,282	2,218,331		
Depreciation for the year	378,013	192,927	100,759	383,672	1,055,371		
Disposals	(130,132)	(259,931)	(87,623)	(237,222)	(714,908)		
At 31 December 2014	964,763	625,984	121,315	846,732	2,558,794		
Carrying Amounts							
At 31 December 2014	2,032,252	964,177	690,670	1,580,615	5,267,714		

14. DEPOSITS FROM CUSTOMERS AND OTHER BANKS

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Demand deposits	44,300,145	179,415,587	30,949,501
Savings deposits	289,766,834	1,173,555,678	220,010,980
Fixed deposits	318,798,124	1,291,132,402	182,352,200
Margin deposits	1,546,175	6,262,009	111,399
	654,411,278	2,650,365,676	433,424,080

The above amounts are analysed as follows:

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
(a) By Maturity			
Within one month	399,323,612	1,617,260,629	278,225,564
2 to 3 months	49,821,154	201,775,674	28,521,047
4 to 6 months	58,667,238	237,602,314	43,746,349
7 to 12 months	129,113,971	522,911,582	64,176,529
More than one year	17,485,303	70,815,477	18,754,591
	654,411,278	2,650,365,676	433,424,080

(b) By Type of Customer

Individuals	484,465,028	1,962,083,363	321,598,634
Business enterprises	109,268,929	442,539,162	97,451,064
Banks and other financial institutions	60,677,321	245,743,151	14,374,382
	654,411,278	2,650,365,676	433,424,080

(c) By Status

	2015		2014
	US\$	KHR'000 (Note 4)	US\$
Residents	632,541,175	2,561,791,759	418,002,475
Non-residents	21,870,103	88,573,917	15,421,605
	654,411,278	2,650,365,676	433,424,080

(d) By Currency

US Dollars	653,426,746	2,646,378,321	432,528,753
Khmer Riels	818,997	3,316,938	869,427
Euro	165,486	670,219	25,835
Thai Baht	49	198	65
	654,411,278	2,650,365,676	433,424,080

(e) By Relationship

Non-related parties	654,055,590	2,648,925,140	433,084,999
Related parties	355,688	1,440,536	339,081
	654,411,278	2,650,365,676	433,424,080

(f) By interest Rates (per annum):

	2015	2014
Savings deposit	0.75%	0.75%
Fixed deposits	2.5% to 7.25%	2.25% - 8.00%

15. OTHER LIABILITIES

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Interest payable	6,268,640	25,387,992	4,200,022
Accrued expenses	1,905,102	7,715,663	1,104,121
Other tax payable	212,797	861,828	108,031
Others	318,979	1,291,865	290,871
	8,705,518	35,257,348	5,703,045

16. BORROWINGS

		2015		2014
		US\$	KHR'000	US\$
			(Note 4)	
Afr Asia Bank Limited	(i)	10,000,000	40,500,000	-
Shanghai Commercial & Savings Bank Limited	(ii)	6,000,000	24,300,000	-
Commerzbank AG	(iii)	3,000,000	12,150,000	-
DEG-Deutsche Investitions	(iv)	10,000,000	40,500,000	-
National Bank of Canada	(v)	10,000,000	40,500,000	-
		39,000,000	157,950,000	-

(i) On 30 September 2015, the Bank obtained a 3 months money placement for US\$5,000,000 from AfrAsia Bank Limited, which then was extended for another 3 months. The interest is repayable on maturity date of 30 March 2016.

On 7 December 2015, the Bank obtained another 3 months money placement for US\$5,000,000. The interest is repayable on maturity date of 7 March 2016.

(ii) Represents two separated facilities obtained from The Shanghai Commercial & Savings Bank Limited, Hong Kong Branch which consist of :

- Revolving loan amount US\$3,000,000 agreed on 13 December 2014, and was disbursed on 10 March 2015.
- Revolving loan amount US\$3,000,000 agreed on 25 August 2015, and was disbursed on 7 September 2015.

(iii) On 27 November 2015, the Bank obtained term loan amounting to US\$3,000,000 from Commerzbank AG, a bank incorporated under the law of the Federal Republic of Germany. The tenor of the loan is one year. The interest and principal are repayable at the maturity date.

(iv) On 23 June 2015, the Bank obtained a loan from DEG-Deutsche Investitions und Entwicklungsgesellschaft Mbh, a financial institution incorporated under the law of the Federal Republic of Germany. The principal is repayable on six semi-annual instalments starting from 15 December 2017. Interest is repayable semi-annually from the date of drawdown.

(v) On 29 December 2015, the Bank obtained a subordinated loan from National Bank of Canada, one of its shareholders. The interest is repayable semi-annually and principal is repayable in five instalments with the balance payable in full at maturity 31 December 2022.

The above borrowings are unsecured and bear interest rates ranging from 2.41% to 6.50% per annum.

17. INCOME TAX**(a) Provision for Income Tax**

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
At 1 January	1,451,084	5,876,890	789,559
Current tax expense	3,956,342	16,023,185	1,779,304
Income tax paid	(1,982,809)	(8,030,376)	(1,117,779)
At 31 December	3,424,617	13,869,699	1,451,084

(b) Deferred Tax Liabilities

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Deferred Tax Liabilities	93,835	380,032	366,913

The movements of deferred tax liabilities during the year were as follows:

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
At 1 January	366,913	1,485,998	281,232
(Credited)/charge to income statement	(273,078)	(1,105,966)	85,681
At 31 December	93,835	380,032	366,913

(c) Income Tax Expense

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Current tax expense	3,956,342	16,023,185	1,779,304
Deferred tax	(273,078)	(1,105,966)	85,681
Current tax expense	3,956,342	16,023,185	1,779,304
Deferred tax	(273,078)	(1,105,966)	85,681
	3,683,264	14,917,219	1,864,985

In accordance with Cambodian law, the Bank bears corporate income tax of the profit tax at the rate of 20% of taxable profits or the minimum tax at 1% of gross revenue.

The reconciliation of income taxes computed at the statutory tax rate to the current income tax expense in respect to the current year is as follows:

	2015		2014	
	US\$	KHR'000	US\$	
		(Note 4)		
	%		%	
Profit before income tax		19,671,315		9,347,300
Statutory income tax	20.00	3,934,263	20.00	1,869,460
Effect of non-deductible	(1.23)	(242,478)	0.10	9,204
Over provision in prior year	(0.04)	(8,521)	(0.15)	(13,679)
Income tax expense	18.72	3,683,264	19.95	1,864,985

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

18. SHARE CAPITAL

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Shares of US\$1,000 each:			
Issued and fully paid 52,643 shares (2014: 44,668 shares)	52,643,000	213,204,150	44,668,000

On 20 January 2015, National Bank of Canada acquired 700 shares (approximately 1.57% shareholding) from one of the existing shareholders. During the year, the Bank has increased its share capital from US\$44,668,000 to US\$52,643,000 through issuance of additional 7,975 shares with a premium of US\$12,025,000.

These transactions were approved by the National Bank of Cambodia ("NBC") and the Ministry of Commerce ("MoC") on 5 March 2015 and 12 March 2015 respectively.

The new shareholding structure is as follows:

	2015			2014		
	% of ownership	Number of shares	Amount US\$	% of ownership	Number of shares	Amount US\$
Damir Karassayev	58.07	30,568	30,568,000	70.00	31,268	31,268,000
National Bank of Canada	41.93	22,075	22,075,000	30.00	13,400	13,400,000
	100	52,643	52,643,000	100.00	44,668	44,668,000

19. INTEREST INCOME

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Loans and advances	44,208,827	179,045,749	25,443,045
Deposits and placements with banks	2,998,363	12,143,370	2,194,165
Investment securities	4,655,396	18,854,354	3,518,940
	51,862,586	210,043,473	31,156,150

20. INTEREST EXPENSE

Interest expense is incurred on deposits from banks and non-bank customers.

	2015		2014
	US\$	KHR'000 (Note 4)	US\$
Demand deposits	87,493	354,347	40,551
Savings deposits	7,536,822	30,524,129	6,498,983
Fixed deposits	11,569,734	46,857,422	6,823,660
	19,194,049	77,735,898	13,363,194

21. FEE AND COMMISSION INCOME - NET

	2015		2014
	US\$	KHR'000 (Note 4)	US\$
Fee and Commission Income:	4,108,388	16,638,971	2,635,929
Loan commitment fees	1,179,034	4,775,088	983,129
Inward and outward remittances	2,109,548	8,543,669	1,350,196
Visa and credit card	91,572	370,867	82,374
Telex, phone and fax	598,128	2,422,419	439,308
Other fees	8,086,670	32,751,014	5,490,936
Fee and Commission Expense	(206,450)	(836,123)	(127,278)
	7,880,220	31,914,891	5,363,658

22. OTHER INCOME - NET

	2015		2014
	US\$	KHR'000 (Note 4)	US\$
Gain / (loss) on sales of investment securities	99,612	403,429	(32,392)
Foreign exchange gain, net	218,948	886,739	91,000
Other income	96,246	389,796	884
	414,806	1,679,964	59,492

23. PERSONNEL COST

	2015		2014
	US\$	KHR'000 (Note 4)	US\$
Salaries and wages	9,568,534	38,752,563	5,886,127
Others personnel cost	117,347	475,255	63,205
	9,685,881	39,227,818	5,949,332

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2015		2014
	US\$	KHR'000 (Note 4)	US\$
Office rental	1,790,622	7,252,019	1,205,284
Marketing and advertising	1,297,146	5,253,441	1,254,737
Repairs and maintenance	468,082	1,895,732	317,708
Utilities expenses	530,901	2,150,149	412,681
Office supplies	532,116	2,155,070	406,021
License fees	421,307	1,706,293	379,613
Communication	310,160	1,256,148	214,746
Motor vehicle operation expenses	201,396	815,654	334,830
Travelling	255,704	1,035,601	136,091
Business meal and entertainment	55,977	226,707	143,489
Professional fees	186,434	755,058	572,268
Insurance expenses	129,235	523,402	71,541
Security expense	352,129	1,426,122	269,738
Membership fee	71,199	288,356	146,307
Other expenses	511,698	2,072,377	568,092
	7,114,106	28,812,129	6,433,146

25. NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES

	2015		2014
	US\$	KHR'000 (Note 4)	US\$
Profit before income tax	19,671,315	79,668,826	9,347,300
Adjustments for:			
Depreciation and amortisation	1,890,899	7,658,141	1,232,008
Allowance for bad and doubtful loans and advances	1,942,320	7,866,396	254,320
Finance cost	659,042	2,669,120	-
Gain on disposals of property and equipment	-	-	(28,398)
Gain on disposal of foreclosed property	-	-	(80,466)
	24,163,576	97,862,483	10,724,764
Changes in:			
Deposits and placements with banks	(23,591,405)	(95,545,190)	(13,466,201)
Loans and advances to customers	(213,683,767)	(865,419,256)	(93,492,159)
Investment securities	(3,456,250)	(13,997,813)	(16,898,531)
Foreclosed property	(1,627,632)	(6,591,910)	(4,459,388)
Other assets	(50,301)	(203,719)	(2,122,262)
Statutory deposits with NBC	(27,970,184)	(113,279,245)	(17,140,701)
Deposits from customers and banks	220,987,198	894,998,152	156,486,213
Other liabilities	2,912,614	11,796,086	2,517,865
Net cash (used in)/generated from operations	(22,316,151)	(90,380,412)	22,149,600
Net cash (used in)/generated from operations	(22,316,151)	(90,380,412)	22,149,600
Income tax paid	(1,982,809)	(8,030,376)	(1,117,779)
Interest paid	(569,183)	(2,305,191)	-
Net cash (used in)/generated from operating activities	(24,868,143)	(100,715,979)	21,031,821

26. CASH AND CASH EQUIVALENTS

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Cash on hand (Note 5)	29,676,827	120,191,149	25,746,874
Deposits and placements with banks			
with maturities less than three months	73,149,605	296,255,900	44,416,628
	102,826,432	416,447,049	70,163,502

27. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Related Party Balances

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Borrowings from the National Bank of Canada	10,000,000	40,500,000	-
Deposits and placements by key management	355,688	1,440,536	339,081

(b) Other Related Party Transactions

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Interest expenses to the National Bank of Canada	6,212	25,159	-
Interest expenses to key management	27,488	111,326	16,705

(c) Key Management Personnel Remuneration

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Salaries and benefits	1,438,272	5,825,002	1,323,688

28. COMMITMENTS AND CONTINGENCIES

(a) Operations

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

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Unused portion of overdrafts	18,663,000	75,585,150	16,453,663
Letter of credits	4,912,376	19,895,123	685,508
Performance bonds	2,102,768	8,516,210	1,839,597
Bid bonds	86,048	348,494	4,035
Other guarantees	400,000	1,620,000	275,352
	26,164,192	105,964,977	19,258,155

(b) Lease Commitments

The Bank has operating lease commitments in respect of office and house rentals as follows:

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Within one year	1,557,057	6,306,081	1,231,181
2 to 5 years	3,666,408	14,848,952	2,597,489
More than 5 years	2,407,726	9,751,289	948,992
	7,631,191	30,906,322	4,777,662

(c) Taxation Contingencies

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

29. FINANCIAL RISK MANAGEMENT

INTRODUCTION AND OVERVIEW

The Bank has exposure to the following risks from financial instruments:

- Operational risk
- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Asset and Liability (ALCO), Risk Management and Audit and Risk committees, which are responsible for developing and monitoring Bank risk management policies in their specified areas. All committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Audit and Risk Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank.

The Audit and Risk Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

(a) Operational Risk

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The operational risk losses is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the senior management of the Bank.

The Bank's operational risk management entails the establishment of clear organisational structures, roles and control policies. Various internal control policies and measures have been implemented including the establishment of signing authorities, defining system parameters controls, streamlining procedures and documentation and compliance with regulatory and other legal requirements.

(b) Credit Risk

Credit risk is the financial loss to the Bank if a borrower or counterparty fails to meet its contractual obligations, and arises principally from the loans and advances.

(i) Management of Credit Risk

The lending activities are guided by the Bank's credit policy to ensure that the overall objectives in the area of lending are achieved; i.e., that the loan portfolio is strong and healthy and credit risks are well diversified. The credit policy documents the lending policy, collateral policy and credit approval processes, including the Bank's own internal grading system, and procedures implemented to ensure compliance with NBC Guidelines.

The Bank has established the Core Credit Risk Policy which is designed to govern the Bank's risk undertaking activities. Extension of credit is governed by credit programs that set out the plan for a particular product or portfolio, including the target market, terms and conditions, documentation and procedures under which a credit product will be offered and measured.

Risk ratings are reviewed and updated on an annual basis, and in event of (i) change of loan terms and conditions including extension; (ii) repayment irregularities or delinquencies and (iii) adverse information relating to the borrower or transaction.

(ii) Exposure to Credit Risk

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Loans and Advances			
Individually impaired	483,068	1,956,425	723,258
Past due but not impaired	680,271	2,755,098	6,251,781
Neither past due nor impaired	482,552,229	1,954,336,527	264,562,142
	483,715,568	1,959,048,050	271,537,181
Allowance for doubtful loans and advances	(5,182,164)	(20,987,765)	(3,362,337)
	478,533,404	1,938,060,285	268,174,844

Loans to customers neither past due nor impaired

Loans to customers neither past due nor impaired are good quality loans to customers for which no experience of default. These loans are supported by collaterals and management views that likelihood of default is relatively low.

Impaired loans and advances

Individually impaired loans and advances are loans and advances for which the Bank determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loans and advances. In compliance with NBC Guidelines, an allowance for doubtful loans and advances is made for loans and advances with payment overdue more than 90 days. A minimum level of specific allowance for impairment is made depending on the classification concerned, unless other information is available to substantiate the repayment capacity of the counterparty.

Past due but not impaired loans and advances

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

Loans with renegotiated terms / restructured loans

Loans with renegotiated terms are loans that have been rescheduled or refinanced in accordance with an agreement setting forth a new repayment schedule on a periodic basis occasioned by weaknesses in the borrower's financial condition and/or inability to repay the loan as originally agreed. Loans to be restructured are analysed on the basis of the business prospects and repayment capacity of the borrower according to new cash flow projections supported by updated business perspectives and overall market conditions being based on realistic and prudent assumptions.

Once the loan is restructured it remains in the same category independent of satisfactory performance after restructuring. The classification is not improved unless there are no arrears in repayment of principal and interest within three instalments periods and within a period of not less than 3 months.

Write-off policy

In compliance with NBC Guidelines, the Bank will remove a loan/advance or a portion of a loan from its financial statements when the Bank loses control of the contractual rights over the loan or when all or part of a loan is deemed uncollectible; or there is no realistic prospect of recovery.

Collateral

The Bank holds collateral against loans and advances in the form of mortgage interests over property and/or guarantees. Estimates of value are based on the value of collateral assessed on an annual basis.

An estimate of the value of collateral held against loans and advances is shown below:

	2015		2014
	US\$	KHR'000	US\$
		(Note 4)	
Against individually impaired:			
Land and buildings	1,597,741	6,470,851	1,845,048
Past due but not impaired:			
Land and buildings	5,295,031	21,444,876	27,281,854
	6,892,772	27,915,727	29,126,902

During the year the Company obtained additional foreclosed property, including land and buildings, amounting to US\$1,627,632 (2014: US\$4,459,388) from default customers.

Concentration of credit risk

The analysis of concentrations of credit risk from loans and advances are shown in Note 7 to the financial statements.

(c) Market Risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk.

Market risk arising from the trading activities is controlled by marking to market the trading positions against their predetermined market risk limits.

(i) Foreign Currency Exchange Risk

Foreign currency exchange risk refers to the adverse exchange rate movements on foreign currency exchange positions taken from time to time. The Bank maintains a policy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored against the operating requirements, predetermined position limits and cut-loss limits.

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

(ii) Interest Rate Risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing, cost of funds and through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavourable interest rate movement is monitored against the risk tolerance limits set.

An analysis of the interest rate risk pertaining to the Bank's assets and liabilities is disclosed below.

31 December 2015	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive	Total	Weighted average interest
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	%
Assets									
Cash on hand	-	-	-	-	-	-	29,676,827	29,676,827	
Deposits and placements with banks	42,767,585	9,978,822	22,291,014	29,221,463	1,000,000	-	33,568,065	138,826,949	3.70
Statutory deposits	-	-	-	-	-	82,292,374	-	82,292,374	0.01
Loans and advances									
Performing	7,168,569	10,007,908	11,215,740	22,664,869	182,738,212	249,437,202	-	483,232,500	11.84
Non-performing	96,443	16,650	45,207	59,948	91,041	173,779	-	483,068	
Specific allowance	-	-	-	-	-	-	(410,714)	(410,714)	
General allowance	-	-	-	-	-	-	(4,771,450)	(4,771,450)	
Interest receivable	-	-	-	-	-	-	3,265,710	3,265,710	
Interest in suspense	-	-	-	-	-	-	(170,429)	(170,429)	
Investment securities	-	-	8,763,971	3,182,552	37,308,855	4,500,993	-	53,756,371	8.95
Other assets	-	-	-	-	-	-	6,479,328	6,479,328	
	50,032,597	20,003,380	42,315,932	55,128,832	221,138,108	336,429,936	67,637,337	792,686,122	
Liabilities									
Deposits from customers and banks	353,477,292	49,821,154	58,667,238	129,113,971	17,485,303	-	45,846,320	654,411,278	3.53
Other liabilities	-	-	-	-	-	-	8,705,518	8,705,518	
	353,477,292	49,821,154	58,667,238	129,113,971	17,485,303	-	54,551,838	663,116,796	
Interest sensitivity gap	(303,444,695)	(29,817,774)	(16,351,306)	(73,985,139)	203,652,805	336,429,936	13,085,499	129,569,326	

31 December 2014	Up to 1 month	> 1 – 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive	Total	Weighted average interest
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	%
Assets									
Cash on hand	-	-	-	-	-	-	25,746,874	25,746,874	
Deposits and placements with banks	10,303,326	3,913,747	9,378,441	19,793,752	3,000,000	-	40,113,301	86,502,567	4.47
Statutory deposits	-	-	-	4,466,800	-	-	49,855,390	54,322,190	0.08
Loans and advances									
Performing	3,113,497	7,973,314	11,607,210	20,018,859	120,956,352	107,144,691	-	270,813,923	11.45
Non-performing	128,279	2,651	18,550	41,153	220,485	312,140	-	723,258	
Specific allowance	-	-	-	-	-	-	(760,625)	(760,625)	
General allowance	-	-	-	-	-	-	(2,601,712)	(2,601,712)	
Interest receivable	-	-	-	-	-	-	1,925,014	1,925,014	
Interest in suspense	-	-	-	-	-	-	(212,620)	(212,620)	
Investment securities	-	-	3,356,046	5,813,695	40,047,844	1,082,536	-	50,300,121	8.41
Other assets	-	-	-	-	-	-	6,429,027	6,429,027	
	13,545,102	11,889,712	24,360,247	50,134,259	164,224,681	108,539,367	120,494,649	493,188,017	
Liabilities									
Deposits from customers and banks	247,164,662	28,521,047	43,746,349	64,176,529	18,754,591	-	31,060,902	433,424,080	3.76
Other liabilities	-	-	-	-	-	-	5,703,045	5,703,045	
	247,164,662	28,521,047	43,746,349	64,176,529	18,754,591	-	36,763,947	439,127,125	
Interest sensitivity gap	(233,619,560)	(16,631,335)	(19,386,102)	(14,042,270)	45,470,090	108,539,367	83,730,702	54,060,892	

Fair value sensitivity analysis for fixed rate instruments

The Bank does not account for any fixed rate liabilities at fair value through profit or loss, and the derivatives as at the reporting date are not significant. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The Bank does not have significant variable-rate instruments. Therefore, no cash flow sensitivity analysis for variable-rate instruments was presented.

(d) Liquidity Risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

In addition to full compliance of all liquidity requirements, the management of the Bank closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Movements in loans and customers' deposits are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

The following table provides an analysis of the financial liabilities of the Bank into relevant maturity groupings based on the remaining periods to repayment.

31 December 2015	Between less than 1 month	Between 1 and 3 months	Between 3 months and 1 year	1 year and 5 years	Over 5 years	No fixed terms	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Financial liabilities							
Deposits from customers and banks	399,323,612	49,821,154	187,781,209	17,485,303	-	-	654,411,278
Other liabilities	8,705,518	-	-	-	-	-	8,705,518
Total	408,029,130	49,821,154	187,781,209	17,485,303	-	-	663,116,796
31 December 2015							
Financial Liabilities							
Deposits from customers and banks	278,225,564	28,521,047	107,922,878	18,754,591	-	-	433,424,080
Other liabilities	5,703,045	-	-	-	-	-	5,703,045
Total	283,928,609	28,521,047	107,922,878	18,754,591	-	-	439,127,125

(e) Capital Management

(i) Regulatory capital

The Bank's lead regulator, the National Bank of Cambodia ("NBC"), sets and monitors capital requirements for the Bank as a whole.

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

The Bank and its individually regulated operations have complied with all externally imposed capital requirement throughout the year.

(ii) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital.

30. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The Bank did not have financial instruments measured at fair value.

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arms-length basis. As verifiable market prices are not available, market prices are not available for a significant proportion of the Bank's financial assets and liabilities. Fair values, therefore, are not presented in the financial statements.



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